



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
INTERIM REPORT FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 SEPTEMBER 2018**

	(Unaudited) INDIVIDUAL QUARTER		(Unaudited) (Audited) CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2018 RM'000	Preceding Year Corresponding Quarter 30.09.2017 RM'000	Current Year-to-Date 30.09.2018 RM'000	Preceding Year-to-Date 30.09.2017 RM'000
Revenue	333,490	260,981	1,081,701	1,068,833
Cost of sales	(235,954)	(180,953)	(734,189)	(683,913)
Gross profit	97,536	80,028	347,512	384,920
Other income	4,658	3,925	18,220	16,762
Sales and marketing expenses	(15,531)	(17,632)	(50,369)	(40,780)
Administrative expenses	(23,766)	(23,324)	(90,694)	(88,721)
Other expenses	(25,803)	(9,124)	(64,641)	(28,819)
Profit from operations	37,094	33,873	160,028	243,362
Share of results of associates	(11)	(377)	361	(2,206)
Interest expenses	(11,030)	(16,251)	(34,249)	(47,565)
Profit before tax	26,053	17,245	126,140	193,591
Tax expense	(17,199)	(15,875)	(51,118)	(68,749)
Profit for the year	8,854	1,370	75,022	124,842
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign exchange translation differences	34	(277)	(2,136)	(3,004)
	34	(277)	(2,136)	(3,004)
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Remeasurement gains on defined benefit plans	2,312	(975)	2,312	(848)
Income tax relating to components of other comprehensive income	(584)	244	(584)	212
	1,728	(731)	1,728	(636)
Other comprehensive income for the year	1,762	(1,008)	(408)	(3,640)
Total comprehensive income for the year	10,616	362	74,614	121,202
Profit attributable to:				
Owners of the parent	5,165	3,866	69,027	128,206
Non-controlling interests	3,689	(2,496)	5,995	(3,364)
	8,854	1,370	75,022	124,842
Total comprehensive income attributable to:				
Owners of the parent	6,552	2,853	68,097	124,741
Non-controlling interests	4,064	(2,491)	6,517	(3,539)
	10,616	362	74,614	121,202
Earnings per share				
Basic Earnings per ordinary share (sen)	0.89	0.73	11.86	24.18
Diluted Earnings per ordinary share (sen)	N/A	0.73	N/A	23.72
Proposed/Declared Dividend per share (sen)	-	-	5.00	7.00

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Report for the financial year ended 30 September 2017 and the accompanying explanatory notes attached to the interim Financial Report.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
INTERIM FINANCIAL REPORT AS AT 30 SEPTEMBER 2018**

	(Unaudited) 30.09.2018 RM'000	(Audited) 30.09.2017 RM'000
<i>Assets</i>		
Property, plant and equipment	192,954	210,047
Intangible assets	26,354	22,015
Biological assets	243,317	284,975
Prepaid lease payments	44,676	45,724
Investment properties	318,620	318,937
Investment in associates	14,250	13,890
Land held for property development	866,759	915,912
Deferred tax assets	49,603	33,933
Tax recoverable	1,082	1,282
Receivables, deposits and prepayments	32,773	30,944
Total Non-Current Assets	1,790,388	1,877,659
Property development costs	483,142	474,969
Inventories	274,756	153,185
Accrued billings	210,012	152,557
Receivables, deposits and prepayments	244,648	266,766
Current tax assets	18,883	12,214
Cash, bank balances, term deposits and fixed income funds	227,863	264,610
	1,459,304	1,324,301
Non-current assets classified as held for sale	-	22,549
Total Current Assets	1,459,304	1,346,850
TOTAL ASSETS	3,249,692	3,224,509
<i>Equity</i>		
Share capital	654,459	613,315
Treasury shares	(5,438)	-
Warrant reserve	-	4,761
Translation reserve	(5,960)	(3,429)
Revaluation reserve	23,507	23,534
Retained earnings	880,452	838,813
Equity attributable to owners of the parent	1,547,020	1,476,994
Non-Controlling Interests	56,292	30,826
Total Equity	1,603,312	1,507,820
<i>Liabilities</i>		
Deferred tax liabilities	62,564	59,038
Provisions	9,582	11,454
Loans and borrowings - long-term	350,491	444,139
Payables, deposits received and accruals	276,374	346,512
Total Non-Current Liabilities	699,011	861,143
Provisions	20,183	20,183
Progress billings	4,045	870
Payables, deposits received and accruals	592,562	497,501
Loans and borrowings - short-term	322,265	328,377
Current tax liabilities	8,314	8,615
Total Current Liabilities	947,369	855,546
Total Liabilities	1,646,380	1,716,689
TOTAL EQUITY AND LIABILITIES	3,249,692	3,224,509
Net Assets per share attributable to shareholders of the Company (RM)	2.64	2.62

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.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
INTERIM REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 SEPTEMBER 2018**

Group	Attributable to owners of the parent								Non-Controlling Interests	Total Equity
	Non-distributable				Distributable					
	Share Capital	Share Premium	Warrant Reserve	Translation Reserve	Revaluation Reserve	Treasury Shares	Retained Earnings	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Financial year ended 30 September 2018										
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	-	-	-	(2,531)	(27)	-	70,655	68,097	6,517	74,614
Transactions with owners										
Issuance of shares pursuant to warrants	41,144	-	(4,492)	-	-	-	-	36,652	-	36,652
Issuance of shares by subsidiaries to non-controlling shareholder	-	-	-	-	-	-	-	-	22,824	22,824
Warrants expired	-	-	(269)	-	-	-	269	-	-	-
Share buy back	-	-	-	-	-	(5,438)	-	(5,438)	-	(5,438)
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(3,875)	(3,875)
Dividends	-	-	-	-	-	-	(29,285)	(29,285)	-	(29,285)
At 30.09.2018 (unaudited)	654,459	-	-	(5,960)	23,507	(5,438)	880,452	1,547,020	56,292	1,603,312
Financial year ended 30 September 2017										
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	-	-	-	(2,868)	-	-	127,609	124,741	(3,539)	121,202
Transactions with owners										
Issuance of shares pursuant to warrants										
- bonus issue	85,250	-	-	-	-	-	(85,250)	-	-	-
- rights issue	80,562	-	-	-	-	-	-	80,562	-	80,562
- warrants	28,978	728	(3,239)	-	-	-	-	26,467	-	26,467
Share issue expenses	(1,704)	-	-	-	-	-	-	(1,704)	-	(1,704)
Issuance of shares by subsidiaries to non-controlling shareholder	-	-	-	-	-	-	-	-	-	-
Changes of ownership interest in a subsidiary	-	-	-	-	-	-	6	6	(6)	-
Dividends	-	-	-	-	-	-	(29,363)	(29,363)	-	(29,363)
Reclassification pursuant to Section 618(2) of the Companies Act 2016	785	(785)	-	-	-	-	-	-	-	-
At 30.09.2017 (audited)	613,315	-	4,761	(3,429)	23,534	-	838,813	1,476,994	30,826	1,507,820

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 FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 SEPTEMBER 2018**

	(Unaudited) 30.09.2018 RM'000	(Audited) 30.09.2017 RM'000
Cash Flows From/(Used In) Operating Activities		
Profit before tax	126,140	193,591
Adjustments for non-cash items	114,038	92,456
Operating profit before changes in working capital	<u>240,178</u>	<u>286,047</u>
Change in property development costs	(46,447)	2,074
Change in inventories	35,901	55,779
Change in accrued billings in respect of property development	(54,281)	60,448
Change in receivables, deposits and prepayments	(22,769)	(58,201)
Change in payables and accruals	45,864	(144,914)
Cash generated from operations	<u>198,446</u>	<u>201,233</u>
Interest paid	(36,534)	(48,869)
Interest received	5,446	6,013
Tax paid	(71,144)	(102,552)
Tax refund	1,034	2,423
Retirement benefits obligations paid	(1,032)	(353)
Net cash from operating activities	<u>96,216</u>	<u>57,895</u>
Cash Flows From/(Used In) Investing Activities		
Additions to land held for property development	(47,740)	(76,155)
Acquisition of property, plant and equipment	(16,834)	(13,821)
Additions to biological assets	(4,428)	(3,877)
Additions to intangible assets	(4,971)	(7,466)
Subscription of shares in an associate	-	(1,960)
Proceeds from disposal of property, plant and equipment	143	40
Placement of deposits with licensed banks	(6,537)	(910)
Proceeds from disposal of non-current assets classified as held for sale	11,083	-
Net cash used in investing activities	<u>(69,284)</u>	<u>(104,149)</u>
Cash Flows From/(Used In) Financing Activities		
Dividend paid	(29,285)	(29,364)
Dividend paid to non-controlling shareholders	(3,875)	-
Shares buy back	(5,438)	-
Net repayment of bank borrowings	(92,188)	(51,559)
Payments of finance lease liabilities	(938)	(873)
Proceeds from issuance of shares by subsidiaries to non-controlling shareholders	22,824	1
Proceeds from issuance of shares pursuant to:		
- right issue	-	80,562
- warrants	36,652	26,467
Share issue expenses	-	(1,704)
Net cash (used in)/from financing activities	<u>(72,248)</u>	<u>23,530</u>
Net decrease in cash and cash equivalents	<u>(45,316)</u>	<u>(22,724)</u>
Effect of exchange rate fluctuations	1,419	(5,159)
Cash and cash equivalents at beginning of the year	<u>239,297</u>	<u>267,180</u>
Cash and cash equivalents at end of the year	<u>195,400</u>	<u>239,297</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 2014 - 2016 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) ¹
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transaction ¹
Amendments to FRS 4	Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts ¹
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to FRS 140	Transfer of Investment Property ¹
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration ¹
IC Interpretation 23	Uncertainty Over Income Tax Payments ²
Annual Improvements to FRSs 2014 - 2016 cycle ¹	

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

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

³ 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 for:

(a) issuance of 23,646,246 ordinary shares pursuant to the exercised of 23,646,246 warrants at an exercise price of RM1.55 per ordinary share.

(b) Treasury Shares

During the financial year, the Company repurchased 4,038,600 of its issued ordinary shares from the open market at an average price of RM1.34 per share. The total consideration paid for the repurchase including transaction costs was RM5,437,937 and this was financed by internally generated funds. Total treasury shares repurchased as at 30 September 2018 is 4,038,600 ordinary shares, representing a cumulative 0.69% of total paid up share capital in accordance with Section 127 of the Companies Act 2016. Since the end of fourth quarter, the Company further repurchased 1,612,100 of its issued ordinary shares until the date of this interim financial statement.

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 year ended 30 September 2018

	Property development & construction RM'000	Plantation RM'000	Hotel & property investment RM'000	Trading RM'000	Manu- facturing RM'000	Investment holding RM'000	Non-reportable segment RM'000	Eliminations RM'000	Consolidated RM'000
Revenue									
Total external revenue	702,687	263,197	32,957	72,886	7,582	-	2,392		1,081,701
Inter-segment revenue	10,377	5,735	1,804	111	-	100,045	-	(118,072)	-
Total segment revenue	713,064	268,932	34,761	72,997	7,582	100,045	2,392	(118,072)	1,081,701
Results									
Operating result [#]	110,999	30,182	13,908	2,843	505	37,232	507	(41,599)	154,577
Interest expense*	(42,618)	(21,846)	(2,180)	(4)	-	(29,684)	(2,915)	64,998	(34,249)
Interest income**	8,571	731	56	91	298	19,095	8	(23,399)	5,451
Share of results of associates	361	-	-	-	-	-	-	-	361
Segment result	77,313	9,067	11,784	2,930	803	26,643	(2,400)	-	126,140
Tax expense									(51,118)
Profit for the year									75,022
Assets									
Segment assets	2,172,345	486,962	371,761	32,062	33,019	28,577	41,148	-	3,165,874
Investment in associates	14,250	-						-	14,250
Deferred tax assets									49,603
Tax recoverable									1,082
Current tax assets									18,883
Total assets									3,249,692
Liabilities									
Segment liabilities	1,083,936	267,132	47,949	11,443	3,433	160,512	1,097	-	1,575,502
Deferred tax liabilities									62,564
Current tax liabilities									8,314
Total liabilities									1,646,380
Other segment information									
Depreciation and amortisation	1,320	29,936	2,445	46	741	428	991	-	35,907
Additions to non-current assets other than financial instruments and deferred tax assets	54,802	18,795	1,696	93	177	-	1	-	75,564
* Included inter-company interest expense	28,241	10,337	117	-	-	23,388	2,915	(64,998)	-
** Included inter-company interest income	(5,012)	-	-	-	-	(18,386)	-	23,398	-
# Included unrealised foreign exchange losses	-	37,191	-	-	-	-	-	-	37,191
# Included realised foreign exchange losses	1	3,543	-	-	161	245	-	-	3,950

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 year ended 30 September 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
Revenue									
Total external revenue	702,528	260,538	33,878	59,281	11,124	-	1,484	-	1,068,833
Inter-segment revenue	-	4,046	1,276	186	-	109,530	-	(115,038)	-
Total segment revenue	<u>702,528</u>	<u>264,584</u>	<u>35,154</u>	<u>59,467</u>	<u>11,124</u>	<u>109,530</u>	<u>1,484</u>	<u>(115,038)</u>	<u>1,068,833</u>
Results									
Operating result [#]	177,220	40,864	17,304	4,528	918	36,226	(92)	(39,737)	237,231
Interest expense*	(48,394)	(26,783)	(2,246)	(3)	-	(30,260)	(1,138)	61,259	(47,565)
Interest income**	11,161	862	17	113	121	15,358	21	(21,522)	6,131
Share of results of associates	(2,206)	-	-	-	-	-	-	-	(2,206)
Segment result	<u>137,781</u>	<u>14,943</u>	<u>15,075</u>	<u>4,638</u>	<u>1,039</u>	<u>21,324</u>	<u>(1,209)</u>	<u>-</u>	<u>193,591</u>
Tax expense									(68,749)
Profit for the year									<u>124,842</u>
Assets									
Segment assets	2,113,527	531,458	377,240	27,193	33,869	41,232	38,671	-	3,163,190
Investment in associates	13,890	-	-	-	-	-	-	-	13,890
Deferred tax assets									33,933
Tax recoverable									1,282
Current tax assets									12,214
Total assets									<u>3,224,509</u>
Liabilities									
Segment liabilities	1,128,096	320,295	48,656	8,242	3,648	138,955	1,144	-	1,649,036
Deferred tax liabilities									59,038
Current tax liabilities									8,615
Total liabilities									<u>1,716,689</u>
Other segment information									
Depreciation and amortisation	1,216	32,262	2,122	30	775	459	1,442	-	38,306
Additions to non-current assets other than financial instruments and deferred tax assets	84,194	14,790	3,340	101	117	-	329	-	102,871
* Included inter-company interest expense	26,862	11,453	61	-	-	21,745	1,138	(61,259)	-
** Included inter-company interest income	(6,637)	-	-	-	-	(14,885)	-	21,522	-
# Included unrealised foreign exchange losses	-	7,163	-	-	-	18	-	-	7,181
# Included realised foreign exchange (gains)/losses	(1)	6,794	-	-	155	(230)	-	-	6,718
# Included loss arising from derivative financial assets	-	322	-	-	-	-	-	-	322

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	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Malaysia	810,922	797,171	1,266,249	1,311,365
The Peoples' Republic of China	7,582	11,124	19,737	21,425
Republic of Indonesia	263,197	260,538	407,776	466,102
	<u>1,081,701</u>	<u>1,068,833</u>	<u>1,693,762</u>	<u>1,798,892</u>

The non-current assets do not include financial instruments and deferred tax assets.

A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The valuations of property, plant and equipment have been brought forward without any amendments from the previous audited financial statements.

A10. MATERIAL EVENT SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There were no material events subsequent to the end of the current quarter under review that have not been reflected in the financial statements except for on 26 October 2018, Perkasa Bernas (M) Sdn Bhd (“PBSB”), a wholly owned subsidiary of the Company has acquired 4 ordinary shares representing 40% of equity interest of SunwayMas Sdn Bhd (“SMSB”), for a cash consideration of RM5,000,000. The Group has on 9 November 2018 completed the acquisition. As a result, SMSB become an associate of PBSB and the Company.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group in the current quarter and the financial year-to-date except 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/-. Subsequently on 28 February 2018 and 27 March 2018, KRC subscribed for 509,998 and 19,890,000 new ordinary shares in MPVSB, representing 51% of the total allotment of 999,998 and 39,000,000 new ordinary shares respectively. As a result, MPVSB became a 51% 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 21 November 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 RM100.0 million. Total credit facilities granted to subsidiaries with corporate guarantees issued by the Company to the lenders and utilised by subsidiaries as at 21 November 2018 was approximately RM1.1 billion and RM681.0 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

On 6 August 2018, PTMKH received official verdict letter from the DGT for year of assessment 2012’s tax appeal. The entire net realised and unrealised foreign exchange losses of IDR90,286 million, equivalent to RM28.4 million is allowable to claim as expenses in the tax return submitted by PT MKH.

- (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. The objection letter has been rejected by tax appeal office in Balikpapan, Indonesia. PTMKH will proceed the appeal case to tax court in Jakarta, Indonesia.

A12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS (continued)

Based on consultation with the local tax experts and the decision made by the DGT for year of assessment 2012 as mentioned in paragraph (b) above, the directors of PTMKH are of the opinion that PTMKH has a valid defense against DGT's assessment for year of assessment 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:

	As at 30.09.2018 RM'000
Approved, contracted but not provided for:	
- Intangible asset for property development division	19,010
Approved but not contracted and not provided for:	
- Property, plant and equipment for plantation division	19,913
- Intangible asset for property development division	1,095
	<u>40,018</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:

	Current Quarter 30.09.2018 RM'000	Financial Year-to-Date 30.09.2018 RM'000
Sales of development properties to:		
-Other key management personnel of the Group	<u>-</u>	<u>2,531</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
	30.09.2018 RM'000	30.09.2017 RM'000	RM'000	30.09.2018 RM'000	30.09.2017 RM'000	RM'000
Revenue	333,490	260,981	72,509	1,081,701	1,068,833	12,868
Operating profit	35,423	32,602	2,821	154,577	237,230	(82,653)
Profit before interest and tax	35,412	32,225	3,187	154,938	235,024	(80,086)
Profit before tax	26,053	17,245	8,808	126,140	193,591	(67,451)
Profit after tax	8,854	1,370	7,484	75,022	124,842	(49,820)
Profit attributable to ordinary equity holders of the Parent	5,165	3,866	1,299	69,027	128,206	(59,179)

(i) Fourth quarter ended 30 September 2018

The Group recorded higher revenue and profit before tax of RM333.5 million and RM26.1 million for the current quarter as compared to the preceding year correspondence quarter of RM261.0 million and RM17.2 million respectively. The increase in Group's revenue by 27.8% and profit before tax by 51.7% was mainly due to higher revenue and gross profit achieved by the property and construction division following the handing over vacant possession of Saville @ Cheras. The plantation division has contributed through its increase in fresh fruit bunches ("FFB") of 121,871 MT in the current quarter as compared to 93,756 MT in the preceding year correspondence quarter which resulted lower average cost of production per MT.

The plantation division recorded unrealised foreign exchange losses of RM9.5 million for the current quarter as compared to RM7.2 million in the preceding year correspondence quarter as a result of weakening of Indonesia Rupiah against its USD and RM borrowings.

(ii) Financial year ended 30 September 2018 by Segments

Property and construction

Despite the slight increase in revenue for the current year of RM702.7 million as compared to the preceding year of RM702.5 million, this division recorded lower profit before tax of RM77.3 million in the current year as compared to RM137.8 million in the preceding year. The decrease in profit before tax was mainly due to lower gross profit margin achieved in the current year as compared to the preceding years as a result of competitive sales rebates offered to purchasers for certain development projects and inclusion of a land donation amounting to RM9.5 million.

As at 30.9.2018, the Group has locked-in unbilled sales value of RM1.1 billion 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 Hillpark Shah Alam (RM245.8 million), Saville @ D'Lake Puchong (RM33.1 million), Hillpark Residence (RM98.8 million), TR Residence (RM274.2 million), Kajang 2 Precinct 2 (RM87.5 million) and Inspirasi Mont' Kiara (RM321.9 million).

Plantation

This division achieved its revenue at RM263.2 million with the increase in CPO sales volume of 106,300 MT (included CPO trading of sales volume of 9,400 MT) in the current year as compared to the preceding year of 90,600 MT (included CPO trading sales volume of 7,000 MT) despite the lower average selling price of RM2,160 per MT in the current year as compared to RM2,530 per MT in the preceding year.

This division recorded lower profit before tax of RM9.1 million in the current year as compared to the preceding year of RM14.9 million mainly due to inclusion of unrealised foreign exchange losses of RM37.2 million in the current year as compared to the preceding year of RM7.2 million following the weakening of Indonesia Rupiah against its USD and RM borrowings.

Excluding the unrealised foreign exchange losses, this division recorded higher profit before tax of RM46.3 million for the current year as compared to the preceding year of RM22.1 million, representing an increase of 110% mainly due to increase in fresh fruit bunches to 478,659 MT in the current year as compared to 408,061 MT in the preceding year which resulted lower average cost of production per MT.

Palm oil plantation's production key indicators:

As at 30 September 2018	Q1	Q2	Q3	Q4	Year 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	117,094	141,809	117,677	464,774
External	3,039	2,963	3,689	4,194	13,885
	91,233	120,057	145,498	121,871	478,659
Crude Palm Oil (MT)	20,169	26,309	30,699	24,215	101,392
Palm Kernel (MT)	3,952	4,986	5,844	4,827	19,609
CPO average price RM/MT	2,449	2,210	2,173	1,872	2,163
PK average price RM/MT	2,352	1,987	1,627	1,466	1,771

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 RM33.0 million and RM11.8 million in the current year as compared to RM33.9 million and RM15.1 million in the preceding year respectively. The lower of profit for tax is mainly due to absence of gain on changes in fair value of investment properties of RM3.0 million but this was mitigated by a gain on disposal of an associated company of RM2.0 million in the current year, reduction in rental rates for certain tenants and charge out of professional fees incurred on acquisition of investment property.

Trading

Despite the higher revenue in the current year of RM72.9 million as compared to the preceding year of RM59.3 million, this division recorded lower profit before tax of RM2.9 million for the current year as compared to the preceding year of RM4.6 million respectively mainly due to higher product mix of low profit margin building materials and lower sales of building materials to the group's contractors and subcontractors.

Manufacturing

This division recorded a decrease in revenue and profit before tax of RM7.6 million and RM0.8 million for the current year as compared to the preceding year of RM11.1 million and RM1.0 million respectively mainly due to lower sales order from existing customers and we have converted 75% of this division's land and factory buildings into property investment for better returns.

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

	Current Quarter 30.09.2018 RM'000	Immediate Preceding Quarter 30.06.2018 RM'000	Changes RM'000
Revenue	333,490	228,433	105,057
Operating profit	35,423	36,170	(747)
Profit before interest and tax	35,412	36,773	(1,361)
Profit before tax	26,053	31,211	(5,158)
Profit after tax	8,854	21,864	(13,010)
Profit attributable to ordinary equity holders of the parent	5,165	22,598	(17,433)

Despite the increase in revenue for the current quarter of RM333.5 million as compared to the preceding quarter of RM228.4 million, the group recorded lower profit before tax of RM26.1 million as compared to the preceding quarter of RM31.2 million mainly due to lower CPO sales volume of 26,500 MT and lower average selling price of RM1,872 per MT in the current quarter as compared to 33,000 MT and RM2,173 per MT respectively in the preceding quarter. The lower profit from plantation division was mitigated by higher profit recognition in property and construction division following the handing over vacant possession of Saville @ Cheras and Hill Park Shah Alam phase 7B in the current quarter.

B3. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST AND PROFIT GUARANTEE

This is not applicable to the Group.

B4. CURRENT YEAR PROSPECTS

The Board of Directors expect the Group to achieve satisfactory results for the financial year ending 30 September 2019 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 RM1.1 billion. 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 continue to be strong.
- Plantation segment – crude palm oil (CPO) prices is expected to remain under pressure for the short term to medium term due to relatively high palm oil inventories. Nevertheless, we expect demand to pick up in 2019 due to the competitive CPO price, implementation of the mandatory B10 biodiesel in February for Malaysia and seasonal factors such as festivals. Indonesia recently announced measures to help palm oil exporters increase their CPO export shipments by reducing its CPO export levy to zero from USD50 per MT previously. This new development has a positive impact for us as we are also exporting our CPO. 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 average of approximately 5% per annum based on fair value as at 30 September 2018.

B5. (i) PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

The profit before tax of the Group from continuing operations is arrived at after (charging)/crediting:

	Current Quarter 30.09.2018 RM'000	Financial year-to-date 30.09.2018 RM'000
Amortisation of prepaid lease payments	(433)	(1,510)
Amortisation of biological assets	(3,586)	(14,978)
Depreciation of property, plant and equipment	(4,714)	(19,419)
Interest expenses	(11,030)	(34,249)
<i>Other expenses</i>		
Net loss on foreign exchange:		
- realised	(247)	(3,950)
- unrealised	(9,512)	(37,191)
Changes in fair value of investment properties	(317)	(317)
Impairment loss on receivables	77	77
Property, plant and equipment written off	-	(143)
Biological assets written off	(1,131)	(1,131)
Land donation	(9,461)	(9,461)
<i>Other income</i>		
Interest income	1,671	5,451
Reversal of impairment loss on receivables	7	58
Gain on disposal of property, plant and equipment	-	26
Gain on disposal of investment in an associated company	-	2,000
	_____	_____

(ii) CASH AND CASH EQUIVALENTS

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

	(Unaudited) 30.09.2018 RM'000	(Audited) 30.09.2017 RM'000
Cash and bank balances	106,359	132,259
Cash held under housing development accounts	78,679	91,347
Cash held under sinking fund accounts	5	2
Deposits with licensed banks	12,611	8,830
Short term funds	30,209	32,172
Bank overdrafts	(4,789)	(2,496)
	<u>223,074</u>	<u>262,114</u>
Less: Non short term and highly liquid fixed deposits	(11,532)	(4,312)
Less: Deposits and bank balances pledged for credit facilities	(16,142)	(18,505)
	<u>195,400</u>	<u>239,297</u>

B6. TAX EXPENSE

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

	(Unaudited) INDIVIDUAL QUARTER Current Year Quarter 30.09.2018 RM'000	(Unaudited) Preceding Year Corresponding Quarter 30.09.2017 RM'000	(Unaudited) CUMULATIVE QUARTER Current Year-to-Date 30.09.2018 RM'000	(Audited) Preceding Year-to-Date 30.09.2017 RM'000
Current tax				
- Current financial year	24,754	22,336	61,448	70,969
- Prior financial year	1,189	784	1,702	7,624
Deferred tax				
- Current financial year	(2,279)	(7,119)	(5,323)	(8,590)
- Changes in tax rate of real property gains tax	(6,496)	-	(6,496)	-
- Prior financial year	31	(126)	(213)	(1,254)
	<u>17,199</u>	<u>15,875</u>	<u>51,118</u>	<u>68,749</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 and non-recognition of certain tax benefits from unabsorbed tax losses incurred prior to launch of projects and changes in real property gains tax rate from 5% to 10% for property investments hold more than 5 years as announced by Ministry of Finance on 2 November 2018.

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 30 September 2018 are as follows:

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Revised Time Frame
Infrastructure and property development	37,190	16,819	20,371	Within 30 months [#]
Payment of land owners' entitlements	20,000	20,000	-	Completed
Construction of KTM Komuter station	21,400	3,775	17,625	Within 30 months [#]
Working capital	372	372	-	Completed
Estimated expenses for the rights with bonus issue	1,600	1,600	-	Completed
	80,562	42,566	37,996	

[#] Construction works in progress

The time frame has been extended for another 18 months period from 1 June 2018 until 30 November 2019

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 USD'000	RM Equivalent RM'000	Foreign currency USD'000	RM Equivalent RM'000	Foreign currency USD'000	RM Equivalent RM'000
As at 30 September 2018						
<u>Secured</u>						
<u>Denominated in USD</u>						
Term loans	33,140	137,183	7,960	32,813	41,100	169,996
Revolving credits	-	-	12,614	52,351	12,614	52,351
<u>Denominated in RM</u>						
Term loans	-	54,537	-	39,028	-	93,565
Revolving credits	-	157,816	-	100,453	-	258,269
Bank overdraft	-	-	-	3,187	-	3,187
<u>Unsecured</u>						
<u>Denominated in RM</u>						
Revolving credits	-	-	-	92,100	-	92,100
Bank overdraft	-	-	-	1,602	-	1,602
<u>Finance lease liabilities</u>						
<u>Denominated in RM</u>	-	955	-	731	-	1,686
Total	33,140	350,491	20,574	322,265	53,714	672,756

	Long term		Short term		Total borrowings	
	Foreign currency USD'000	RM Equivalent RM'000	Foreign currency USD'000	RM Equivalent RM'000	Foreign currency USD'000	RM Equivalent RM'000
As at 30 September 2017						
<u>Secured</u>						
<u>Denominated in USD</u>						
Term loans	45,900	193,814	6,800	28,504	52,700	222,318
Revolving credits	-	-	12,614	53,439	12,614	53,439
<u>Denominated in RM</u>						
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
<u>Unsecured</u>						
<u>Denominated in RM</u>						
Term loans	-	-	-	3,000	-	3,000
Revolving credits	-	-	-	60,500	-	60,500
Bank overdraft	-	-	-	508	-	508
<u>Finance lease liabilities</u>						
<u>Denominated in RM</u>	-	1,151	-	822	-	1,973
Total	45,900	444,139	19,414	328,377	65,314	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 3.5 sen per ordinary share on 30 November 2018 for the financial year ended 30 September 2018 and will be payable on 10 January 2019 to shareholders whose name appear on the Company's Record of Depositors on 26 December 2018.

B11. EARNINGS PER SHARE ("EPS")

	Preceding Year			
	Current Year	Corresponding	Current	Preceding
	Quarter	Quarter	Year-to-Date	Year-to-Date
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
BASIC EPS				
Profit attributable to Owners of the parent (RM'000)	5,165	3,866	69,027	128,206
Weighted average number of ordinary shares ('000)				
At 1 October 2017/2016	562,902	419,444	562,902	419,444
Bonus elements of rights issue and bonus issue	-	105,113	-	105,113
Effect of exercise of warrants	19,270	5,700	19,270	5,700
At 30 June 2018/2017	582,172	530,257	582,172	530,257
BASIC EPS (sen)	0.89	0.73	11.86	24.18

	Current Year	Preceding Year	Current	Preceding
	Quarter	Corresponding	Year-to-Date	Year-to-Date
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
DILUTED EPS				
Profit attributable to Owners of the parent (RM'000)	N/A	3,866	N/A	128,206
Adjusted weighted average number of ordinary shares in issue and issuable ('000)				
Weighted average number of ordinary shares	N/A	530,257	N/A	530,257
Adjustment for warrants	N/A	1,849	N/A	10,183
At 30 June 2018/2017	N/A	532,106	N/A	540,440
DILUTED EPS (sen)	N/A	0.73	N/A	23.72

Warrants expired on 30 December 2017. Thereafter, calculation of diluted EPS is not applicable.

B12. 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 November 2018.