MKH BERHAD **(Company No. 50948-T)**
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
INTERIM REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020

	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-to-Date	Preceding Year-to-Date
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	**243,280**	279,906	**485,768**	547,752
Cost of sales	**(153,071)**	(208,151)	**(324,358)**	(413,511)
Gross profit	**90,209**	71,755	**161,410**	134,241
Other income	**3,956**	6,997	**11,870**	23,859
Sales and marketing expenses	**(5,857)**	(12,018)	**(8,674)**	(24,530)
Administrative expenses	**(22,684)**	(22,154)	**(41,581)**	(38,894)
Other expenses	**(44,245)**	(1,568)	**(47,472)**	(4,562)
Profit from operations	**21,379**	43,012	**75,553**	90,114
Share of results of associates	**(2,591)**	(414)	**(5,011)**	1,183
Interest expenses	**(10,228)**	(8,147)	**(18,038)**	(15,786)
Profit before tax	**8,560**	34,451	**52,504**	75,511
Tax expense	**(5,553)**	(10,964)	**(18,593)**	(22,011)
Profit for the period	**3,007**	23,487	**33,911**	53,500
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Foreign exchange translation differences	**(9,182)**	513	**(8,955)**	934
Other comprehensive (loss)/income for the period	**(9,182)**	513	**(8,955)**	934
Total comprehensive (loss)/income for the period	**(6,175)**	24,000	**24,956**	54,434
(Loss)/Profit attributable to:				
Owners of the parent	**(9,755)**	22,009	**16,923**	48,409
Non-controlling interests	**12,762**	1,478	**16,988**	5,091
	3,007	23,487	**33,911**	53,500
Total comprehensive (loss)/income attributable to:				
Owners of the parent	**(18,824)**	22,518	**8,082**	49,587
Non-controlling interests	**12,649**	1,482	**16,874**	4,847
	(6,175)	24,000	**24,956**	54,434
Earnings per share				
Basic Earnings per ordinary share (sen)	**(1.69)**	3.80	**2.93**	8.36
Proposed/Declared Dividend per share (sen)	**-**	-	**4.00**	3.50

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 2019 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 FINANCIAL POSITION
INTERIM FINANCIAL REPORT AS AT 31 MARCH 2020

	(Unaudited)	(Audited)
	31.03.2020	30.09.2019
Assets	**RM'000**	RM'000
Property, plant and equipment	**397,455**	447,612
Intangible assets	**38,772**	30,449
Prepaid lease payments	**42,174**	43,397
Investment properties	**312,440**	312,440
Investment in associates	**10,079**	14,990
Land held for property development	**904,821**	873,950
Deferred tax assets	**42,115**	47,383
Tax recoverable	**1,024**	1,148
Receivables, deposits and prepayments	**38,742**	36,162
Total Non-Current Assets	**1,787,622**	1,807,531
Property development costs	**382,920**	416,740
Inventories	**185,409**	193,850
Contract assets	**255,913**	281,298
Biological assets	**7,909**	5,182
Receivables, deposits and prepayments	**219,796**	229,730
Current tax assets	**18,948**	19,491
Cash, bank balances, term deposits and fixed income funds	**406,455**	405,156
	1,477,350	1,551,447
Non-current assets classified as held for sale	**1,544**	1,544
Total Current Assets	**1,478,894**	1,552,991
TOTAL ASSETS	**3,266,516**	3,360,522
Equity		
Share capital	**654,459**	654,459
Treasury shares	**(11,112)**	(9,637)
Translation reserve	**(13,392)**	(4,551)
Revaluation reserve	**23,402**	23,402
Retained earnings	**945,975**	952,213
Equity attributable to owners of the parent	**1,599,332**	1,615,886
Non-Controlling Interests	**84,073**	71,249
Total Equity	**1,683,405**	1,687,135
Liabilities		
Deferred tax liabilities	**56,896**	64,327
Provisions	**13,850**	14,562
Payables and accruals	**325,715**	309,712
Loans and borrowings	**267,171**	313,683
Total Non-Current Liabilities	**663,632**	702,284
Provisions	**20,183**	20,183
Contract liabilities	**5,406**	2,141
Payables and accruals	**455,120**	566,680
Loans and borrowings	**426,997**	371,081
Current tax liabilities	**11,773**	11,018
Total Current Liabilities	**919,479**	971,103
Total Liabilities	**1,583,111**	1,673,387
TOTAL EQUITY AND LIABILITIES	**3,266,516**	3,360,522
Net Assets per share attributable to shareholders of the Company (RM)*	**2.77**	2.79

* Net assets per share is calculated by dividing the total equity attributable to owners of the parent by the number of ordinary shares in issue, net of treasury shares at the reporting date.

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 2019 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 SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020

	< ---------- Attributable to owners of the parent					---------- >		
		---------- Non-distributable		---------	Distributable			
Group	**Share Capital RM'000**	**Treasury Shares RM'000**	**Translation Reserve RM'000**	**Revaluation Reserve RM'000**	**Retained Earnings RM'000**	**Total RM'000**	**Non-Controlling Interests RM'000**	**Total Equity RM'000**
Financial period ended 31 March 2020								
At 1.10.2019 (audited)	654,459	(9,637)	(4,551)	23,402	952,213	1,615,886	71,249	1,687,135
Total comprehensive income for the period	-	-	(8,841)	-	16,923	8,082	16,874	24,956
Transactions with owners								
Dividend paid to non-controlling interests	-	-	-	-	-	-	(4,050)	(4,050)
Share buy back	-	(1,475)	-	-	-	(1,475)	-	(1,475)
Dividends	-	-	-	-	(23,161)	(23,161)	-	(23,161)
At 31.03.2020 (unaudited)	654,459	(11,112)	(13,392)	23,402	945,975	1,599,332	84,073	1,683,405
Financial period ended 31 March 2019								
At 1.10.2018 (restated)	654,459	(5,438)	(6,790)	23,402	887,002	1,552,635	56,039	1,608,674
Total comprehensive income for the period	-	-	1,178	-	48,409	49,587	4,847	54,434
Transactions with owners								
Share buy back	-	(4,177)	-	-	-	(4,177)	-	(4,177)
Dividends	-	-	-	-	(20,269)	(20,269)	-	(20,269)
At 31.03.2019 (restated)	654,459	(9,615)	(5,612)	23,402	915,142	1,577,776	60,886	1,638,662

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 2019 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 CASH FLOWS
INTERIM REPORT FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 MARCH 2020

	(Unaudited) 31.03.2020 RM'000	(Unaudited) 31.03.2019 RM'000
Cash Flows From/(Used In) Operating Activities		
Profit before tax	52,504	75,511
Adjustments for non-cash items	75,645	18,497
Operating profit before changes in working capital	128,149	94,008
Change in property development costs	32,190	53,974
Change in inventories	11,564	23,040
Change in contract assets	28,650	(36,518)
Change in receivables, deposits and prepayments	7,346	22,307
Change in payables and accruals	(97,692)	909
Cash generated from operations	110,207	157,720
Interest paid	(17,324)	(18,736)
Interest received	4,571	2,258
Tax paid	(21,224)	(27,441)
Tax refunded	2,464	654
Retirement benefits obligations paid	(1,439)	(874)
Net cash from operating activities	77,255	113,581
Cash Flows From/(Used In) Investing Activities		
Additions to land held for property development	(29,899)	(15,613)
Acquisition of property, plant and equipment	(5,506)	(16,278)
Additions to intangible assets	(8,886)	(2,135)
Subscription of shares in an associate	(100)	(5,000)
Proceeds from disposal of property, plant and equipment	18	124
(Placement)/Withdrawal of deposits with licensed banks	(464)	14,314
Proceeds from capital reduction in an associate	-	3,375
Net cash used in investing activities	(44,837)	(21,213)
Cash Flows From/(Used In) Financing Activities		
Dividend paid	(23,161)	(20,269)
Dividend paid to non-controlling shareholders	(4,050)	-
Shares buy back	(1,475)	(4,177)
Net (repayment)/drawdown of bank borrowings	(16,021)	11,107
Payments of finance lease liabilities	(304)	(399)
Net cash used in financing activities	(45,011)	(13,738)
Net (decrease)/ increase in cash and cash equivalents	(12,593)	78,630
Effect of exchange rate fluctuations	(3,426)	(2,646)
Cash and cash equivalents at beginning of the period	374,066	194,661
Cash and cash equivalents at end of the period	358,047	270,645

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 2019 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 Malaysian Financial Reporting Standards ("MFRS") 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 2019.

CHANGES IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted for the annual financial statements for the financial year ended 30 September 2019 ("Annual Report 2019") as well as those new and revised standards that take effects on annual financial period commencing on or after 1 October 2019. Adoption of new and revised Standards, Amendments and IC Interpretation are as follows:

MFRS 16	Leases
Amendments to MFRS 9	Prepayments Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long Term Interest in Associates and Joint Venture
Amendments to MFRSs	Annual Improvements to MFRSs 2015 – 2017 Cycle
IC Interpretation 23	Uncertainty Over Income Tax Treatments

The adoption of the abovementioned Standards, Amendments and IC Interpretation did not have any significant effect on this interim financial statement of the Group, except as disclosed below.

MFRS 16 *Leases*

MFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities, except for short-term leases and leases of low value assets. A lessee is required to recognise a right-of-use ("ROU") asset representing its rights to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Standard will affect primarily the accounting for the Group leases previously recognised as operating leases under MFRS 117 *Leases*.

At the date of initial application, all ROU assets will be measured at an amount equal to the lease liabilities measured at present value of the remaining lease payments discounted using the incremental borrowing rate at the date of initial application.

The Group has applied the simplified transition approach and will not restate comparative amounts for the financial year prior to first adoption. ROU assets for property leases will be measured on transition as if the new rules had always been applied. The application of MFRS 16 has no material impact on the Group's financial statements.

A1. BASIS OF PREPARATION (CONT'D)

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 statement but are not yet effective for the Group:

MFRS 17	Insurance Contracts[2]
MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards[1]
Amendments to MFRS 3	Definition of a Business[1]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to MFRS 101 and MFRS 108	Definition of Material[1]
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform[1]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current[3]

[1] Effective for annual periods beginning on or after 1 January 2020
[2] Effective for annual period beginning on or after 1 January 2021
[3] Effective for annual periods beginning on or after 1 January 2022
[4] Effective date deferred to a date to be announced by MASB

The directors anticipate that the abovementioned Standards, Amendments and IC Interpretation 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.

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 2019 in their report dated 26 December 2019.

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.

Treasury Shares

During the financial period, the Company repurchased 1,618,700 of its issued ordinary shares from the open market at an average price of RM0.91 per share. The total consideration paid for the repurchase including transaction costs was RM1,475,201 and this was financed by internally generated funds. Total treasury shares repurchased as at 31 March 2020 is 9,132,300 ordinary shares, representing a cumulative 1.56% of total paid up share capital in accordance with Section 127 of the Companies Act 2016. Since the end of the current quarter ended 31 March 2020, there is no repurchase of treasury share.

A7. DIVIDEND PAID

A first interim single tier dividend of 4.0 sen per ordinary share in respect of financial year ended 30 September 2019 amounting to RM23,161,383 was declared on 27 November 2019 and paid on 3 January 2020.

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A8. OPERATING SEGMENTS

(a) Segment Analysis – Business Segments

Financial period ended 31 March 2020

	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	306,316	129,133	13,608	32,615	2,843	-	1,253	-	485,768
Inter-segment revenue	-	4,656	470	25	-	82,526	-	(87,677)	-
Total segment revenue	306,316	133,789	14,078	32,640	2,843	82,526	1,253	(87,677)	485,768
Results									
Operating result#	66,657	(733)	3,501	565	776	20,729	294	(20,808)	70,981
Interest expense*	(22,562)	(7,414)	(868)	(3)	-	(18,001)	(2,575)	33,385	(18,038)
Interest income**	5,187	232	-	77	148	11,497	8	(12,577)	4,572
Share of results of associates	(5,011)	-	-	-	-	-	-	-	(5,011)
Segment result	44,271	(7,915)	2,633	639	924	14,225	(2,273)	-	52,504
Tax expense									(18,593)
Profit for the period									33,911
Assets									
Segment assets	2,253,312	473,296	363,918	17,778	30,698	11,118	44,230	-	3,194,350
Investment in associates	10,079	-	-	-	-	-	-	-	10,079
Deferred tax assets									42,115
Tax recoverable									1,024
Current tax assets									18,948
Total assets									3,266,516
Liabilities									
Segment liabilities	1,001,813	218,890	38,141	3,222	3,598	247,715	1,063	-	1,514,442
Deferred tax liabilities									56,896
Current tax liabilities									11,773
Total liabilities									1,583,111
Other segment information									
Depreciation and amortisation	491	15,294	1,492	22	360	156	1,391	-	19,206
Additions to non-current assets other than financial instruments and deferred tax assets	38,845	5,128	210	-	5	-	102	-	44,290
* Included inter-company interest expense	14,830	3,175	141	2	-	12,662	2,575	(33,385)	-
** Included inter-company interest income	(1,526)	-	-	-	-	(11,051)	-	12,577	-
# Included unrealised foreign exchange losses	-	38,583	-	-	-	141	-	-	38,724
# Included realised foreign exchange losses	-	337	-	-	76	19	-	-	432

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 2019

	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	377,427	104,730	15,521	42,946	5,717	-	1,411	-	547,752
Inter-segment revenue	-	2,651	-	181	-	36,768	-	(39,600)	-
Total segment revenue	377,427	107,381	15,521	43,127	5,717	36,768	1,411	(39,600)	547,752
Results									
Operating result#	66,499	14,033	5,135	2,063	1,160	19,226	367	(20,627)	87,856
Interest expense*	(19,695)	(9,170)	(1,026)	-	-	(16,665)	(1,819)	32,589	(15,786)
Interest income**	3,371	160	45	14	201	10,422	7	(11,962)	2,258
Share of results of associates	1,183	-	-	-	-	-	-	-	1,183
Segment result	51,358	5,023	4,154	2,077	1,361	12,983	(1,445)	-	75,511
Tax expense									(22,011)
Profit for the period									53,500
Assets									
Segment assets	2,181,129	508,851	373,658	30,134	29,051	31,434	40,588	-	3,194,845
Investment in associates	17,058	-	-	-	-	-	-	-	17,058
Deferred tax assets									52,457
Tax recoverable									1,117
Current tax assets									23,191
Total assets									3,288,668
Liabilities									
Segment liabilities	1,055,145	268,245	44,269	8,824	3,932	195,793	1,116	-	1,577,324
Deferred tax liabilities									63,544
Current tax liabilities									9,138
Total liabilities									1,650,006
Other segment information									
Depreciation and amortisation	637	15,714	1,407	22	366	207	684	-	19,037
Additions to non-current assets other than financial instruments and deferred tax assets	17,892	14,196	1,937	-	1	-	-	-	34,026
* Included inter-company interest expense	15,286	3,436	86	-	-	11,962	1,819	(32,589)	-
** Included inter-company interest income	(1,690)	-	-	-	-	(10,272)	-	11,962	-
# Included unrealised foreign exchange gains	-	(11,638)	-	-	-	-	-	-	(11,638)
# Included realised foreign exchange gains	-	(2,034)	-	-	30	403	-	-	(1,601)

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	
	31.03.2020	**31.03.2019**	**31.03.2020**	**31.03.2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Continuing operations				
Malaysia	353,792	437,305	1,307,771	1,207,136
The Peoples' Republic of China	2,843	5,717	18,850	19,524
Republic of Indonesia	129,133	104,730	369,041	417,299
	485,768	547,752	1,695,662	1,643,959

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.

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A12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

(a) As at 22 May 2020, 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 2019 recorded a decrease of approximately RM31.9 million. Total credit facilities granted to subsidiaries with corporate guarantees issued by the Company to the lenders and utilised by subsidiaries as at 22 May 2020 was approximately RM829.6 million and RM606.6 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. On 19 December 2018, PTMKH filed an appeal to tax court in Jakarta, 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 assessment for both years of assessment 2012 and 2013. Accordingly, PTMKH has not made any adjustments in respect of the tax assessments in the financial statements.

A12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS (CONT'D)

(d) On 11 January 2019, the recipient of KTM Komuter Station, Perbadanan Aset Keretapi ("PAK") has issued a certificate of non-completion ("CNC") to Srijang Kemajuan Sdn Bhd ("SKSB"), a 99.99% owned subsidiary of the Company and stating that SKSB has failed to complete the construction of KTM Komuter Station ("Construction Works") by 10 December 2016 and therefore PAK is entitled to impose liquidated ascertained damages ("LAD") pursuant to the Development cum Lease Agreement ("DCLA") dated 12 October 2012 entered between PAK and SKSB. The LAD will be calculated daily at a rate of RM4,438.36 from the revised completion date on 10 December 2016 (extension of time number 1) until the completion of the Construction Works.

On 28 February 2019, SKSB has written to dispute the validity of the CNC on the grounds that SKSB had on 10 January 2017 submitted extension of time ("EOT") number 2 of which PAK has yet to assess SKSB's application for EOT number 2 and on the same day, SKSB submitted EOT number 3 in view of the delay by relevant authorities in approving the change of building design and use of building materials. On 19 August 2019, PAK granted SKSB's EOT number 2, for a period of up to 8 January 2017 ("EOT 2").

Based on legal opinion obtained, the directors of SKSB are of the opinion that SKSB's LAD could not be estimated until and unless PAK has completed the assessment of EOT number 3 as the date by which SKSB is required to complete the Construction Works remains uncertain. In view of the uncertainty, there is no date from which the LAD could be computed and PAK's right to impose LAD pursuant to DCLA cannot be triggered. Accordingly, SKSB has not made any provision in the financial statements and only disclosed as contingent liabilities. Based on EOT 2, the potential LAD as at 31 March 2020 will be approximately RM5.2 million.

On 13 January 2020, SKSB has written to appeal for the EOT 2 to be extended to 30 December 2017 instead of 8 January 2017.

A13. CAPITAL COMMITMENTS

The capital commitment of the Group is as follows:

	As at 31.03.2020 RM'000
Approved, contracted but not provided for:	
- Intangible asset for property development division	22,229
Approved but not contracted and not provided for:	
- Property, plant and equipment for plantation division	4,340
	26,569

A14. RELATED PARTY TRANSACTIONS

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

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 31.03.2020 RM'000	Preceding Year Corresponding Quarter 31.03.2019 RM'000	Changes RM'000	Current Year-to-Date 31.03.2020 RM'000	Preceding Year-to-Date 31.03.2019 RM'000	Changes RM'000
Revenue	243,280	279,906	(36,626)	485,768	547,752	(61,984)
Operating profit	19,349	41,697	(22,348)	70,981	87,857	(16,876)
Profit before interest and tax	16,758	41,283	(24,525)	65,970	89,040	(23,070)
Profit before tax	8,560	34,451	(25,891)	52,504	75,511	(23,007)
Profit after tax	3,007	23,487	(20,480)	33,911	53,500	(19,589)
Profit attributable to ordinary equity holders of the Parent	(9,755)	22,009	(31,764)	16,923	48,409	(31,486)

(i) Second quarter ended 31 March 2020

The Group recorded lower revenue and profit before tax of RM243.3 million and RM8.6 million for the current quarter as compared to the preceding year correspondence quarter of RM279.9 million and RM34.5 million respectively. The decrease in the Group's revenue by 13.1% and the profit before tax by 75.1% due to lower revenue and profit recognition in the current quarter following the completion of The Palm @ Hill Park Shah Alam in preceding quarters, lower revenue and profit recognition from the ongoing development projects as a result of the Movement Control Order ("MCO") announced in mid-March 2020, which has disrupted the property development and construction division's activities such as closure of construction sites, sales offices and galleries and restriction of other social activities.

The lower Group's profit before tax is also due to inclusion of unrealised foreign exchange losses of RM41.6 million in the current quarter as compared to the preceding year correspondence quarter of unrealised foreign exchange gains of RM2.3 million from the plantation division. The unrealised foreign exchange losses/gains were mainly due to weakening/strengthening of Indonesia Rupiah ("IDR") against its United States Dollar ("USD") and Ringgit Malaysia ("RM") borrowings resulted from the Coronavirus disease ("COVID-19") global pandemic.

Excluding the unrealised foreign exchange losses/gains, the Group's profit before tax was higher by 55.9% to RM50.2 million in the current quarter as compared to the preceding year correspondence quarter of RM32.2 million due to higher gross profit from the plantation division as a result of higher crude palm oil ("CPO") sales volume of 28,200MT (Q2FY2019: 21,500MT (including CPO trading)), higher average selling price of CPO and higher production of fresh fruit bunches as disclosed under plantation segment.

B1. REVIEW OF PERFORMANCE OF THE GROUP FOR (CONT'D):

(ii) Financial year-to-date ("YTD") ended 31 March 2020 by Segments

Property development and construction

The division recorded lower revenue and profit before tax of RM306.3 million and RM44.3 million for the current YTD as compared to the preceding YTD of RM377.4 million and RM51.4 million respectively was mainly due to share of losses of associated companies of RM5.0 million in the current YTD as compared to share of profits of associated companies of RM1.2 million in the preceding YTD. Property sales and construction activities from the ongoing development projects as mentioned below have totally suspended from 18 March 2020 onwards following the announcement of the MCO by the Government on 16 March 2020 to curb the outbreak of coronavirus, COVID-19.

As at 31.03.2020, the Group has locked-in unbilled sales value of RM903.3 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 development projects namely Hill Park Shah Alam (RM36.7 million), Kajang 2 Precinct 2 (RM28.1 million), Hillpark Residence (RM19.7 million), TR Residence (RM109.2 million), Inspirasi @ Mont Kiara (RM286.4 million), Kajang East Precinct 1 (RM78.7 million), MKH Boulevard II (RM93.7 million), NEXUS @ Kajang Station (RM248.0 million) and Bandar Teknologi Kajang (RM2.8 million).

Plantation

Despite the higher revenue for the current YTD of RM129.1 million as compared to the preceding YTD of RM104.7 million, this division recorded loss before tax of RM7.9 million as compared to the preceding YTD profit before tax of RM5.0 million mainly due to inclusion of unrealised foreign exchange losses of RM38.6 million in the current YTD as compared to the preceding YTD unrealised foreign exchange gains of RM11.6 million. The unrealised foreign exchange losses/gains were mainly due to weakening/strengthening of IDR against its USD and RM borrowings resulted from the COVID-19 global pandemic.

Excluding unrealised foreign exchange losses of RM38.6 million and unrealised foreign exchange gains of RM11.6 million, this division's recorded profit before tax of RM30.7 million in the current YTD as compared to the preceding YTD loss before tax of RM6.5 million due to higher CPO sales volume, higher average selling price of CPO and higher production of fresh fruit bunches as disclosed below.

Palm oil plantation's production key indicators:

As at 31 March 2020	Q1	Q2	YTD 2020
Total land area (hectares)			18,388
Planted area (hectares)			16,408
Mature area (hectares)			15,873
Fresh Fruit Bunches produced by (MT)			
Own estates	114,780	131,386	246,166
External	5,165	5,055	10,220
	119,945	136,441	256,386
Crude Palm Oil (MT)	25,112	26,950	52,062
Palm Kernel (MT)	4,932	5,351	10,283
Average CPO price/MT	2,069	2,493	2,300
Average PK price/MT	998	1,344	1,161

As at 30 September 2019	Q1	Q2	Q3	Q4	Year 2019
Total land area (hectares)					18,388
Planted area (hectares)					16,408
Mature area (hectares)					15,623
Fresh Fruit Bunches produced by (MT)					
Own estates	115,029	107,053	120,751	116,389	459,222
External	4,281	4,325	3,726	5,390	17,722
	119,310	111,378	124,477	121,779	476,944
Crude Palm Oil (MT)	21,751	24,503	27,101	26,366	99,721
Palm Kernel (MT)	3,972	4,448	5,187	5,292	18,899
CPO average price RM/MT	1,879	1,777	1,870	1,876	1,856
PK average price RM/MT	1,293	1,254	982	972	1,102

Hotel and property investment
This division recorded lower revenue and profit before tax of RM13.6 million and RM2.6 million for the current YTD as compared to the preceding YTD of RM15.5 million and RM4.2 million respectively due to reduction in average rental rates for certain tenants in order to sustain the occupancy rates and the newly refurbished 3-star hotel namely RHR Hotel @ Kajang has yet to achieve its breakeven occupancy rates.

This division's performance has impacted by the COVID-19 pandemic. Our RHR Hotel @ Kajang was closed from 19 March 2020 to 3 May 2020 except the food and beverage section which was doing delivery services during MCO and conditional MCO. As at 31 March 2020, the property investment division has granted approximately RM655,000 rent free to non-essential services tenants such as fashion, telecommunication, home furnishing, entertainment and leisure outlets, for the 14-day period of the MCO. Subsequently, the Management extended the rent-free period for another 14 days until 14 April 2020 for certain non-essential services tenants and also offered a 30% rental rebate to all affected tenants/retailers until end June 2020 to shoulder the burden of these tenants/retailers during the period of MCO and conditional MCO.

Trading
This division recorded lower revenue and profit before tax of RM32.6 million and RM0.6 million for the current YTD as compared to the preceding YTD of RM42.9 million and RM2.1 million respectively mainly due to lower building materials sales to external subcontractors for the Group's development projects following the completion of the Group's development projects and higher product mixed of low profit margin building materials. This division was impacted by the COVID-19 pandemic as approximately 80% of sales were mainly derived from the Group's development projects. It will resume its business operations upon the recommencement of construction activities by the property development and construction division.

Manufacturing
This division recorded lower revenue and profit before tax of RM2.8 million and RM0.9 million in the current YTD as compared to the preceding YTD of RM5.7 million and RM1.4 million respectively mainly due to the imposition of lockdown by the China Government to curb the spread of COVID-19 across the nations including our furniture factory that located in Kunshan City, Jiangsu Province. Consequently, all sales orders cannot be shipped out during the lockdown period. Our manufacturing of furniture operation was closed from 18 January 2020 to 2 March 2020.

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.

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

	Current Quarter 31.03.2020 RM'000	Immediate Preceding Quarter 31.12.2019 RM'000	Changes RM'000
Revenue	243,280	242,488	792
Operating profit	19,349	51,633	(32,284)
Profit before interest and tax	16,758	49,213	(32,455)
Profit before tax	8,560	43,944	(35,384)
Profit after tax	3,007	30,904	(27,897)
Profit attributable to ordinary equity holders of the parent	(9,755)	26,678	(36,433)

Despite the marginal increase in revenue of RM243.3 million in the current quarter as compared to the preceding quarter of RM242.5 million, the Group recorded lower profit before tax of RM8.6 million in the current quarter as compared to the preceding quarter of RM43.9 million mainly due to inclusion of unrealised foreign exchange losses of RM41.9 million in the current quarter as compared to unrealised foreign exchange gains of RM3.1 million in the preceding quarter as a result of weakening in IDR against USD and RM borrowings as mentioned in paragraph B1(i).

Excluding the unrealised foreign exchange losses/gains, the current quarter profit before tax was higher by 23.8% to RM50.5 million as compared to the preceding quarter of RM40.8 million due to higher contribution from the plantation division as a result of the increase in CPO sales volume and average selling price of CPO. The increase in contribution was partially lower by the decrease in profit before tax from the two (2) divisions included property development and construction, and hotel and property investment following the implementation of MCO by the Government with effective from 18 March 2020 in order to contain the COVID-19 pandemic.

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

This is not applicable to the Group.

B4. CURRENT YEAR PROSPECTS

In mid-March 2020, Malaysia Government announced and implemented the Movement Control Order ("MCO") in order to contain the Coronavirus disease ("COVID-19") pandemic. This COVID-19 pandemic has inevitably disrupted the Group's three (3) business segments in Malaysia included the property development and construction, hotel and property investment, and trading.

Property development and construction, and trading segments:
The imposition of strict standard operating procedures by the Government on extended conditional MCO for construction industry has disrupted its operational efficiency and resulted in suboptimal performances of the ongoing development projects. Two (2) of the Group's development projects namely Hill Park Residence and Hillpark Avenue phase 11C @ Hill Park Shah Alam had due for handing over vacant possession ("HOVP") in mid-Mar 2020 and early-May 2020 respectively. The projects have been delayed and will be rescheduled to conduct HOVP by 31 July 2020, after obtaining all approvals and extension of time from relevant authorities.

With the current COVID-19 pandemic condition, we expect the consumers to have their concerns on job security and will be more conscious in procuring capital goods like properties. At this juncture, all new planned launches of highrise residences with minimum commercial components namely, TR2 Residence @ Jalan Tun Razak, Nexus @ Taman Pertama Cheras and Mirai @ Kajang 2 Precinct 1, lowrise residences namely, Kajang East Precinct 1 phase 3 and Kaisen @ Kajang 2 Precinct 2 with a total estimated Gross Development Value ("GDV") of RM1.48 billion, will be reviewed diligently and phased accordingly to current property market sentiments.

Meanwhile, the property development and construction division will continue to focus on its available properties from the ongoing development projects with sales value of approximately RM425.0 million and monetize its inventories totaling RM161.9 million through digital marketing, rolling out more competitive rebates and timely completion of ongoing development projects.

For the trading division, 80% of the sales of building materials are contributed from the Group's development projects and it will continue to sustain should the property division continues to launch new development projects.

The outlook for the remaining period to the end of the financial year ending 30 September 2020 remain challenging as the full impact of the COVID-19 pandemic has not been ascertained. Nevertheless, the Group's unbilled sales of RM903.3 million would be able to sustain this division for the next two (2) years.

Plantation segment:
Prior to the COVID-19 movement control implemented by Indonesian Government, plantation management had begun a massive socialisation on social distancing, cleanliness, quarantine procedures, and implemented a controlled entry and exit into the plantation boundaries. Plantation division conducted sanitisation programmes, provision of face masks, and safe social distancing to ensure the health and safety of the neighbouring villages from the spread of the pandemic. The above efforts reassured workers that plantation division looked after them and their fellow villagers' well-being seriously in a proper manner. Therefore, they supported plantation measures to further increase operational efficiencies included utilisation of mechanisation and the application ("apps") that assisted in smoother evacuation processes from fields to mills. The plantation and surrounding villages had actively collaborated together and achieved zero COVID-19 case despite Kutai Kartanegara was placed under the red zone, as of to-date.

B4. CURRENT YEAR PROSPECTS (CONT'D)

Plantation segment (Cont'd):
Given the above, the plantation segment is operating in Indonesia as usual albeit with enhanced biosecurity measures and with minimal impact from the movement control implemented by the Indonesian Government. This division is exposed to foreign exchange risk on its United States Dollar ("USD") and Ringgit Malaysia ("RM") denominated loans. For the current quarter ended 31 March 2020, this division suffered unrealised foreign exchange losses of RM41.6 million based on exchange rate of USD1:IDR16,367 and RM1:IDR3,791 as at 31 March 2020 due to the sudden weakening of the Indonesia Rupiah ("IDR") against USD and RM following the COVID-19 global pandemic which had caused the global oil and gas prices to fall to an 18-year low. The exchange rates movement is analysed as below:

As at 31.3.2020, USD1:IDR16,367 and RM1:IDR3,791
As at 31.12.2019, USD1:IDR13,901 and RM1:IDR3,397
As at 31.3.2019, USD1:IDR14,244 and RM1:IDR3,490
As at 31.12.2018, USD1:IDR14,481 and RM1:IDR3,493

The IDR has since stabilized and strengthen against the USD and RM with an exchange rate of USD1:IDR14,774 and RM1:IDR3,386 as at 22 May 2020. The crude palm oil ("CPO") prices remain volatile. For the current quarter, the average CPO price achieved was at RM2,493 per MT as compared to the preceding quarter of RM2,069 per MT. For the remaining two (2) quarters, we are expecting an average CPO price at range between RM1,850 and RM2,100 per MT. We would continue to focus on the estate management to further increase the production efficiencies including oil extraction rate and maximising the utilisation of the CPO mill to further capitalise on the higher CPO price.

Hotel and property investment segment:
The COVID-19 pandemic has affected the tourism industry severely and hit the retail real estate market. Our newly refurbished 3-star hotel namely RHR Hotel @ Kajang features 102 guest rooms, 1 ballroom, 2 meeting rooms, and 1 treasure cafe is expecting to prolong its breakeven occupancy rates until the full recovery of the tourism activities and consumer sentiments. This hotel division has benefited from the stimulus packages announced by the Government such as wage subsidy programme and electricity bill discounts.

Property investment division will also be impacted with consumption sentiment weakening due to regional tourism economic activities are experiencing a slowdown. All retailers and consumers have to respond to life in the new normal to break the chain of COVID-19 infection. Consumers are now more receptive to shop online for daily necessities such as household items, food, and beverages.

In support of the Group's long-term business sustainability, Management has granted rent free period during MCO and a further rental rebate of 30% till end June 2020 for eligible tenants to shoulder their financial burdens. Rental yield from this division is expected to be lower at average range from 3% to 4% based on fair value as at 30 September 2019.

B5. (i) PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

	Current Quarter 31.03.2020 RM'000	Financial year-to-date 31.03.2020 RM'000
Amortisation of prepaid lease payments	(372)	(750)
Depreciation of property, plant and equipment	(8,956)	(18,456)
Interest expenses	(10,228)	(18,038)
Other expenses		
Property, plant and equipment written off	-	(192)
Inventories written off	-	(4)
Net loss on foreign exchange - realised	(171)	(432)
Net loss on foreign exchange - unrealised	(41,872)	(38,724)
Other income		
Interest income	2,031	4,572
Reversal of impairment loss on trade and loan receivables	31	34
Gain arising from changes in biological assets	3,241	3,528
Gain on disposal of property, plant and equipment	-	18

(ii) CASH AND CASH EQUIVALENTS

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

	(Unaudited) 31.03.2020 RM'000	(Unaudited) 31.03.2019 RM'000
Cash and bank balances	118,899	111,239
Cash held under housing development accounts	254,308	145,365
Cash held under sinking fund accounts	11	8
Deposits with licensed banks	10,527	8,563
Short term funds	22,710	27,523
Bank overdrafts	(23,775)	(8,090)
	382,680	284,608
Less: Non short term and highly liquid fixed deposits	(8,315)	(6,251)
Less: Deposits and bank balances pledged for credit facilities	(16,318)	(7,712)
	358,047	270,645

B6. TAX EXPENSE

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.03.2020 RM'000	Preceding Year Corresponding Quarter 31.03.2019 RM'000	Current Year-to-Date 31.03.2020 RM'000	Preceding Year-to-Date 31.03.2019 RM'000
Current tax				
- Current financial year	8,483	9,323	19,450	22,684
- Prior financial year	-	2,951	734	2,951
Deferred tax				
- Current financial year	(2,930)	(1,583)	(1,419)	(3,681)
- Prior financial year	-	273	(172)	57
	5,553	10,964	18,593	22,011

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.

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 March 2020 are as follows:

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Intended Time Frame
Infrastructure and property development	37,190	34,596	2,594	Within 40 months ^
Payment of land owners' entitlements	20,000	20,000	-	Completed
Construction of KTM Komuter station	21,400	11,871	9,529	Within 40 months #
Working capital	372	372	-	Completed
Estimated expenses for the rights with bonus issue	1,600	1,600	-	Completed
	80,562	68,439	12,123	

^ Construction works completed and pending finalisation of claims.

 # Construction works in progress.

The Board has resolved to extend further the time frame for the utilisation of the proceeds raised from the rights with bonus issue for another 10 months period from 30 November 2019 (1st revised time frame) up to 30 September 2020.

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	
As at 31 March 2020	**Foreign currency 000**	**RM Equivalent RM'000**	**Foreign currency 000**	**RM Equivalent RM'000**	**Foreign currency 000**	**RM Equivalent RM'000**
Secured						
Denominated in USD						
Term loans	17,000	72,826	5,960	25,655	22,960	98,481
Revolving credits	-	-	12,500	53,807	12,500	53,807
Denominated in RM						
Term loans	-	46,235	-	1,538	-	47,773
Revolving credits	-	147,556	-	131,000	-	278,556
Bank overdraft	-	-	-	18,605	-	18,605
Unsecured						
Denominated in USD						
Term loans			4,000	17,218	4,000	17,218
Revolving credits	-	-	3,000	12,931	3,000	12,931
Denominated in RM						
Revolving credits	-	-	-	160,700	-	160,700
Bank overdraft	-	-	-	5,170	-	5,170
Finance lease liabilities						
Denominated in RM	-	554	-	373	-	927
Total		267,171		426,997		694,168

	Long term		Short term		Total borrowings	
As at 31 March 2019	**Foreign currency 000**	**RM Equivalent RM'000**	**Foreign currency 000**	**RM Equivalent RM'000**	**Foreign currency 000**	**RM Equivalent RM'000**
Secured						
Denominated in USD						
Term loans	27,760	113,116	6,960	28,222	34,720	141,338
Revolving credits	-	-	12,614	51,566	12,614	51,566
Denominated in RM						
Term loans	-	56,034	-	26,921	-	82,955
Revolving credits	-	157,822	-	109,500	-	267,322
Bank overdraft	-	-	-	7,926	-	7,926
Denominated in RM						
Revolving credits	-	-	-	129,100	-	129,100
Bank overdraft	-	-	-	164	-	164
Finance lease liabilities						
Denominated in RM	-	675	-	612	-	1,287
Total		327,647		354,011		681,658

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 4.0 sen per ordinary share on 27 November 2019 for the financial year ended 30 September 2019 amounting to RM23,161,383 was declared on 27 November 2019 and paid on 3 January 2020.

B11. EARNINGS PER SHARE ("EPS")

	Current Year Quarter 31.03.2020 (unaudited)	Preceding Year Corresponding Quarter 31.03.2019 (restated) (unaudited)	Current Year-to-Date 31.03.2020 (unaudited)	Preceding Year-to-Date 31.03.2019 (restated) (unaudited)
BASIC EPS				
(Loss)/Profit attributable to Owners of the parent (RM'000)	**(9,755)**	22,009	**16,923**	48,409
Weighted average number of ordinary shares ('000)				
At 1 October 2019/2018	**586,548**	586,548	**586,548**	586,548
Treasury shares	**(9,132)**	(7,495)	**(9,132)**	(7,495)
At 31 March 2020/2019	**577,416**	579,053	**577,416**	579,053
BASIC EPS (sen)	**(1.69)**	3.80	**2.93**	8.36

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 3 June 2020.