



**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	Preceding Year	Current	Preceding
	Year	Corresponding	Year-to-Date	Year-to-Date
	Quarter	Quarter	31.12.2016	31.12.2015
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	<b>261,025</b>	266,365	<b>261,025</b>	266,365
Cost of sales	<b>(164,689)</b>	(178,545)	<b>(164,689)</b>	(178,545)
<b>Gross profit</b>	<b>96,336</b>	87,820	<b>96,336</b>	87,820
Other income	<b>3,860</b>	45,980	<b>3,860</b>	45,980
Sales and marketing expenses	<b>(7,378)</b>	(7,747)	<b>(7,378)</b>	(7,747)
Administrative expenses	<b>(17,726)</b>	(16,008)	<b>(17,726)</b>	(16,008)
Other expenses	<b>(6,737)</b>	(10,299)	<b>(6,737)</b>	(10,299)
<b>Profit from operations</b>	<b>68,355</b>	99,746	<b>68,355</b>	99,746
Share of results of associates	<b>(1,266)</b>	173	<b>(1,266)</b>	173
Interest expenses	<b>(9,843)</b>	(9,657)	<b>(9,843)</b>	(9,657)
<b>Profit before tax</b>	<b>57,246</b>	90,262	<b>57,246</b>	90,262
Tax expense	<b>(15,770)</b>	(23,241)	<b>(15,770)</b>	(23,241)
<b>Profit for the period</b>	<b>41,476</b>	67,021	<b>41,476</b>	67,021
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign exchange translation differences	<b>(1,812)</b>	(2,113)	<b>(1,812)</b>	(2,113)
Other comprehensive income for the period	<b>(1,812)</b>	(2,113)	<b>(1,812)</b>	(2,113)
<b>Total comprehensive income for the period</b>	<b>39,664</b>	64,908	<b>39,664</b>	64,908
<b>Profit attributable to:</b>				
Owners of the parent	<b>40,789</b>	61,570	<b>40,789</b>	61,570
Non-controlling interests	<b>687</b>	5,451	<b>687</b>	5,451
	<b>41,476</b>	67,021	<b>41,476</b>	67,021
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	<b>39,186</b>	59,512	<b>39,186</b>	59,512
Non-controlling interests	<b>478</b>	5,396	<b>478</b>	5,396
	<b>39,664</b>	64,908	<b>39,664</b>	64,908
<b>Earnings per share</b>				
<b>Basic Earnings per ordinary share (sen)</b>	<b>9.72</b>	14.68	<b>9.72</b>	14.68
<b>Diluted Earnings per ordinary share (sen)</b>	<b>9.66</b>	14.62	<b>9.46</b>	14.46
<b>Proposed/Declared Dividend per share (sen)</b>	<b>7.00</b>	7.00	<b>7.00</b>	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.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
INTERIM FINANCIAL REPORT AS AT 31 DECEMBER 2016**

	(Unaudited) 31.12.2016	(Audited) 30.09.2016
<i>Assets</i>	<b>RM'000</b>	RM'000
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
<b>Total Non-Current Assets</b>	<b>2,052,570</b>	<b>2,011,571</b>
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
<b>Total Current Assets</b>	<b>1,280,757</b>	<b>1,241,845</b>
<b>TOTAL ASSETS</b>	<b>3,333,327</b>	<b>3,253,416</b>
<i>Equity</i>		
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
<b>Equity attributable to owners of the parent</b>	<b>1,286,351</b>	<b>1,276,285</b>
<b>Non-Controlling Interests</b>	<b>34,849</b>	<b>34,371</b>
<b>Total Equity</b>	<b>1,321,200</b>	<b>1,310,656</b>
<i>Liabilities</i>		
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
<b>Total Non-Current Liabilities</b>	<b>1,105,357</b>	<b>1,083,865</b>
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
<b>Total Current Liabilities</b>	<b>906,770</b>	<b>858,895</b>
<b>Total Liabilities</b>	<b>2,012,127</b>	<b>1,942,760</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,333,327</b>	<b>3,253,416</b>
<b>Net Assets per share attributable to shareholders of the Company (RM)</b>	<b>3.07</b>	<b>3.04</b>

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**

Group	< ----- Attributable to owners of the parent ----- >						Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Translation Reserve RM'000	Revaluation Reserve RM'000	Retained Earnings RM'000			
<b>Financial period ended 31 December 2016</b>									
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
<b>Transactions with owners</b>									
Issuance of shares pursuant to warrants	128	144	(29)	-	-	-	243	-	243
Dividends	-	-	-	-	-	(29,363)	(29,363)	-	(29,363)
<b>At 31.12.2016 (unaudited)</b>	<b>419,572</b>	<b>201</b>	<b>7,971</b>	<b>(2,164)</b>	<b>23,534</b>	<b>837,237</b>	<b>1,286,351</b>	<b>34,849</b>	<b>1,321,200</b>
<b>Financial period ended 31 December 2015</b>									
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
<b>Transactions with owners</b>									
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)
<b>At 31.12.2015 (unaudited)</b>	<b>419,425</b>	<b>36</b>	<b>8,005</b>	<b>181</b>	<b>23,534</b>	<b>683,658</b>	<b>1,134,839</b>	<b>23,275</b>	<b>1,158,114</b>

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.



**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
<b>Cash Flows From/(Used In) Operating Activities</b>		
Profit before tax	57,246	90,262
Adjustments for non-cash items	30,397	(6,145)
Operating profit before changes in working capital	<u>87,643</u>	<u>84,117</u>
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	<u>47,828</u>	<u>68,505</u>
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)
<b>Net cash from operating activities</b>	<u>15,703</u>	<u>46,341</u>
<b>Cash Flows From/(Used In) Investing Activities</b>		
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
<b>Net cash used in investing activities</b>	<u>(30,809)</u>	<u>(10,128)</u>
<b>Cash Flows From/(Used In) Financing Activities</b>		
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
<b>Net cash (used in)/from financing activities</b>	<u>22,314</u>	<u>(4,533)</u>
<b>Net increase in cash and cash equivalents</b>	<u>7,208</u>	<u>31,680</u>
Effect of exchange rate fluctuations	4,530	45
<b>Cash and cash equivalents at beginning of the period</b>	<u>267,180</u>	<u>226,159</u>
<b>Cash and cash equivalents at end of the period</b>	<u><u>278,918</u></u>	<u><u>257,884</u></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 2016 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 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) <sup>2</sup>
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010) <sup>2</sup>
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014) <sup>2</sup>
FRS 9	Financial Instruments (Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139) <sup>2</sup>
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transaction <sup>2</sup>
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 <sup>3</sup>
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

## 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 <sup>1</sup>
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

<sup>3</sup> 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
<b>Revenue</b>									
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	<u>163,550</u>	<u>69,907</u>	<u>8,693</u>	<u>15,604</u>	<u>3,610</u>	<u>13,180</u>	<u>267</u>	<u>(13,786)</u>	<u>261,025</u>
<b>Results</b>									
Operating result <sup>#</sup>	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	<u>29,339</u>	<u>15,345</u>	<u>3,681</u>	<u>1,543</u>	<u>647</u>	<u>6,878</u>	<u>(187)</u>	<u>-</u>	<u>57,246</u>
Tax expense									(15,770)
Profit for the period									<u>41,476</u>
<b>Assets</b>									
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									<u>3,333,327</u>
<b>Liabilities</b>									
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									<u>2,012,127</u>
<b>Other segment information</b>									
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
<b>Revenue</b>									
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	<u>201,346</u>	<u>31,432</u>	<u>9,218</u>	<u>19,353</u>	<u>4,656</u>	<u>45,091</u>	<u>360</u>	<u>(45,091)</u>	<u>266,365</u>
<b>Results</b>									
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	<u>62,244</u>	<u>17,636</u>	<u>3,543</u>	<u>1,726</u>	<u>569</u>	<u>4,509</u>	<u>35</u>	<u>-</u>	<u>90,262</u>
Tax expense									(23,241)
Profit for the period									<u>67,021</u>
<b>Assets</b>									
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									<u>3,400</u>
Total assets									<u>2,628,893</u>
<b>Liabilities</b>									
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									<u>22,299</u>
Total liabilities									<u>1,470,779</u>
<b>Other segment information</b>									
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	<u>26,831</u>	<u>1,819</u>	<u>1,488</u>	<u>-</u>	<u>1,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,850</u>
* 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
<b>Continuing operations</b>				
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
	<u>261,025</u>	<u>266,365</u>	<u>1,972,648</u>	<u>1,338,816</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.

**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:

	<b>As at 31.12.2016 RM'000</b>
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
	<u>29,490</u>

### **A14. RELATED PARTY TRANSACTIONS**

There were no related party transactions in the current quarter and the financial year-to-date.

<b>THE REST OF THIS PAGE WAS INTENTIONALLY LEFT BLANK</b>
---

## **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**

	<b>1st Quarter ended 31.12.2016 RM'000</b>	<b>4th Quarter ended 30.9.2016 RM'000</b>
Profit before tax	<u>57,246</u>	<u>79,987</u>

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:

	<b>Current Quarter 31.12.2016 RM'000</b>	<b>Financial year-to-date 31.12.2016 RM'000</b>
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	<u>1,523</u>	<u>1,523</u>

**(ii) CASH AND CASH EQUIVALENTS**

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

	<b>(Unaudited)</b> <b>31.12.2016</b> <b>RM'000</b>	<b>(Unaudited)</b> <b>31.12.2015</b> <b>RM'000</b>
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	<u>(25,271)</u>	<u>(19,237)</u>
	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	<u>(15,094)</u>	<u>(9,923)</u>
	<u><u>278,918</u></u>	<u><u>257,884</u></u>

**B6. TAX EXPENSE**

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

	<b>Current</b> <b>Quarter</b> <b>31.12.2016</b> <b>RM'000</b>	<b>Financial</b> <b>Year-to-Date</b> <b>31.12.2016</b> <b>RM'000</b>
Current taxation		
- income taxation	15,697	15,697
- deferred taxation	<u>12</u>	<u>12</u>
	15,709	15,709
Under provision in prior year	<u>61</u>	<u>61</u>
	<u><u>15,770</u></u>	<u><u>15,770</u></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.

**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: -

	<b>As at 31.12.2016 RM'000</b>
Short-term - unsecured	141,858
Short-term - secured	210,128
Long-term - unsecured	8,103
Long-term - secured	564,770
	<u>924,859</u>

The Group's loans and borrowings from continuing operations include foreign currency bank borrowings as follows:

	<b>Denominated in United States Dollar USD'000</b>	<b>Denominated in Ringgit Malaysia RM'000</b>
Long-term - secured	70,000	313,267
	<u>70,000</u>	<u>313,267</u>

**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”)**

	<b>Current Year Quarter 31.12.2016 (unaudited)</b>	<b>Preceding Year Corresponding Quarter 31.12.2015 (unaudited)</b>	<b>Current Year-to-Date 31.12.2016 (unaudited)</b>	<b>Preceding Year-to-Date 31.12.2015 (unaudited)</b>
<b>BASIC EPS</b>				
Profit attributable to Owners of the parent (RM'000)	<b>40,789</b>	61,570	<b>40,789</b>	61,570
Weighted average number of ordinary shares ('000)				
At 1 October 2016/2015	<b>419,444</b>	419,407	<b>419,444</b>	419,407
Effect of exercise of warrants (‘000)	<b>100</b>	17	<b>100</b>	17
At 31 December 2016/2015	<b>419,544</b>	419,424	<b>419,544</b>	419,424
<b>BASIC EPS (sen)</b>	<b>9.72</b>	14.68	<b>9.72</b>	14.68
<b>DILUTED EPS</b>				
Profit attributable to Owners of the parent (RM'000)	<b>40,789</b>	61,570	<b>40,789</b>	61,570
Adjusted weighted average number of ordinary shares in issue and issuable ('000)				
Weighted average number of ordinary shares ('000)	<b>419,544</b>	419,424	<b>419,544</b>	419,424
Adjustment for warrants (‘000)	<b>2,878</b>	1,637	<b>11,417</b>	6,494
At 31 December 2016/2015	<b>422,422</b>	421,061	<b>430,961</b>	425,918
<b>DILUTED EPS (sen)</b>	<b>9.66</b>	14.62	<b>9.46</b>	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:

	<b>As at 31.12.2016 RM'000</b>	<b>(Audited) As at 30.09.2015 RM'000</b>
Total retained earnings of its subsidiaries		
- realised	824,015	807,787
- unrealised	161,679	165,151
	<u>985,694</u>	<u>972,938</u>
Total share of retained earnings from an associate		
- realised	6,170	7,436
	<u>991,864</u>	<u>980,374</u>
Less: Consolidation adjustments	(154,627)	(154,563)
Total retained earnings of the Group	<u><u>837,237</u></u>	<u><u>825,811</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.

## **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.