



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

	(Unaudited) INDIVIDUAL QUARTER		(Unaudited) CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2017 RM'000	Preceding Year Corresponding Quarter 31.12.2016 RM'000	Current Year-to-Date 31.12.2017 RM'000	Preceding Year-to-Date 31.12.2016 RM'000
<b>Revenue</b>	<b>194,291</b>	261,025	<b>194,291</b>	261,025
Cost of sales	<b>(126,008)</b>	(164,689)	<b>(126,008)</b>	(164,689)
<b>Gross profit</b>	<b>68,283</b>	96,336	<b>68,283</b>	96,336
Other income	<b>3,197</b>	3,860	<b>3,197</b>	3,860
Sales and marketing expenses	<b>(7,876)</b>	(7,378)	<b>(7,876)</b>	(7,378)
Administrative expenses	<b>(18,379)</b>	(17,726)	<b>(18,379)</b>	(17,726)
Other expenses	<b>(9,284)</b>	(6,737)	<b>(9,284)</b>	(6,737)
<b>Profit from operations</b>	<b>35,941</b>	68,355	<b>35,941</b>	68,355
Share of results of associates	<b>(208)</b>	(1,266)	<b>(208)</b>	(1,266)
Interest expenses	<b>(8,332)</b>	(9,843)	<b>(8,332)</b>	(9,843)
<b>Profit before tax</b>	<b>27,401</b>	57,246	<b>27,401</b>	57,246
Tax expense	<b>(10,524)</b>	(15,770)	<b>(10,524)</b>	(15,770)
<b>Profit for the period</b>	<b>16,877</b>	41,476	<b>16,877</b>	41,476
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign exchange translation differences	<b>(491)</b>	(1,812)	<b>(491)</b>	(1,812)
Other comprehensive income for the period	<b>(491)</b>	(1,812)	<b>(491)</b>	(1,812)
<b>Total comprehensive income for the period</b>	<b>16,386</b>	39,664	<b>16,386</b>	39,664
<b>Profit attributable to:</b>				
Owners of the parent	<b>16,634</b>	40,789	<b>16,634</b>	40,789
Non-controlling interests	<b>243</b>	687	<b>243</b>	687
	<b>16,877</b>	41,476	<b>16,877</b>	41,476
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	<b>16,002</b>	39,186	<b>16,002</b>	39,186
Non-controlling interests	<b>384</b>	478	<b>384</b>	478
	<b>16,386</b>	39,664	<b>16,386</b>	39,664
<b>Earnings per share</b>				
<b>Basic Earnings per ordinary share (sen)</b>	<b>2.86</b>	7.96	<b>2.86</b>	7.96
<b>Diluted Earnings per ordinary share (sen)</b>	<b>2.86</b>	7.91	<b>2.86</b>	7.78
<b>Proposed/Declared Dividend per share (sen)</b>	<b>5.00</b>	7.00	<b>5.00</b>	<b>7.00</b>

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 2017 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 2017**

	(Unaudited) 31.12.2017	(Audited) 30.09.2017
<i>Assets</i>	<b>RM'000</b>	RM'000
Property, plant and equipment	201,038	210,047
Intangible assets	22,131	22,015
Biological assets	270,300	284,975
Prepaid lease payments	45,090	45,724
Investment properties	318,937	318,937
Investment in associates	13,682	13,890
Land held for property development	900,086	915,912
Deferred tax assets	37,786	33,933
Tax recoverable	1,225	1,282
Receivables, deposits and prepayments	31,153	30,944
<b>Total Non-Current Assets</b>	<b>1,841,428</b>	<b>1,877,659</b>
Property development costs	546,557	474,969
Inventories	158,343	153,185
Accrued billings	47,253	152,557
Receivables, deposits and prepayments	293,300	266,766
Current tax assets	15,851	12,214
Cash, bank balances, term deposits and fixed income funds	303,166	264,610
	1,364,470	1,324,301
Non-current assets classified as held for sale	22,549	22,549
<b>Total Current Assets</b>	<b>1,387,019</b>	<b>1,346,850</b>
<b>TOTAL ASSETS</b>	<b>3,228,447</b>	<b>3,224,509</b>
<i>Equity</i>		
Share capital	653,391	613,315
Share premium	-	-
Warrant reserve	386	4,761
Translation reserve	(4,061)	(3,429)
Revaluation reserve	23,534	23,534
Retained earnings	855,447	838,813
<b>Equity attributable to owners of the parent</b>	<b>1,528,697</b>	<b>1,476,994</b>
<b>Non-Controlling Interests</b>	<b>31,210</b>	<b>30,826</b>
<b>Total Equity</b>	<b>1,559,907</b>	<b>1,507,820</b>
<i>Liabilities</i>		
Deferred tax liabilities	61,889	59,038
Provisions	10,630	11,454
Loans and borrowings - long-term	414,708	444,139
Payables, deposits received and accruals	345,475	346,512
<b>Total Non-Current Liabilities</b>	<b>832,702</b>	<b>861,143</b>
Provisions	20,183	20,183
Progress billings	20,236	870
Payables, deposits received and accruals	469,881	497,501
Loans and borrowings - short-term	320,392	328,377
Current tax liabilities	5,146	8,615
<b>Total Current Liabilities</b>	<b>835,838</b>	<b>855,546</b>
<b>Total Liabilities</b>	<b>1,668,540</b>	<b>1,716,689</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,228,447</b>	<b>3,224,509</b>
<b>Net Assets per share attributable to shareholders of the Company (RM)</b>	<b>2.61</b>	<b>2.62</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 2017 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 2017**

Group	Attributable to owners of the parent						Total	Non-Controlling Interests	Total Equity
	Non-distributable			Distributable					
	Share Capital	Share Premium	Warrant Reserve	Translation Reserve	Revaluation Reserve	Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Financial period ended 31 December 2017</b>									
At 1.10.2017 (audited)	613,315	-	4,761	(3,429)	23,534	838,813	1,476,994	30,826	1,507,820
Total comprehensive income for the period	-	-	-	(632)	-	16,634	16,002	384	16,386
<b>Transactions with owners</b>									
Issuance of shares pursuant to warrants	40,076	-	(4,375)	-	-	-	35,701	-	35,701
<b>At 31.12.2017 (unaudited)</b>	<b>653,391</b>	<b>-</b>	<b>386</b>	<b>(4,061)</b>	<b>23,534</b>	<b>855,447</b>	<b>1,528,697</b>	<b>31,210</b>	<b>1,559,907</b>
<b>Financial period ended 31 December 2016</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	-	-	-	(1,603)	-	40,789	39,186	478	39,664
<b>Transactions with owners</b>									
Issuance of shares pursuant to warrants	128	144	(29)	-	-	-	243	-	243
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-
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>

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 2017 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 2017**

	(Unaudited) 31.12.2017 RM'000	(Unaudited) 31.12.2016 RM'000
<b>Cash Flows From/(Used In) Operating Activities</b>		
Profit before tax	27,401	57,246
Adjustments for non-cash items	24,505	30,397
Operating profit before changes in working capital	<u>51,906</u>	<u>87,643</u>
Change in property development costs	(38,715)	(32,201)
Change in inventories	2,492	5,159
Change in accrued billings in respect of property development	124,669	70,198
Change in receivables, deposits and prepayments	(44,880)	(59,223)
Change in payables and accruals	(31,780)	(23,748)
Cash generated from operations	<u>63,692</u>	<u>47,828</u>
Interest paid	(9,118)	(10,870)
Interest received	1,352	1,523
Tax paid	(17,556)	(23,833)
Tax refund	-	1,232
Retirement benefits obligations paid	(574)	(177)
<b>Net cash from operating activities</b>	<u>37,796</u>	<u>15,703</u>
<b>Cash Flows From/(Used In) Investing Activities</b>		
Additions to land held for property development	(3,601)	(23,974)
Acquisition of property, plant and equipment	(1,765)	(1,669)
Additions to biological assets	(1,411)	(1,127)
Additions to intangible assets	(362)	(3,993)
Proceeds from disposal of property, plant and equipment	8	-
Withdrawal of deposits with licensed banks	(215)	(46)
<b>Net cash used in investing activities</b>	<u>(7,346)</u>	<u>(30,809)</u>
<b>Cash Flows From/(Used In) Financing Activities</b>		
Dividend paid	-	(29,363)
Net (repayment)/drawdown of bank borrowings	(31,023)	51,686
Payments of finance lease liabilities	(207)	(252)
Proceeds from issuance of shares	35,701	243
<b>Net cash from financing activities</b>	<u>4,471</u>	<u>22,314</u>
<b>Net increase in cash and cash equivalents</b>	<u>34,921</u>	<u>7,208</u>
Effect of exchange rate fluctuations	(1,492)	4,530
<b>Cash and cash equivalents at beginning of the period</b>	<u>239,297</u>	<u>267,180</u>
<b>Cash and cash equivalents at end of the period</b>	<u>272,726</u>	<u>278,918</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 2017 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 2017.

### 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 2017 (“Annual Report 2017”) except for adoption of the following new and revised Standards and Amendments:

Amendments to FRS 107 Disclosure Initiative  
Amendments to FRS 112 Recognition of Deferred Tax Assets for Unrealised Losses  
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 July 2014) <sup>1</sup>
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transaction <sup>1</sup>
Amendments to FRS 4	Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts <sup>1</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>
Amendments to FRS 140	Transfer of Investment Property <sup>1</sup>
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
IC Interpretation 23	Uncertainty Over Income Tax Treatments <sup>2</sup>
Annual Improvements to FRSs 2012 - 2014 cycle <sup>1</sup>	

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

<sup>3</sup> Effective date deferred to a date to be determined and announced, with earlier application still permitted.

## **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)**

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 2017 in their report dated 28 December 2017.

**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 23,032,635 ordinary shares pursuant to the exercised of 23,032,635 warrants at an exercise price of RM1.55 per ordinary share.

**A7. DIVIDEND PAID**

A first interim single tier dividend of 5.0 sen per ordinary share in respect of financial year ended 30 September 2017 amounting to RM29,284,585 was declared on 28 November 2017 and paid on 11 January 2018.

## A8. OPERATING SEGMENTS

### (a) Segment Analysis – Business Segments

Financial period ended 31 December 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	104,300	59,112	8,499	18,611	3,183	-	586	-	194,291
Inter-segment revenue	10,377	1,111	-	63	-	12,976	-	(24,527)	-
Total segment revenue	<u>114,677</u>	<u>60,223</u>	<u>8,499</u>	<u>18,674</u>	<u>3,183</u>	<u>12,976</u>	<u>586</u>	<u>(24,527)</u>	<u>194,291</u>
<b>Results</b>									
Operating result <sup>#</sup>	24,971	5,163	3,487	1,248	250	8,357	222	(9,109)	34,589
Interest expense*	(9,190)	(5,743)	(533)	(1)	-	(6,995)	(608)	14,738	(8,332)
Interest income**	2,117	176	4	34	6	4,642	2	(5,629)	1,352
Share of results of associates	(208)	-	-	-	-	-	-	-	(208)
Segment result	<u>17,690</u>	<u>(404)</u>	<u>2,958</u>	<u>1,281</u>	<u>256</u>	<u>6,004</u>	<u>(384)</u>	<u>-</u>	<u>27,401</u>
Tax expense									(10,524)
Profit for the period									<u>16,877</u>
<b>Assets</b>									
Segment assets	2,117,999	371,880	29,945	33,795	510,165	58,053	39,291	-	3,161,128
Investment in associates	13,682	-	-	-	-	-	-	-	13,682
Deferred tax assets									37,786
Current tax assets									15,851
Total assets									<u>3,228,447</u>
<b>Liabilities</b>									
Segment liabilities	1,092,163	52,958	10,221	3,801	298,963	142,289	1,110	-	1,601,505
Deferred tax liabilities									61,889
Current tax liabilities									5,146
Total liabilities									<u>1,668,540</u>
<b>Other segment information</b>									
Depreciation and amortisation	289	7,916	618	8	277	106	269	-	9,483
Additions to non-current assets other than financial instruments and deferred tax assets	4,607	2,598	596	-	52	-	12	-	7,865
* Included inter-company interest expense	5,550	2,894	36	-	-	5,650	608	(14,738)	-
** Included inter-company interest income	(1,143)	-	-	-	-	(4,486)	-	5,629	-
# Included unrealised foreign exchange losses	-	7,833	-	-	-	-	-	-	7,833
# Included realised foreign exchange losses/(gains)	1	(136)	-	-	-	540	-	-	405

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 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									<u>(15,770)</u>
Profit for the period									<u><u>41,476</u></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									<u>13,707</u>
Total assets									<u><u>3,333,327</u></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									<u>24,782</u>
Total liabilities									<u><u>2,012,127</u></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	<u>28,042</u>	<u>2,260</u>	<u>843</u>	<u>-</u>	<u>21</u>	<u>-</u>	<u>73</u>	<u>-</u>	<u>31,239</u>
* 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)  
(b) Segment Analysis – Geographical Segments

	Revenue		Non-current assets	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>				
Malaysia	131,996	188,025	1,295,474	1,441,853
The Peoples' Republic of China	3,183	3,610	20,947	22,371
Republic of Indonesia	59,112	69,390	442,386	508,424
	<u>194,291</u>	<u>261,025</u>	<u>1,758,807</u>	<u>1,972,648</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:

- (a) On 16 January 2018, Kajang Resources Corporation Sdn Bhd (“KRC”), a wholly owned subsidiary of the Company has acquired 2 ordinary shares representing 100% of the equity interest of MKH Property Ventures Sdn Bhd (“MPVSB”), for a cash consideration of RM2/-. As a result, MPVSB became a wholly-owned subsidiary of KRC and the Company; and
- (b) On 17 January 2018, the Company has acquired 2 ordinary shares representing 100% of the equity interest of Metro Readymix Sdn Bhd (“MRSB”), for a cash consideration of RM2/-. As a result, MRSB became a wholly-owned subsidiary of the Company.

**A12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

- (a) As at 19 February 2018, 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 2017 recorded a decrease of approximately RM57.0 million. Total credit facilities granted to subsidiaries with corporate guarantees issued by the Company to the lenders and utilised by subsidiaries as at 19 February 2018 was approximately RM1.1 billion and RM724.0 million respectively.

- (b) On 18 April 2016, PT Maju Kalimantan Hadapan (“PTMKH”), a subsidiary of the Company, received a tax assessment letter from the Indonesia’s Director General of Tax (“DGT”) for the year of assessment 2012, to restrict the claims on net realised and unrealised foreign exchange losses. The details are as follows:

Year of Assessment 2012	IDR million	RM million
Net realised and unrealised foreign exchange losses claimed	97,700	30.7
Less: Net realised and unrealised foreign exchange losses allowed by DGT	(7,414)	(2.3)
Net realised and unrealised foreign exchange losses disallowed by DGT	90,286	28.4
Potential tax payable due to over-recognition of deferred tax assets based on applicable corporate income tax rate of 25%	22,571	7.1

This appeal case is currently at the tax court in Jakarta, Indonesia.

- (c) On 29 August 2017, PTMKH received tax assessment letter from DGT for the year of assessment 2013, to restrict the claims on net realised and unrealised foreign exchange losses. The details are as follows:

Year of Assessment 2013	IDR million	RM million
Net realised and unrealised foreign exchange losses claimed	188,875	59.3
Less: Net realised and unrealised foreign exchange losses allowed by DGT	(44,405)	(13.9)
Net realised and unrealised foreign exchange losses disallowed by DGT	144,470	45.4
Potential tax payable due to over-recognition of deferred tax assets based on applicable corporate income tax rate of 25%	36,118	11.3

On 27 November 2017, PTMKH filed an objection letter in reply to tax assessment letter for the year of assessment 2013. This appeal case is currently at tax appeal office in Balikpapan, Indonesia.

Based on consultation with the local tax experts, the directors of PTMKH are of the opinion that PTMKH has a valid defense against DGT’s assessments for both year of assessment 2012 and 2013. Accordingly, PTMKH has not made any adjustments in respect of the tax assessments in the financial statements of the Group and the Company.

**A13. CAPITAL COMMITMENTS**

The capital commitment of the Group is as follows:

	<b>As at 31.12.2017 RM'000</b>
Approved, contracted but not provided for:	
- Intangible asset for property development division	20,818
Approved but not contracted and not provided for:	
- Property, plant and equipment for plantation division	8,068
- Intangible asset for property development division	3,595
	<u>32,481</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 31.12.2017 RM'000</b>	<b>Financial Year-to-Date 31.12.2017 RM'000</b>
Sales of development properties to:		
-Other key management personnel of the Group	<u>520</u>	<u>520</u>

**ADDITIONAL INFORMATION REQUIRED BY APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

**B1. REVIEW OF PERFORMANCE OF THE GROUP FOR:**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year-to-Date	Preceding Year-to-Date	Changes
	31.12.2017 RM'000	31.12.2016 RM'000	RM'000	31.12.2017 RM'000	31.12.2016 RM'000	RM'000
Revenue	194,291	261,025	(66,734)	194,291	261,025	(66,734)
Operating profit	34,590	66,832	(32,242)	34,590	66,832	(32,242)
Profit before interest and tax	34,382	65,566	(31,184)	34,382	65,566	(31,184)
Profit before tax	27,401	57,246	(29,845)	27,401	57,246	(29,845)
Profit after tax	16,877	41,476	(24,599)	16,877	41,476	(24,599)
Profit attributable to ordinary equity holders of the Parent	16,634	40,789	(24,155)	16,634	40,789	(24,155)

**(i) First quarter ended 31 December 2017**

The Group recorded lower revenue and profit before tax of RM194.3 million and RM27.4 million for the current quarter as compared to the preceding year correspondence quarter of RM261.0 million and RM57.2 million respectively. The decrease in the Group's revenue by 25.6% and the profit before tax by 52.1% due to lower revenue and profit recognition in the current quarter following the handling over vacant possession of MKH Avenue, Pelangi Heights and Kajang East Precinct 2 from the property and construction division, inclusion of unrealised foreign exchange losses of RM7.8 million in the current quarter as compared to the preceding year correspondence quarter of RM4.2 million from the plantation division.

Excluding the unrealised foreign exchange losses, the Group's profit before tax was lower by 42.7% to RM35.2 million in the current quarter as compared to the preceding year correspondence quarter of RM61.4 million due to lower gross profit from the property and construction division, and lower sales of crude palm oil ("CPO") as a result of lower fresh fruits bunches ("FFB") production from the plantation division.

Segments' performance can be referred to the following paragraph mentioned below.

**The performance commentary by Segments as follows:**

**Property and construction**

This division recorded lower revenue and profit before tax of RM104.3 million and RM17.7 million for the current quarter as compared to the preceding year correspondence quarter of RM163.6 million and RM29.3 million respectively was mainly due to the lower revenue and profit recognition following the handling over vacant possession of MKH Avenue, Pelangi Heights and Kajang East Precinct 2. The newly launched development phases namely, Pinang and The Palm in Hill Park Shah Alam and ongoing new projects namely, Hillpark Residence in Kajang, TR Residence at Jalan Tun Razak and Kajang 2 Precinct 2 (Midori & Hiroki) still at the preliminary stage of development.

As at 31.12.2017, the Group has locked-in unbilled sales value of RM903.5 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 (RM337.7 million), Saville @ Cheras (RM47.9 million), Hillpark Home 3 (RM16.0 million), Saville @ D'Lake Puchong (RM54.2 million), Hillpark Residence (RM97.3 million), TR Residence (RM303.1 million) and Kajang 2 Precinct 2 (RM47.3 million).

## Plantation

The division recorded lower revenue of RM59.1 million for the current quarter as compared to the preceding year correspondence quarter of RM69.4 million mainly due to lower CPO sales volume of 21,800 metric tonnes (“MT”) as a result of lower FFB production and lower average selling price of RM2,449 per MT in the current quarter as compared to the preceding year correspondence quarter CPO sales volume of 24,900 MT and average selling price of RM2,536 per MT.

This division recorded loss before tax of RM0.4 million in the current quarter as compared to the profit before tax in preceding year correspondence quarter of RM15.3 million mainly due to lower revenue as mentioned above and inclusion of unrealised foreign exchange losses of RM7.8 million in the current quarter as compared to the preceding year correspondence quarter of RM4.2 million. The unrealised foreign exchange losses were mainly due to weakening of Indonesia Rupiah against its USD and RM borrowings.

Palm oil plantation’s production key indicators:

As at 31 December 2017	Q1	YTD 2018
Total land area (hectares)		18,388
Planted area (hectares)		16,408
Mature area (hectares)		15,623
Fresh Fruit Bunches produced by (MT)		
Own estates	88,194	88,194
External	3,039	3,039
	91,233	91,233
Crude Palm Oil (MT)	20,169	20,169
Palm Kernel (MT)	3,952	3,952
Average CPO price/MT	2,449	2,449
Average PK price/MT	2,352	2,352

As at 30 September 2017	Q1	Q2	Q3	Q4	Year 2017
Total land area (hectares)					18,388
Planted area (hectares)					16,408
Mature area (hectares)					15,623
Fresh Fruit Bunches produced by (MT)					
Own estates	102,482	105,150	98,653	91,284	397,569
External	2,877	2,900	2,243	2,472	10,492
	105,359	108,050	100,896	93,756	408,061
Crude Palm Oil (MT)	22,163	21,423	19,352	19,771	82,709
Palm Kernel (MT)	4,061	4,107	3,409	3,787	15,364
CPO average price RM/MT	2,536	2,762	2,450	2,375	2,526
PK average price RM/MT	2,187	2,808	1,739	1,897	2,172

## Hotel and property investment

This division recorded lower revenue and profit before tax of RM8.5 million and RM3.0 million for the current quarter as compared to the preceding year correspondence quarter of RM8.6 million and RM3.7 million respectively mainly due to charge out of professional fees incurred on acquisition of investment property.

## Trading

This division recorded lower revenue and profit before tax of RM18.6 million and RM1.3 million for the current quarter as compared to the preceding year correspondence quarter of RM15.6 million and RM1.5 million respectively mainly due to lower sales of buildings materials to the Group’s sub-contractors.

**Manufacturing**

This division recorded a decrease in revenue and profit before tax of RM3.2 million and RM0.3 million for the current quarter as compared to the preceding year correspondence quarter of RM3.6 million and RM0.6 million respectively mainly due to lower sales order from existing customers coupled with we are in the midst of converting this division's land and factory buildings into property investment for better returns and expect to be completed by 30 September 2018.

**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 2017 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>Current Quarter 31.12.2017 RM'000</b>	<b>Immediate Preceding Quarter 30.9.2017 RM'000</b>	<b>Changes  RM'000</b>
Revenue	194,291	260,982	(66,691)
Operating profit	34,590	32,261	2,329
Profit before interest and tax	34,382	31,884	2,498
Profit before tax	27,401	17,007	10,394
Profit after tax	16,877	4,032	12,845
Profit attributable to ordinary equity holders of the parent	16,634	6,137	10,497

Despite the decrease in revenue by RM66.7 million, the profit before tax for the current quarter of RM27.4 million was higher compared to the immediate preceding quarter of RM17.0 million mainly due to improvement in loss before tax to RM0.4 million in the current quarter as compared to immediate preceding quarter loss before tax of RM12.8 million from the plantation division with lower average production cost and absence of biological assets written off of RM4.8 million. The lower revenue was mainly due to lower revenue from the property and construction division as the new development phases namely, Pinang and The Palm in Hill Park Shah Alam still at the preliminary stage of development.

**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 2018 arising from the following three (3) major segments:

- Property and construction segment - ongoing property development projects that have been launched with total unbilled sales of RM903.5 million. Moving forward, the Klang Valley residential market is expected to remain challenging but the Group is well positioned as most of its properties are in the affordable segment whereby the demand continues to be strong.
- Plantation segment – crude palm oil prices are expected to be sustainable and we will continue to focus on the estate management to increase the production efficiencies including oil extraction rate and maximising the utilisation of the CPO mill.
- Property Investment segment – rental yield from this division is expected at an average of approximately 5% per annum based on fair value as at 30 September 2017.

#### 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 31.12.2017 RM'000</b>	<b>Financial year-to-date 31.12.2017 RM'000</b>
Amortisation of prepaid lease payments	(466)	(466)
Amortisation of biological assets	(3,973)	(3,973)
Depreciation of property, plant and equipment	(5,044)	(5,044)
Interest expenses	(8,332)	(8,332)
<b>Other expenses</b>		
Net gain/(loss) on foreign exchange:		
- realised	405	405
- unrealised	7,833	7,833
Property, plant and equipment written off	1	1
<b>Other income</b>		
Interest income	1,352	1,352
Reversal of impairment loss on receivables	145	145
Gain on disposal of property, plant and equipment	1	1



(ii) **CASH AND CASH EQUIVALENTS**

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

	<b>(Unaudited)</b> <b>31.12.2017</b> <b>RM'000</b>	<b>(Unaudited)</b> <b>31.12.2016</b> <b>RM'000</b>
Cash and bank balances	93,859	92,823
Cash held under housing development accounts	147,324	184,152
Cash held under sinking fund accounts	3	17
Deposits with licensed banks	39,413	26,776
Short term funds	22,567	22,375
Bank overdrafts	(7,408)	(25,271)
	<u>295,758</u>	<u>300,872</u>
Less: Non short term and highly liquid fixed deposits	(5,116)	(6,860)
Less: Deposits and bank balances pledged for credit facilities	(17,916)	(15,094)
	<u><u>272,726</u></u>	<u><u>278,918</u></u>

**B6. TAX EXPENSE**

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

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Year Quarter 31.12.2017 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.12.2016 RM'000</b>	<b>Current Year-to-Date 31.12.2017 RM'000</b>	<b>Preceding Year-to-Date 31.12.2016 RM'000</b>
<b>Current tax</b>				
- Current financial year	10,315	15,697	10,315	15,697
- Prior financial year	957	-	957	-
<b>Deferred tax</b>				
- Current financial year	(544)	12	(544)	12
- Prior financial year	(204)	61	(204)	61
	<u>10,524</u>	<u>15,770</u>	<u>10,524</u>	<u>15,770</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

On 1 June 2017, the Company has completed the renounceable rights issue of 42,625,187 new ordinary shares on the basis of one (1) rights share for every ten (10) existing MKH Shares held and bonus issue of 85,250,374 new ordinary shares on the basis of two (2) bonus shares for every one (1) rights share subscribed for at an issue price of RM1.89 for each rights share.

The utilisation of right issue proceeds as at 31 December 2017 are as follows:

	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Deviation RM'000</b>	<b>Intended Time Frame</b>
Infrastructure and property development	37,190	8,473	28,717	Within 12 months <sup>#</sup>
Payment of land owners' entitlements	20,000	20,000	-	Completed
Construction of KTM Komuter station	21,400	1,717	19,683	Within 12 months <sup>#</sup>
Working capital	372	372	-	Completed
Estimated expenses for the rights with bonus issue	1,600	1,600	-	Completed
	<b>80,562</b>	<b>32,162</b>	<b>48,400</b>	

<sup>#</sup> Construction works in progress

## B8. GROUP BORROWINGS AND DEBT SECURITIES

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

	Long term		Short term		Total borrowings	
	Foreign currency 000	RM Equivalent RM'000	Foreign currency 000	RM Equivalent RM'000	Foreign currency 000	RM Equivalent RM'000
<b>As at 31 December 2017</b>						
<b><u>Secured</u></b>						
<b><u>Denominated in USD</u></b>						
Term loans	45,400	183,911	4,400	17,665	49,800	201,576
Revolving credits	-	-	12,614	51,268	12,614	51,268
<b><u>Denominated in RM</u></b>						
Term loans	-	100,583	-	53,854	-	154,437
Bridging loans	-	-	-	4,688	-	4,688
Revolving credits	-	129,253	-	117,401	-	246,654
Bank overdraft	-	-	-	7,402	-	7,402
<b><u>Unsecured</u></b>						
<b><u>Denominated in RM</u></b>						
Revolving credits	-	-	-	67,300	-	67,300
Bank overdraft	-	-	-	8	-	8
<b><u>Finance lease liabilities</u></b>						
<b><u>Denominated in RM</u></b>	-	961	-	806	-	1,767
<b>Total</b>		414,708		320,392		735,100

	Long term		Short term		Total borrowings	
	Foreign currency 000	RM Equivalent RM'000	Foreign currency 000	RM Equivalent RM'000	Foreign currency 000	RM Equivalent RM'000
<b>As at 30 September 2017</b>						
<b><u>Secured</u></b>						
<b><u>Denominated in USD</u></b>						
Term loans	45,900	193,813	6,800	28,504	52,700	222,317
Revolving credits	-	-	12,614	53,439	12,614	53,439
<b><u>Denominated in RM</u></b>						
Term loans	-	108,043	-	55,833	-	163,876
Bridging loans	-	-	-	6,307	-	6,307
Revolving credits	-	141,131	-	117,476	-	258,607
Bank overdraft	-	-	-	1,988	-	1,988
<b><u>Unsecured</u></b>						
<b><u>Denominated in RM</u></b>						
Term loans	-	-	-	3,000	-	3,000
Revolving credits	-	-	-	60,500	-	60,500
Bank overdraft	-	-	-	508	-	508
<b><u>Finance lease liabilities</u></b>						
<b><u>Denominated in RM</u></b>	-	1,152	-	822	-	1,974
<b>Total</b>		444,139		328,377		772,516

#### **B9. MATERIAL LITIGATION**

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

#### **B10. DIVIDEND**

The Board of Directors has approved a first interim single tier dividend of 5.0 sen per ordinary share on 28 November 2017 for the financial year ended 30 September 2017 amounting to RM29,284,585 was declared on 28 November 2017 and paid on 11 January 2018.

**B11. EARNINGS PER SHARE (“EPS”)**

	<b>Current Year Quarter 31.12.2017 (unaudited)</b>	<b>Preceding Year Corresponding Quarter 31.12.2016 (unaudited)</b>	<b>Current Year-to-Date 31.12.2017 (unaudited)</b>	<b>Preceding Year-to-Date 31.12.2016 (unaudited)</b>
<b>BASIC EPS</b>				
Profit attributable to Owners of the parent (RM'000)	<b>16,634</b>	40,789	<b>16,634</b>	40,789
Weighted average number of ordinary shares ('000)				
At 1 October 2017/2016	<b>562,902</b>	419,444	<b>562,902</b>	419,444
Bonus elements of rights issue and bonus issue	-	93,002	-	93,002
Effect of exercise of warrants At 31 December 2017/2016	<b>18,811</b>	100	<b>18,811</b>	100
	<b>581,713</b>	512,546	<b>581,713</b>	512,546
<b>BASIC EPS (sen)</b>	<b>2.86</b>	7.96	<b>2.86</b>	7.96
<b>DILUTED EPS</b>				
Profit attributable to Owners of the parent (RM'000)	<b>16,634</b>	40,789	<b>16,634</b>	40,789
Adjusted weighted average number of ordinary shares in issue and issuable ('000)				
Weighted average number of ordinary shares	<b>581,713</b>	512,546	<b>581,713</b>	512,546
Adjustment for warrants At 31 December 2017/2016	-	2,878	-	11,417
	<b>581,713</b>	515,424	<b>581,713</b>	523,963
<b>DILUTED EPS (sen)</b>	<b>2.86</b>	7.91	<b>2.86</b>	7.78

## **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 31.12.2017 RM'000</b>	<b>(Audited) As at 30.09.2017 RM'000</b>
Total retained earnings of its subsidiaries		
- realised	856,093	837,123
- unrealised	127,218	128,171
	<u>983,311</u>	<u>965,294</u>
Total share of retained earnings from an associate		
- realised	5,022	5,230
	<u>988,333</u>	<u>970,524</u>
Less: Consolidation adjustments	(132,886)	(131,711)
Total retained earnings of the Group	<u><u>855,447</u></u>	<u><u>838,813</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 28 February 2017.