



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
INTERIM REPORT FOR THE SECOND QUARTER  
AND FINANCIAL PERIOD ENDED 31 MARCH 2017**

	(Unaudited) INDIVIDUAL QUARTER Current Year Quarter 31.03.2017 RM'000	(Unaudited) Preceding Year Corresponding Quarter 31.03.2016 RM'000	(Unaudited) CUMULATIVE QUARTER Current Year-to-Date 31.03.2017 RM'000	(Unaudited) Preceding Year-to-Date 31.03.2016 RM'000
<b>Revenue</b>	<b>278,076</b>	322,231	<b>539,101</b>	588,596
Cost of sales	<b>(169,669)</b>	(213,735)	<b>(334,358)</b>	(392,280)
<b>Gross profit</b>	<b>108,407</b>	108,496	<b>204,743</b>	196,316
Other income	<b>5,956</b>	13,304	<b>9,816</b>	59,284
Sales and marketing expenses	<b>(8,477)</b>	(8,917)	<b>(15,855)</b>	(16,664)
Administrative expenses	<b>(22,100)</b>	(25,547)	<b>(39,826)</b>	(41,555)
Other expenses	<b>(2,643)</b>	(2,869)	<b>(9,380)</b>	(13,168)
<b>Profit from operations</b>	<b>81,143</b>	84,467	<b>149,498</b>	184,213
Share of results of associates	<b>(57)</b>	324	<b>(1,323)</b>	497
Interest expenses	<b>(12,081)</b>	(9,594)	<b>(21,924)</b>	(19,251)
<b>Profit before tax</b>	<b>69,005</b>	75,197	<b>126,251</b>	165,459
Tax expense	<b>(20,365)</b>	(18,099)	<b>(36,135)</b>	(41,340)
<b>Profit for the period</b>	<b>48,640</b>	57,098	<b>90,116</b>	124,119
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign exchange translation differences	<b>(143)</b>	(1,373)	<b>(1,955)</b>	(3,486)
Other comprehensive income for the period	<b>(143)</b>	(1,373)	<b>(1,955)</b>	(3,486)
<b>Total comprehensive income for the period</b>	<b>48,497</b>	55,725	<b>88,161</b>	120,633
<b>Profit attributable to:</b>				
Owners of the parent	<b>49,368</b>	55,379	<b>90,157</b>	116,949
Non-controlling interests	<b>(728)</b>	1,719	<b>(41)</b>	7,170
	<b>48,640</b>	57,098	<b>90,116</b>	124,119
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	<b>49,223</b>	53,938	<b>88,409</b>	113,450
Non-controlling interests	<b>(726)</b>	1,787	<b>(248)</b>	7,183
	<b>48,497</b>	55,725	<b>88,161</b>	120,633
<b>Earnings per share</b>				
<b>Basic Earnings per ordinary share (sen)</b>	<b>11.69</b>	13.20	<b>21.34</b>	27.88
<b>Diluted Earnings per ordinary share (sen)</b>	<b>11.61</b>	13.15	<b>20.84</b>	27.46
<b>Proposed/Declared Dividend per share (sen)</b>	-	-	<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 MARCH 2017**

	(Unaudited) 31.03.2017	(Audited) 30.09.2016
<i>Assets</i>	<b>RM'000</b>	RM'000
Property, plant and equipment	218,509	217,163
Intangible assets	20,220	14,636
Biological assets	330,928	324,119
Prepaid lease payments	27,836	27,964
Investment properties	308,457	308,457
Investment in associates	12,813	14,136
Land held for property development	1,053,548	1,062,540
Deferred tax assets	29,105	29,358
Receivables, deposits and prepayments	12,137	13,198
<b>Total Non-Current Assets</b>	<b>2,013,553</b>	<b>2,011,571</b>
Property development costs	452,280	384,999
Inventories	95,714	94,111
Accrued billings	130,725	216,392
Receivables, deposits and prepayments	248,679	226,135
Current tax assets	15,258	7,639
Cash, bank balances, term deposits and fixed income funds	380,307	305,087
	<b>1,322,963</b>	<b>1,234,363</b>
Non-current assets classified as held for sale	14,286	7,482
<b>Total Current Assets</b>	<b>1,337,249</b>	<b>1,241,845</b>
<b>TOTAL ASSETS</b>	<b>3,350,802</b>	<b>3,253,416</b>
<i>Equity</i>		
Share capital	429,847	419,444
Share premium	785	57
Warrant reserve	6,786	8,000
Translation reserve	(2,309)	(561)
Revaluation reserve	23,534	23,534
Retained earnings	886,611	825,811
<b>Equity attributable to owners of the parent</b>	<b>1,345,254</b>	<b>1,276,285</b>
<b>Non-Controlling Interests</b>	<b>34,117</b>	<b>34,371</b>
<b>Total Equity</b>	<b>1,379,371</b>	<b>1,310,656</b>
<i>Liabilities</i>		
Deferred tax liabilities	64,371	64,545
Provisions	10,813	10,352
Loans and borrowings - long-term	601,673	557,349
Payables, deposits received and accruals	460,670	451,619
<b>Total Non-Current Liabilities</b>	<b>1,137,527</b>	<b>1,083,865</b>
Provisions	19,596	19,596
Progress billings	36,511	6,539
Payables, deposits received and accruals	423,701	526,289
Loans and borrowings - short-term	330,834	281,414
Current tax liabilities	23,262	25,057
<b>Total Current Liabilities</b>	<b>833,904</b>	<b>858,895</b>
<b>Total Liabilities</b>	<b>1,971,431</b>	<b>1,942,760</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,350,802</b>	<b>3,253,416</b>
<b>Net Assets per share attributable to shareholders of the Company (RM)</b>	<b>3.17</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.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
INTERIM REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2017**

Group	Attributable to owners of the parent						Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Non-distributable			Distributable					
	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 March 2017</b>									
At 1.10.2016 (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	-	-	-	(1,748)	-	90,157	88,409	(248)	88,161
<b>Transactions with owners</b>									
Issuance of shares pursuant to warrants	10,403	728	(1,214)	-	-	-	9,917	-	9,917
Changes of ownership interest in a subsidiary	-	-	-	-	-	6	6	(6)	-
Dividends	-	-	-	-	-	(29,363)	(29,363)	-	(29,363)
<b>At 31.03.2017 (unaudited)</b>	<b>429,847</b>	<b>785</b>	<b>6,786</b>	<b>(2,309)</b>	<b>23,534</b>	<b>886,611</b>	<b>1,345,254</b>	<b>34,117</b>	<b>1,379,371</b>
<b>Financial period ended 31 March 2016</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	-	-	-	(3,499)	-	116,949	113,450	7,183	120,633
<b>Transactions with owners</b>									
Issuance of shares pursuant to warrants	18	20	(4)	-	-	-	34	-	34
Issuance of shares by subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-	144	144
Effect of acquisition of a subsidiary	-	-	-	-	-	-	-	1,839	1,839
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	(4,000)	(4,000)
Dividends	-	-	-	-	-	(29,360)	(29,360)	-	(29,360)
<b>At 31.03.2016 (unaudited)</b>	<b>419,425</b>	<b>36</b>	<b>8,005</b>	<b>(1,260)</b>	<b>23,534</b>	<b>739,037</b>	<b>1,188,777</b>	<b>27,045</b>	<b>1,215,822</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 SECOND QUARTER  
AND FINANCIAL PERIOD ENDED 31 MARCH 2017**

	(Unaudited) 31.03.2017 RM'000	(Unaudited) 31.03.2016 RM'000
<b>Cash Flows From/(Used In) Operating Activities</b>		
Profit before tax	126,251	165,459
Adjustments for non-cash items	39,888	1,516
Operating profit before changes in working capital	<u>166,139</u>	<u>166,975</u>
Change in property development costs	(22,971)	(7,569)
Change in inventories	10,473	18,848
Change in accrued billings in respect of property development	115,639	(7,435)
Change in receivables, deposits and prepayments	(32,253)	1,874
Change in payables and accruals	(96,964)	(48,442)
Cash generated from operations	<u>140,063</u>	<u>124,251</u>
Interest paid	(23,810)	(20,457)
Interest received	3,140	2,796
Tax paid	(47,510)	(22,009)
Tax refund	1,232	1,019
Retirement benefits obligations paid	(199)	(252)
<b>Net cash from operating activities</b>	<u>72,916</u>	<u>85,348</u>
<b>Cash Flows From/(Used In) Investing Activities</b>		
Acquisition of a subsidiary company, net of cash acquired	-	(5,000)
Additions to land held for property development	(46,206)	(26,434)
Acquisition of property, plant and equipment	(4,943)	(7,070)
Additions to biological assets	(1,693)	(1,154)
Additions to intangible assets	(5,355)	-
Subscription of shares in an associate	-	(2,450)
(Placement)/Withdrawal of deposits with licensed banks	(4,813)	11,253
<b>Net cash used in investing activities</b>	<u>(63,010)</u>	<u>(30,855)</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	79,471	8,972
Payments of finance lease liabilities	(368)	(853)
Proceeds from issuance of shares by a subsidiary to non-controlling shareholders	-	144
Proceeds from issuance of shares	9,917	34
<b>Net cash from/(used in) financing activities</b>	<u>59,657</u>	<u>(25,063)</u>
<b>Net increase in cash and cash equivalents</b>	<u>69,563</u>	<u>29,430</u>
Effect of exchange rate fluctuations	209	1,035
<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>336,952</u>	<u>256,624</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 4	Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts <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>

## 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 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to FRS 107	Disclosure Initiative <sup>1</sup>
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses <sup>1</sup>
Amendments to FRS 140	Transfers of Investment Property <sup>2</sup>
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration <sup>2</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.

**A1. BASIS OF PREPARATION (continued)**

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 5,247,197 ordinary shares of RM1/- each pursuant to the exercised of 5,247,197 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 March 2017

	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	347,675	136,379	16,986	30,775	6,710	-	576	-	539,101
Inter-segment revenue	-	1,595	1,128	99	-	49,452	-	(52,274)	-
Total segment revenue	<u>347,675</u>	<u>137,974</u>	<u>18,114</u>	<u>30,874</u>	<u>6,710</u>	<u>49,452</u>	<u>576</u>	<u>(52,274)</u>	<u>539,101</u>
<b>Results</b>									
Operating result <sup>#</sup>	90,249	45,483	7,616	2,614	839	19,096	(79)	(19,460)	146,358
Interest expense*	(21,905)	(13,626)	(1,125)	(1)	-	(14,497)	(345)	29,575	(21,924)
Interest income**	6,026	445	9	38	99	6,631	7	(10,115)	3,140
Share of results of associates	(1,323)	-	-	-	-	-	-	-	(1,323)
Segment result	<u>73,047</u>	<u>32,302</u>	<u>6,500</u>	<u>2,651</u>	<u>938</u>	<u>11,230</u>	<u>(417)</u>	<u>-</u>	<u>126,251</u>
Tax expense									(36,135)
Profit for the period									<u>90,116</u>
<b>Assets</b>									
Segment assets	2,222,162	598,222	363,016	27,390	34,527	23,162	25,147	-	3,293,626
Investment in associates	12,813	-	-	-	-	-	-	-	12,813
Deferred tax assets									29,105
Current tax assets									15,258
Total assets									<u>3,350,802</u>
<b>Liabilities</b>									
Segment liabilities	1,277,897	362,021	52,254	7,815	3,964	178,698	1,149	-	1,883,798
Deferred tax liabilities									64,371
Current tax liabilities									23,262
Total liabilities									<u>1,971,431</u>
<b>Other segment information</b>									
Depreciation and amortisation	630	17,590	1,017	14	450	248	165	-	20,114
Additions to non-current assets other than financial instruments and deferred tax assets	58,645	4,701	2,329	99	70	-	162	-	66,006
* Included inter-company interest expense	13,300	5,707	-	-	-	10,223	345	(29,575)	-
** Included inter-company interest income	(3,546)	-	-	-	-	(6,569)	-	10,115	-
# Included unrealised foreign exchange gains	-	(5,035)	-	-	-	-	-	-	(5,035)
# Included realised foreign exchange (gains)/losses	(1)	6,723	-	-	-	(851)	-	-	5,871
# Included gain arising from derivative financial assets	-	64	-	-	-	-	-	-	64

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 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	422,902	100,774	18,119	37,637	8,649	-	515	-	588,596
Inter-segment revenue	-	-	-	-	-	73,810	-	(73,810)	-
Total segment revenue	<u>422,902</u>	<u>100,774</u>	<u>18,119</u>	<u>37,637</u>	<u>8,649</u>	<u>73,810</u>	<u>515</u>	<u>(73,810)</u>	<u>588,596</u>
<b>Results</b>									
Operating result	123,717	49,380	7,697	2,618	830	15,448	(61)	(18,210)	181,419
Interest expense	(19,042)	(12,899)	(1,370)	-	-	(13,809)	(73)	27,942	(19,251)
Interest income	6,563	270	28	49	183	5,432	1	(9,732)	2,794
Share of results of associates	674	-	(177)	-	-	-	-	-	497
Segment result	<u>111,912</u>	<u>36,751</u>	<u>6,178</u>	<u>2,667</u>	<u>1,013</u>	<u>7,071</u>	<u>(133)</u>	<u>-</u>	<u>165,459</u>
Tax expense									(41,340)
Profit for the period									<u>124,119</u>
<b>Assets</b>									
Segment assets	1,673,954	487,236	356,753	28,090	29,803	20,739	18,307	-	2,614,882
Investment in associates	15,248	-	204	-	-	-	-	-	15,452
Deferred tax assets									28,514
Current tax assets									<u>2,750</u>
Total assets									<u>2,661,598</u>
<b>Liabilities</b>									
Segment liabilities	794,079	342,328	58,580	11,503	2,352	153,265	1,118	-	1,363,225
Deferred tax liabilities									56,856
Current tax liabilities									<u>25,695</u>
Total liabilities									<u>1,445,776</u>
<b>Other segment information</b>									
Depreciation and amortisation	597	14,183	1,098	7	297	10	65	-	16,257
Additions to non-current assets other than financial instruments and deferred tax assets	<u>26,576</u>	<u>3,168</u>	<u>3,559</u>	<u>7</u>	<u>1,660</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>34,972</u>
* Included inter-company interest expense	12,159	5,724	-	-	-	9,962	73	(27,918)	-
** Included inter-company interest income	(4,365)	-	-	-	-	(5,367)	-	9,732	-
# Included unrealised foreign exchange gains	-	(27,007)	-	-	-	-	-	-	(27,007)
# Included realised foreign exchange losses	-	445	-	-	-	1,579	-	-	2,024

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	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>				
Malaysia	396,012	479,173	1,435,615	987,804
The Peoples' Republic of China	6,710	8,649	22,096	18,830
Republic of Indonesia	136,379	100,774	500,470	393,415
	<u>539,101</u>	<u>588,596</u>	<u>1,958,181</u>	<u>1,400,049</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 19 May 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 RM64.1 million. Total credit facilities granted to subsidiaries with corporate guarantees issued by the Company to the lenders and utilised by subsidiaries as at 19 May 2017 was approximately RM1.1 billion and RM864.6 million respectively.

### A13. CAPITAL COMMITMENTS

The capital commitment of the Group is as follows:

	<b>As at 31.03.2017 RM'000</b>
Approved, contracted but not provided for:	
- Intangible asset for property development division	27,010
- Investment property for hotel and property investment division	110
Approved but not contracted and not provided for:	
- Property, plant and equipment for plantation division	3,480
	<u>30,600</u>

### A14. RELATED PARTY TRANSACTIONS

There were no related party transactions in the current quarter and the financial year-to-date except for the following:

	<b>Current Quarter 31.03.2017 RM'000</b>	<b>Financial Year-to-Date 31.03.2017 RM'000</b>
Sales of development properties to:		
- Person connected to a Director of the Company	<u>1,035</u>	<u>1,035</u>

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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 2017**

The Group recorded lower revenue and profit before tax of RM278.1 million and RM69.0 million for the current quarter as compared to the preceding year correspondence quarter of RM322.2 million and RM75.2 million respectively. The decrease in the Group's revenue by 13.7% and the profit before tax by 8.2% was mainly due to lower sales revenue and profit recognition in the current quarter following the handling over vacant possession of MKH Boulevard, Pelangi Heights Phase 1 and 2 and completion of profit recognition on the sales of Pelangi Semenyih (built then sell) in the preceding correspondence quarter from property and construction division, and lower net gains on foreign exchange of RM1.7 million in the current quarter as compared to the preceding year correspondence quarter of RM3.5 million following the completion of refinancing the plantation division's United States Dollar ("USD") borrowings which carries a lower interest rate.

#### **(ii) Financial year-to-date ("YTD") ended 31 March 2017 by Segments**

##### **Property and construction**

This division recorded lower revenue and profit before tax of RM347.7 million and RM73.0 million for the current YTD as compared to the preceding YTD of RM422.9 million and RM111.9 million respectively was mainly due to absence on project grant from government of RM11.7 million, lower sales revenue and profit recognition following the handling over vacant possession of MKH Boulevard, Pelangi Heights Phase 1 and 2 and completion of profit recognition on the sales of Pelangi Semenyih (built then sell) in the preceding YTD, stringent lending guidelines, weaker Ringgit and slowdown in property market sentiment. Certain ongoing high-rise service apartments that newly launched in 4<sup>th</sup> quarter FY2016, namely Saville @ D'Lake and Hillpark Residence still at preliminary stage of development.

As at 31.3.2017, the Group has locked-in unbilled sales value of RM638.0 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 Phase 3, Kajang East, MKH Avenue, Saville @ Kajang, Saville @ Cheras and Hillpark Home 3 and newly launched projects in 2016, namely Saville @ D'Lake and Hillpark Residence.

##### **Plantation**

The division recorded higher revenue of RM136.4 million for the current YTD as compared to the preceding YTD of RM100.8 million, mainly due to higher average crude palm oil ("CPO") and palm kerne ("PK") selling price in the current YTD as compared to the preceding YTD, despite the lower CPO sales volume of 44,900 metric tonnes ("MT") and PK sales volume of 7,000 MT in current YTD as compared to the preceding YTD CPO sales volume of 49,100 MT and PK sales volume of 7,680 MT.

This division recorded lower profit before tax of RM32.3 million in the current YTD as compared to the preceding YTD of RM36.8 million mainly due to inclusion of unrealised foreign exchange gains of RM27.0 million in the preceding YTD as compared to the current YTD of RM5.0 million.

Excluding the unrealised foreign exchange gains, this division recorded higher profit before tax of RM27.3 million in current YTD as compared to the preceding YTD of RM9.8 million mainly due to increase in gross profit as a result of increase in average CPO and PK selling price.

*Palm oil plantation's production: key indicators for six (6) months period ended 31 March 2017:*

	<b>Q1</b>	<b>Q2</b>	<b>YTD 2017</b>
Fresh Fruit Bunches (MT)	100,747	102,950	203,697
Crude Palm Oil (MT)	22,163	21,423	43,586
Palm Kernel (MT)	4,061	4,107	8,168
Average CPO price/MT	2,536	2,762	2,637
Average PK price/MT	2,187	2,808	2,556

*Palm oil plantation's production: key indicators for year ended 30 September 2016:*

	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Year 2016</b>
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
Average CPO price/MT	1,703	1,954	2,290	2,310	2,056
Average PK price/MT	1,002	1,271	1,668	2,119	1,604

The average oil extraction rate was lower in the current YTD at 20.5% as compared to the preceding YTD at 22.2% mainly caused by La Nina weather with heavier rainfall which raised the moisture content of the fresh fruit bunches.

PT Maju Kalimantan Hadapan has obtained Indonesian Sustainable Palm Oil (ISPO) certification in April 2017.

#### **Hotel and property investment**

Despite the marginal decrease in revenue to RM17.0 million for the current YTD as compared to the preceding YTD of RM18.1 million, this division recorded a slight increase in profit before tax of RM6.5 million in the current YTD as compared to the preceding YTD of RM6.2 million.

#### **Trading**

Despite the decrease in revenue to RM30.8 million in the current YTD as compared to the preceding YTD of RM37.6 million, this division maintained profit before tax of RM2.7 million mainly due to improvement in gross profit margin as a result of lower cost of purchase of certain building materials following the slowdown in construction activities.

#### **Manufacturing**

Despite the decrease in revenue to RM6.7 million in the current YTD as compare to the preceding YTD of RM8.6 million, this division maintained profit before tax of RM1.0 million with inclusion of new factory building's rental of RM0.5 million. Excluding the rental income, the profit before tax decrease from RM1.0 million to RM0.5 million mainly due to lower sales order from existing customers.

#### **Investment holding**

This division revenue and profit 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.

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

	<b>2nd Quarter ended 31.03.2017 RM'000</b>	<b>1st Quarter ended 31.12.2016 RM'000</b>
Profit before tax	<u>69,005</u>	<u>57,246</u>

The profit before tax for the current quarter of RM69.0 million was higher compared to the preceding quarter of RM57.2 million mainly due to the higher sales and profit recognition from ongoing projects in Hillpark Shah Alam namely Meranti and Maple couple with handling over vacant possession of Cherry Phase 6B.

**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 31.03.2017 RM'000</b>	<b>Financial year-to-date 31.03.2017 RM'000</b>
Amortization of prepaid lease payments	(215)	(515)
Amortization of biological assets	(5,430)	(9,525)
Depreciation of property, plant and equipment	(5,078)	(10,074)
Gain arising from derivative financial assets	1,633	64
Property, plant and equipment written off	-	(1)
Interest expense	(12,081)	(21,924)
Net gain/(loss) on foreign exchange:		
- realised	(7,555)	(5,871)
- unrealised	9,229	5,035
Interest income	<u>1,617</u>	<u>3,140</u>

**(ii) CASH AND CASH EQUIVALENTS**

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

	<b>(Unaudited)</b> <b>31.03.2017</b> <b>RM'000</b>	<b>(Unaudited)</b> <b>31.03.2016</b> <b>RM'000</b>
Cash and bank balances	131,946	106,616
Cash held under housing development accounts	226,538	166,038
Cash held under sinking fund accounts	18	13
Deposits with licensed banks	12,574	21,146
Short term funds	9,231	1,865
Bank overdrafts	<u>(16,635)</u>	<u>(23,938)</u>
	363,672	271,740
Less: Non short term and highly liquid fixed deposits	(7,810)	(5,692)
Less: Deposits and bank balances pledged for credit facilities	<u>(18,910)</u>	<u>(9,424)</u>
	<u><u>336,952</u></u>	<u><u>256,624</u></u>

**B6. TAX EXPENSE**

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

	<b>Current</b> <b>Quarter</b> <b>31.03.2017</b> <b>RM'000</b>	<b>Financial</b> <b>Year-to-Date</b> <b>31.03.2017</b> <b>RM'000</b>
Current taxation		
- income taxation	20,606	36,303
- deferred taxation	<u>276</u>	<u>288</u>
	20,882	36,591
Under provision in prior year	<u>(517)</u>	<u>(456)</u>
	<u><u>20,365</u></u>	<u><u>36,135</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 renounceable rights issue of up to 45,402,742 new ordinary shares in the share capital of MKH Berhad (“MKH Share(s)”) (“Rights Share(s)”) 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 5.00pm on 3 May 2017, 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 two (2) Bonus Shares for every one (1) Rights Share subscribed (“Rights with Bonus Issue”).

Subsequent to the shareholders' approval obtained at an extraordinary general meeting held on 14 March 2017 in relation to the Rights with Bonus Issue, the following announcements were made:

- (a) On 17 April 2017, the entitlement date has been fixed at 3 May 2017 ("Entitlement Date") and the rights issue price has been fixed at RM1.89 per Rights Share at an entitlement basis of one (1) Rights Share for every ten (10) existing MKH Shares held by MKH's shareholders whose names appear in MKH's Record of Depositors as at Entitlement Date; and
- (b) On 24 May 2017, as at the closing date and time of acceptance, MKH had received valid acceptances and excess applications for a total of 55,306,449 Rights Shares. This represents an over-subscription of 12,681,262 Rights Shares or 29.75% over the total number of Rights Shares available for subscription under the Rights with Bonus Issue.

The Rights with Bonus Issue are expected to be completed on 1 June 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 31.03.2017 RM'000</b>
Short-term - unsecured	138,189
Short-term - secured	192,645
Long-term - unsecured	3,370
Long-term - secured	598,303
	<u>932,507</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>
Short-term - secured	6,800	30,073
Long-term - secured	64,314	282,906
	<u>71,114</u>	<u>312,979</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 31.03.2017 (unaudited)</b>	<b>Preceding Year Corresponding Quarter 31.03.2016 (unaudited)</b>	<b>Current Year-to-Date 31.03.2017 (unaudited)</b>	<b>Preceding Year-to-Date 31.03.2016 (unaudited)</b>
<b>BASIC EPS</b>				
Profit attributable to Owners of the parent (RM'000)	<b>49,368</b>	55,379	<b>90,157</b>	116,949
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>2,986</b>	17	<b>2,986</b>	17
At 31 March 2017/2016	<b>422,430</b>	419,424	<b>422,430</b>	419,424
<b>BASIC EPS (sen)</b>	<b>11.69</b>	13.20	<b>21.34</b>	27.88
<b>DILUTED EPS</b>				
Profit attributable to Owners of the parent (RM'000)	<b>49,368</b>	55,379	<b>90,157</b>	116,949
Adjusted weighted average number of ordinary shares in issue and issuable ('000)				
Weighted average number of ordinary shares ('000)	<b>422,430</b>	419,424	<b>422,430</b>	419,424
Adjustment for warrants (‘000)	<b>2,656</b>	1,589	<b>10,261</b>	6,434
At 31 March 2017/2016	<b>425,086</b>	421,013	<b>432,691</b>	425,858
<b>DILUTED EPS (sen)</b>	<b>11.61</b>	13.15	<b>20.84</b>	27.46

## 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 31.03.2017 RM'000</b>	<b>(Audited) As at 30.09.2015 RM'000</b>
Total retained earnings of its subsidiaries		
- realised	906,727	807,787
- unrealised	132,744	165,151
	<u>1,039,471</u>	<u>972,938</u>
Total share of retained earnings from an associate		
- realised	6,113	7,436
	<u>1,045,584</u>	<u>980,374</u>
Less: Consolidation adjustments	(158,973)	(154,563)
Total retained earnings of the Group	<u><u>886,611</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 30 May 2017.