



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
INTERIM REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 JUNE 2022**

	(Unaudited) INDIVIDUAL QUARTER Current Year Quarter 30.06.2022 RM'000	(Unaudited) Preceding Year Corresponding Quarter 30.06.2021 RM'000	(Unaudited) CUMULATIVE QUARTER Current Year-to-Date 30.06.2022 RM'000	(Unaudited) Preceding Year-to-Date 30.06.2021 RM'000
Revenue	256,482	203,486	708,720	695,624
Cost of sales	(167,969)	(131,234)	(474,093)	(476,201)
Gross profit	88,513	72,252	234,627	219,423
Other income	3,144	5,919	14,008	21,900
Sales and marketing expenses	(4,601)	(4,596)	(13,233)	(13,083)
Administrative expenses	(24,248)	(23,093)	(63,694)	(70,387)
Other expenses	(4,138)	(2,867)	(11,297)	(8,794)
Profit from operations	58,670	47,615	160,411	149,059
Share of results of associates	(196)	(21)	1,085	(2,264)
Interest expenses	(4,454)	(5,394)	(14,548)	(17,207)
Profit before tax	54,020	42,200	146,948	129,588
Tax expense	(14,350)	(17,140)	(37,793)	(43,970)
Profit for the period	39,670	25,060	109,155	85,618
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign exchange translation differences	1,794	537	2,651	3,986
	1,794	537	2,651	3,986
<i>Items that will not reclassified subsequently to profit or loss:</i>				
Remeasurement gains on defined benefit plans	-	339	-	339
	-	339	-	339
Other comprehensive income for the period	1,794	876	2,651	4,325
Total comprehensive income for the period	41,464	25,936	111,806	89,943
Profit attributable to:				
Owners of the parent	32,637	21,471	97,720	68,211
Non-controlling interests	7,033	3,589	11,435	17,407
	39,670	25,060	109,155	85,618
Total comprehensive income attributable to:				
Owners of the parent	34,335	22,335	100,272	72,478
Non-controlling interests	7,129	3,601	11,534	17,465
	41,464	25,936	111,806	89,943
Earnings per share				
Basic Earnings per ordinary share (sen)	5.65	3.72	16.92	11.81
Proposed/Declared Dividend per share (sen)	-	-	3.50	3.00

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 2021 and the accompanying explanatory notes attached to the interim Financial Report.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
INTERIM FINANCIAL REPORT AS AT 30 JUNE 2022**

	(Unaudited) 30.06.2022	(Audited) 30.09.2021
<i>Assets</i>	RM'000	RM'000
Property, plant and equipment	388,333	401,054
Right-of-use asset	17,525	17,766
Intangible assets	57,564	60,073
Prepaid lease payments	39,603	40,641
Investment properties	353,511	344,241
Investment in associates	25,620	12,485
Other investment	1,167	356
Land held for property development	896,866	883,037
Deferred tax assets	27,915	35,551
Receivables, deposits and prepayments	30,508	36,777
Total Non-Current Assets	1,838,612	1,831,981
Property development costs	516,472	539,809
Inventories	168,073	161,771
Contract assets	290,085	285,494
Biological assets	6,816	6,177
Receivables, deposits and prepayments	184,337	196,069
Current tax assets	8,933	9,896
Cash, bank balances, term deposits and fixed income funds	335,651	427,547
	1,510,367	1,626,763
Non-current assets classified as held for sale	346	737
Total Current Assets	1,510,713	1,627,500
TOTAL ASSETS	3,349,325	3,459,481
<i>Equity</i>		
Share capital	654,459	654,459
Treasury shares	(11,112)	(11,112)
Translation reserve	1,874	(678)
Revaluation reserve	27,359	27,359
Retained earnings	1,113,551	1,036,041
Equity attributable to owners of the parent	1,786,131	1,706,069
Non-Controlling Interests	129,820	138,702
Total Equity	1,915,951	1,844,771
<i>Liabilities</i>		
Deferred tax liabilities	51,246	56,123
Provisions	16,343	15,211
Payables and accruals	395,613	395,713
Lease liability	18,819	18,593
Loans and borrowings	105,363	175,879
Total Non-Current Liabilities	587,384	661,519
Provisions	20,587	20,587
Contract liabilities	8,845	15,374
Payables and accruals	486,338	538,251
Lease liability	493	493
Loans and borrowings	323,796	353,930
Current tax liabilities	5,931	24,556
Total Current Liabilities	845,990	953,191
Total Liabilities	1,433,374	1,614,710
TOTAL EQUITY AND LIABILITIES	3,349,325	3,459,481
Net Assets per share attributable to shareholders of the Company (RM)*	3.09	2.95

* 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 2021 and the accompanying explanatory notes attached to the interim Financial Report.



MKH BERHAD (Registration No. 197901006663 (50948-T))
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
INTERIM REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2022**

	< ----- Attributable to owners of the parent ----- >						Non- Controlling Interests RM'000	Total Equity RM'000
	< -----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		
Financial period ended 30 June 2022								
At 1.10.2021 (audited)	654,459	(11,112)	(678)	27,359	1,036,041	1,706,069	138,702	1,844,771
Total comprehensive income for the period	-	-	2,552	-	97,720	100,272	11,534	111,806
Transactions with owners								
Issuance of shares by subsidiary to non-controlling shareholder	-	-	-	-	-	-	5,125	5,125
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	(25,541)	(25,541)
Dividends	-	-	-	-	(20,210)	(20,210)	-	(20,210)
At 30.06.2022 (unaudited)	654,459	(11,112)	1,874	27,359	1,113,551	1,786,131	129,820	1,915,951
Financial period ended 30 June 2021								
At 1.10.2010 (audited)	654,459	(11,112)	(8,779)	27,359	970,682	1,632,609	91,811	1,724,420
Total comprehensive income for the period	-	-	4,267	-	68,211	72,478	17,465	89,943
Transactions with owners								
Issuance of shares by subsidiary to non-controlling interests	-	-	-	-	-	-	24,299	24,299
Dividends	-	-	-	-	(17,322)	(17,322)	-	(17,322)
At 30.06.2021 (unaudited)	654,459	(11,112)	(4,512)	27,359	1,021,571	1,687,765	133,575	1,821,340

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 2021 and the accompanying explanatory notes attached to the interim Financial Report.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
INTERIM REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 JUNE 2022**

	(Unaudited) 30.06.2022 RM'000	(Unaudited) 30.06.2021 RM'000
Cash Flows From/(Used In) Operating Activities		
Profit before tax	146,948	129,588
Adjustments for non-cash items	36,402	51,121
Operating profit before changes in working capital	<u>183,350</u>	<u>180,709</u>
Change in property development costs	14,060	(18,759)
Change in inventories	(12,706)	2,361
Change in contract assets	(11,121)	(1,882)
Change in receivables, deposits and prepayments	32,340	11,477
Change in payables and accruals	(11,865)	(41,181)
Cash generated from operations	<u>194,058</u>	<u>132,725</u>
Interest received	2,512	2,877
Interest paid	(13,902)	(14,928)
Tax paid	(52,773)	(36,426)
Tax refunded	-	1,150
Retirement benefits obligations paid	(1,847)	(1,599)
Net cash from operating activities	<u>128,048</u>	<u>83,799</u>
Cash Flows From/(Used In) Investing Activities		
Acquisition of subsidiaries, net of cash acquired	-	-
Acquisition of other investment	(1,987)	(146)
Acquisition of property, plant and equipment	(10,028)	(8,851)
Acquisition of non-controlling interests in subsidiaries	(1)	-
Additions to intangible assets	-	(3,813)
Additions to land held for property development	(39,829)	(26,911)
Deposits and consideration paid for the acquisition and joint venture of development lands	(15,000)	-
Withdrawal of deposits with licensed banks	7,488	2,517
Proceeds from disposal of other investment	1,219	185
Subscription of shares in associates	(12,049)	(4,900)
Proceeds from disposal of property, plant and equipment	242	3
Dividend received from other investment	4	5
Proceeds from disposal of subsidiary	229	-
Proceeds from disposal of non-current assets classified as held for sale	1,730	5,442
Net cash used in investing activities	<u>(67,982)</u>	<u>(36,469)</u>
Cash Flows From/(Used In) Financing Activities		
Dividend paid	(20,210)	(17,322)
Dividend paid to non-controlling interests	(25,541)	-
Net repayment of bank borrowings	(101,436)	(69,796)
Payments of hire purchase liabilities	(228)	(284)
Payment of lease liability	(419)	(375)
Proceeds from issuance of shares by a subsidiary to non-controlling shareholders	5,125	24,299
Net cash used in financing activities	<u>(142,709)</u>	<u>(63,478)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(82,643)</u>	<u>(16,148)</u>
Effect of exchange rate fluctuations	(1,764)	1,395
Cash and cash equivalents at beginning of the period	<u>412,111</u>	<u>359,500</u>
Cash and cash equivalents at end of the period	<u>327,704</u>	<u>344,747</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 2021 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 2021.

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 2021 (“Annual Report 2021”) as well as amendments to MFRSs that take effects on annual financial year commencing on or after 1 October 2021. Adoption of amendments to MFRSs are as follows:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to MFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021

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

New and revised Standards and Amendments that are issued, but not yet effective and have not been early adopted

The Group has 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
Amendments to MFRS 3	Reference to the Conceptual Framework ¹
Amendments to MFRS 4	Extension of Temporary Exemption from Applying MFRS 9 Financial Instruments ²
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to MFRS 17	Insurance Contracts ²
Amendments to MFRS 17	Initial Application of MFRS 17 Insurance Contracts and MFRS 9 Financial Instruments – Comparative Information ²
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ²
Amendments to MFRS 108	Definition of Accounting Estimates ²
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds Before Intended Use ¹
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract ¹

Annual improvements to MFRS Standards 2018-2020 Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards, MFRS 9 Financial Instruments, MFRS 16 Leases and MFRS 141 Agriculture¹

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for annual periods beginning on or after 1 January 2023.

³ Effective date deferred to a date to be announced by MASB.

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 and Amendments 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 2021 in their report dated 29 December 2021.

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

There is no purchase of treasury shares during the current quarter and the financial year-to-date. Total treasury shares repurchased cumulatively as at 30 June 2022 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 30 June 2022, there is no repurchase of treasury share.

A7. DIVIDEND PAID

A first interim single tier dividend of 3.5 sen per ordinary share in respect of financial year ended 30 September 2021 amounting to RM20,209,552 was declared on 29 November 2021 and paid on 7 January 2022.

A8. OPERATING SEGMENTS

(a) Segment Analysis – Business Segments

Financial period ended 30 June 2022

	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	370,339	251,265	21,698	59,790	3,424	-	2,204	-	708,720
Inter-segment revenue	9,270	12,967	1,966	30	-	96,435	-	(120,669)	(1)
Total segment revenue	<u>379,609</u>	<u>264,232</u>	<u>23,664</u>	<u>59,820</u>	<u>3,424</u>	<u>96,435</u>	<u>2,204</u>	<u>(120,669)</u>	<u>708,719</u>
Results									
Operating result [#]	67,225	76,892	7,463	2,123	2,182	20,248	756	(18,991)	157,898
Interest expense*	(22,030)	(4,578)	(790)	(7)	-	(13,959)	(1,697)	28,513	(14,548)
Interest income**	3,788	519	38	35	276	7,367	12	(9,522)	2,513
Share of results of associates	1,087	-	-	(2)	-	-	-	-	1,085
Segment result	<u>50,070</u>	<u>72,833</u>	<u>6,711</u>	<u>2,149</u>	<u>2,458</u>	<u>13,656</u>	<u>(929)</u>	<u>-</u>	<u>146,948</u>
Tax expense									(37,793)
Profit for the period									<u>109,155</u>
Assets									
Segment assets	2,219,012	522,935	402,273	34,825	40,980	18,896	47,936	-	3,286,857
Investment in associates	25,573	-	-	47	-	-	-	-	25,620
Deferred tax assets									27,915
Current tax assets									8,933
Total assets									<u>3,349,325</u>
Liabilities									
Segment liabilities	1,015,018	93,579	32,705	8,357	3,103	222,313	1,122	-	1,376,197
Deferred tax liabilities									51,246
Current tax liabilities									5,931
Total liabilities									<u>1,433,374</u>
Other segment information									
Depreciation and amortisation	879	24,273	2,021	20	532	56	97		27,878
Additions to non-current assets other than financial instruments and deferred tax assets	12,371	8,998	230	2	33	-	-	-	21,634
* Included inter-company interest expense	13,745	3,430	106	7	-	9,528	1,697	(28,513)	-
** Included inter-company interest income	(2,316)	-	-	-	-	(7,206)	-	9,522	-
# Included unrealised foreign exchange gains	-	(1,233)	-	-	-	-	-	-	(1,233)
# Included realised foreign exchange losses/(gains)	-	222	(8)	-	(91)	84	-	-	207

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 30 June 2021

	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	392,973	212,522	18,610	62,529	6,887	-	2,103	-	695,624
Inter-segment revenue	-	8,604	1,865	76	-	114,325	-	(124,870)	-
Total segment revenue	392,973	221,126	20,475	62,605	6,887	114,325	2,103	(124,870)	695,624
Results									
Operating result [#]	66,186	69,702	5,740	1,957	2,524	22,567	1,033	(23,527)	146,182
Interest expense*	(25,293)	(6,016)	(886)	(6)	-	(19,759)	(3,069)	37,822	(17,207)
Interest income**	4,165	1,189	-	21	100	11,658	39	(14,295)	2,877
Share of results of associates	(2,264)	-	-	-	-	-	-	-	(2,264)
Segment result	42,794	64,875	4,854	1,972	2,624	14,466	(1,997)	-	129,588
Tax expense									(43,970)
Profit for the period									85,618
Assets									
Segment assets	2,264,850	492,806	397,968	48,575	38,297	11,369	53,975	-	3,307,840
Investment in associates	12,612	-	-	-	-	-	-	-	12,612
Deferred tax assets									36,519
Current tax assets									10,118
Total assets									3,367,089
Liabilities									
Segment liabilities	1,038,410	145,100	34,998	14,933	3,896	225,427	1,105	-	1,463,869
Deferred tax liabilities									60,795
Current tax liabilities									21,085
Total liabilities									1,545,749
Other segment information									
Depreciation and amortisation	902	25,242	2,128	31	497	61	98	-	28,959
Additions to non-current assets other than financial instruments and deferred tax assets	30,762	8,223	585	6	-	-	-	-	39,576
* Included inter-company interest expense	16,718	3,515	137	5	-	14,378	3,069	(37,822)	-
** Included inter-company interest income	(2,695)	-	-	-	-	(11,600)	-	14,295	-
# Included unrealised foreign exchange gains	-	(5,510)	-	-	-	19	-	-	(5,491)
# Included realised foreign exchange (gains)/losses	-	(1,913)	2	-	212	(34)	-	-	(1,733)

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	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Malaysia	454,031	476,215	1,370,917	1,347,384
The Peoples' Republic of China	3,424	212,522	20,533	372,478
Republic of Indonesia	251,265	6,887	361,952	20,668
	<u>708,720</u>	<u>695,624</u>	<u>1,753,402</u>	<u>1,740,530</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:

- (a) On 22 July 2022, the Company disposed off 300,000 shares representing 60% of the equity interest of Juda Universe Sdn Bhd (“JUDA”), for a cash consideration of RM300,000. As a result, JUDA ceased to be a subsidiary of the Company;
- (b) On 22 August 2022, the Company disposed off 1 share representing 100% of the equity interest of Europixel Sdn Bhd (“ESB”), for a cash consideration of RM1/-. As a result, ESB ceased to be a subsidiary of the Company;
- (c) On 22 August 2022, the Company disposed off 1 share representing 100% of the equity interest of Hexapace Sdn Bhd (“HSB”), for a cash consideration of RM1/-. As a result, HSB ceased to be a subsidiary of the Company; and
- (d) On 22 August 2022, the Company disposed off 1 share representing 100% of the equity interest of Mercu Jasakita Sdn Bhd (“MJSB”), for a cash consideration of RM1/-. As a result, MJSB ceased to be a subsidiary of 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 3 November 2021, the Company acquired 300,000 shares representing 60% of the equity interest of Juda Universe Sdn Bhd (“JUDA”), for a cash consideration of RM300,000. As a result, JUDA became a 60% owned subsidiary of the Company; and
- (b) On 16 February 2022, MKH Oil Palm (East Kalimantan) Sdn Bhd (formerly known as MKH Global Plantation Sdn Bhd) (“MKHOP”), a wholly owned subsidiary of the Company has acquired 1 ordinary share representing 100% of equity interest of Restu Mesra Sdn Bhd (“RMSB”) for a cash consideration of RM1. As a result, RMSB become a 100% owned subsidiary of MKHOP and the Company.

A12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

- (a) As at 18 August 2022, 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 2021 recorded a decrease of approximately RM135.9 million. Total credit facilities granted to subsidiaries with corporate guarantees issued by the Company to the lenders and utilised by subsidiaries as at 18 August 2022 was approximately RM758.3 million and RM368.4 million respectively.
- (b) 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”).

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.

On 15 June 2020, SKSB submitted EOT number 4, for period from 11 April 2020 to 1 July 2020 together with the above mentioned EOT 2 (period from 11 December 2016 to 30 December 2017) and EOT 3 (period from 31 December 2017 to 10 April 2020).

On 23 November 2021, SKSB submitted number 5, or period from 10 June 2020 to 17 October 2021 together with the above mentioned EOT 2, EOT 3 and EOT 4.

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 revised completion 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.

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

- (c) On 4 January 2021, PT Maju Kalimantan Hadapan (“PTMKH”), a subsidiary of the Company, received a tax assessment letter from Indonesia’s Director General of Tax (“DGT”) for the year of assessment 2019, to restrict the claim on management fee incurred by PTMKH amounted to IDR21,855 million, equivalent to RM6.37 million. Based on applicable corporate tax of 25%, the restricted amount of the management fee will result in additional tax liability of IDR5,464 million, equivalent to RM1.59 million in the financial statements of the Group and PTMKH. The management fee was charged by MKH Resources Sdn Bhd, a subsidiary of the Company, in respect of management services rendered to PTMKH.

On 1 April 2021, PTMKH filed an objection letter in reply to above tax assessment letter. On 24 December 2021, the objection letter has been rejected by tax appeal office in Balikpapan, Indonesia. On 18 March 2022, PTMKH filed an appeal to tax court in Jakarta, Indonesia. On 24 August 2022, PTMKH received a notice of tax hearing from Jakarta’s tax court to attend the said tax appeal on 7 September 2022.

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. Accordingly, PTMKH has not made any adjustments in respect of the tax assessment in the financial statements of the Group and PTMKH.

A13. CAPITAL COMMITMENTS

The capital commitment of the Group is as follows:

	As at 30.06.2022 RM'000
Approved, contracted but not provided for:	
- Intangible asset for property development division	9,348
Approved but not contracted and not provided for:	
- Property, plant and equipment for plantation division	20,371
	<u>29,719</u>

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	Preceding Year Corresponding Quarter	Changes	Current Year-to-Date	Preceding Year-to-Date	Changes
	30.06.2022 RM'000	30.06.2021 RM'000	RM'000	30.06.2022 RM'000	30.06.2021 RM'000	RM'000
Revenue	256,482	203,486	52,996	708,720	695,624	13,096
Operating profit	57,968	46,194	11,774	157,899	146,183	11,716
Profit before interest and tax	57,772	46,173	11,599	158,984	143,919	15,065
Profit before tax	54,020	42,200	11,820	146,948	129,588	17,360
Profit after tax	39,670	25,060	14,610	109,155	85,618	23,537
Profit attributable to ordinary equity holders of the Parent	32,637	21,471	11,166	97,720	68,211	29,509

(i) Third quarter ended 30 June 2022

The Group achieved higher revenue and profit before tax of RM256.5 million and RM54.0 million for the current quarter as compared to the preceding year correspondence quarter of RM203.5 million and RM42.2 million respectively, mainly due to higher revenue and profit recognition from the property and construction division's ongoing projects namely MKH Boulevard II and Nexus @ Kajang Station and sale of completed development properties and land held for property development.

The plantation division contributed to the increase in revenue as a result of higher average selling price of crude palm oil ("CPO") of RM4,544 per MT in the current quarter as compared to the preceding year correspondence quarter of RM3,096 per MT. Nevertheless, this division recorded lower gross profit due to lower average of oil extraction rate which resulted from the La-Nina weather effect.

(ii) Financial year-to-date ("YTD") ended 30 June 2022 by Segments

Property and construction

Despite the lower revenue of RM370.3 million for the current YTD as compared to the preceding YTD of RM393.0 million, this division recorded higher profit before tax of RM50.1 million for the current YTD as compared to the preceding YTD of RM42.8 million mainly due the above-mentioned reasons in paragraph B(i) coupled with the turnaround of the share of results of associates from a loss of RM2.3 million in the preceding YTD to a profit of RM1.1 million in the current YTD. The newly launched property development projects namely MIRAI Residences @ Kajang 2 Precinct 1, Nexus @ Taman Pertama (launched in November 2020), Iris @ Hillpark Shah Alam (launched in September 2021) and TR2 Residence @ Jalan Tun Razak (launched in November 2021) still at the preliminary stage of development.

As at 30.6.2022, the Group has locked-in unbilled sales value of RM810.3 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 (RM106.6 million), Inspirasi @ Mont Kiara (RM18.3 million), MKH Boulevard II (RM42.6 million), Nexus @ Kajang Station (RM141.2 million), Bandar Teknologi Kajang shop (RM1.2 million), Hillpark 3 Phase 1B Shop (RM1.0 million), Kajang East Avenue Shop (RM13.3 million), MIRAI Residences @ Kajang 2 Precinct 1 (RM283.1 million), Nexus @ Taman Pertama (RM130.7 million) and TR2 Residence @ Jalan Tun Razak (RM72.3 million).

Plantation

The division recorded higher revenue and profit before tax of RM251.3 million and RM72.8 million for the current YTD as compared to the preceding YTD of RM212.5 million and RM64.9 million respectively.

The profit before tax included unrealised foreign exchange gains of RM1.2 million in the current YTD as compared to the preceding YTD of RM5.5 million. The unrealised foreign exchange gains were mainly due to strengthening of Indonesia Rupiah (“IDR”) against the Ringgit Malaysia (“RM”) borrowings.

Excluding unrealised foreign exchange gains, this division recorded profit before tax of RM71.6 million for the current YTD as compared to the preceding YTD of RM59.4 million. The increase in revenue and profit before tax excluding unrealised foreign exchange gains was mainly due to higher average selling price of CPO in the current YTD of RM4,276 per MT as compared to the preceding YTD of RM2,822 per MT as disclosed below.

Palm oil plantation’s production key indicators:

As at 30 June 2022	Q1	Q2	Q3	YTD 2022
Total land area (hectares)				18,388
Planted area (hectares)				16,408
Mature area (hectares)				16,081
Fresh Fruit Bunches produced by (MT)				
Own estates	91,646	90,561	100,543	282,750
External	5,501	4,904	5,616	16,022
	97,147	95,465	106,159	298,772
Crude Palm Oil (MT)	18,315	17,716	19,709	55,740
Palm Kernel (MT)	3,913	3,815	4,254	11,982
Average CPO price/MT	4,001	4,358	4,544	4,276
Average PK price/MT	2,376	3,331	3,154	2,975

As at 30 September 2021	Q1	Q2	Q3	Q4	Year 2021
Total land area (hectares)					18,388
Planted area (hectares)					16,408
Mature area (hectares)					16,081
Fresh Fruit Bunches produced by (MT)					
Own estates	107,006	107,620	115,654	110,704	440,984
External	5,359	5,377	4,497	4,942	20,175
	112,365	112,997	120,151	115,646	461,159
Crude Palm Oil (MT)	22,682	21,446	23,497	21,812	89,438
Palm Kernel (MT)	4,339	4,021	4,836	4,766	17,963
CPO average price RM/MT	2,656	2,747	3,096	3,321	2,945
PK average price RM/MT	1,258	1,729	1,944	1,731	1,681

Hotel and property investment

This division recorded an increase in revenue of RM21.7 million and profit before tax of RM6.7 million for the current YTD as compared to the preceding YTD of RM18.6 million and RM4.9 million respectively due to increase in revenue and gross profit position from the hotel division with average occupancy rate of 53% in the current YTD as compared to the preceding YTD of 22%.

Trading

Despite the lower revenue of RM59.8 million for the current YTD as compared to the preceding YTD of RM62.5 million, this division maintained its profit before tax of RM2.1 million for the current YTD as compared to the preceding YTD of RM2.0 million mainly due to higher product mixed of higher profit margin building materials and approximately 75% of sales were mainly derived from the Group's development projects.

Manufacturing

This division recorded lower revenue and profit before tax of RM3.4 million and RM2.5 million in the current YTD as compared to the preceding YTD of RM6.9 million and RM2.6 million respectively due to imposition of lockdown by the China Government in February 2022 to curb the spread of COVID-19 Omicron variant cases. Our furniture factory's operation located in Jiangsu Province was disrupted by the raw material supply chain and logistics in month of March and April 2022, and resumed full operation from May 2022 onwards.

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 30.06.2022 RM'000	Immediate Preceding Quarter 31.03.2022 RM'000	Changes RM'000
Revenue	256,482	247,970	8,512
Operating profit	57,968	53,471	4,497
Profit before interest and tax	57,772	54,533	3,239
Profit before tax	54,020	50,238	3,782
Profit after tax	39,670	37,962	1,708
Profit attributable to ordinary equity holders of the parent	32,637	33,767	(1,130)

The Group recorded higher revenue and profit before tax of RM256.5 million and RM54.0 million in the current quarter as compared to the preceding quarter of RM248.0 million and RM50.2 million respectively due to sale of completed development properties and land held for property development from the property and construction division. The higher profit from the property and construction division was lower by the plantation division due to increase in estate production cost as a result of the La-Nina weather effect coupled with the changes in fair value loss of biological assets of RM3.8 million in the current quarter as compared to the preceding quarter's changes in fair value gain of biological assets of RM2.2 million.

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

This is not applicable to the Group.

B4. CURRENT YEAR PROSPECTS

Malaysia has entered into the transition to endemic phase on 1 April 2022 and relaxed the standard operating procedures for general public effective from 1 May 2022 and is expecting a firmer recovery despite global inflationary pressure, rise in interest rates and Russia-Ukraine conflict. The Group's three (3) business segments in Malaysia comprising property development and construction, trading, hotel and property investment remained resilient amid the current challenging business environment.

Property development and construction, and trading segments:

The outlook for property development and construction, and trading segment for the financial year ending 30 September 2022 ("FY2022") remain challenging as the Covid-19 pandemic continue to impact on the businesses and consumer spending sentiment and the tighter end financing for potential purchasers by the banks coupled with the recent increase in overnight policy rate by another 25 basis point to 2.25 percent in July 2022. The Malaysian Government announced in the Budget 2022 that it will provides guarantees of up to RM2 billion to banks through the Housing Credit Guarantee Scheme to provide gig workers, small entrepreneurs and farmers access to financing to purchase houses and reduce the current Real Property Gains Tax rate from 5% to 0% for individual who disposes property in the sixth year or thereafter. With the above catalyst from the Government and as Malaysia enter the endemic phase, we expect the property market sentiment to continue to improve.

As at 30.06.2022, the Group achieved take up rates for the newly launched development projects as follows:

- 51% for Nexus @ Taman Pertama (507 units of apartments) with GDV of approximately RM256.4 million which was launched in November 2020;
- 70% for MIRAI Residences @ Kajang 2 Precinct 1 (phase 1 & 2 totaling 1,496 units of apartments) with GDV of approximately RM473.2 million which was launched in September 2020 & February 2021;
- 53% for Iris @ Hillpark Shah Alam (241 units of double-storey terrace) with GDV of approximately RM126.3 million which was launched in September 2021; and
- 32% for TR2 Residence @ Jalan Tun Razak (Block A – 454 units of apartments) with GDV of approximately RM253.0 million which was launched in November 2021 and balance 464 units (Block B) with GDV of approximately RM251.3 million which was launched in June 2022.

The Group's revised planned launches in FY2022 comprising of retail shops development in MIRAI Residences @ Kajang 2 Precinct 2 phase 1, landed retail shops development known as Kajang East Avenue phase 2 and landed residential development known as Akina @ Kajang 2 Precinct 3 with a total estimated GDV of approximately RM307.4 million will be phased according to prevailing market sentiments.

The Group will continue to leverage on its available properties from the ongoing development projects with sales value of approximately RM1.0 billion and monetize its inventories totaling RM88.9 million through virtual/digital marketing, rolling out more competitive rebates and timely completion of ongoing development projects.

The Group's unbilled sales of RM810.3 million would be able to sustain this division for the next two (2) years and the above new planned transit-oriented development launches which are strategically located in Kuala Lumpur, Cheras and Kajang will further strengthen the Group's future unbilled sales.

B4. CURRENT YEAR PROSPECTS (CONT'D)

For the trading division, approximately 75% of the sales of building materials are contributed from the Group's development projects and it will continue to supply building materials to the Group's ongoing and future development projects.

Hotel and property investment segment:

The COVID-19 pandemic continues to impact the tourism industry and the retail real estate market. Our 3-star hotel namely RHR Hotel @ Kajang features 102 guest rooms, 1 ballroom, 2 meeting rooms, and 1 cafe has achieved average occupancy rate of 53% for the current YTD.

Our Plaza Metro Kajang and Metro Point Complex retail activities remain supported and continue to improve as Malaysia enter the endemic phase of Covid-19. Rental yield from this division is expected to average between 3% to 4% based on fair value as at 30 September 2021.

This segment has also benefited from the stimulus packages announced by the Government from time to time such as wage subsidy programme and electricity bill discounts.

The retail activities have since picked up after the FMCO which augurs well for this division.

Plantation segment:

Our plantation segment in Indonesia is operating as usual albeit with enhanced biosecurity measures; which included educating our workers with regards to COVID-19 prevention procedures such as social distancing, cleanliness, sanitization, quarantine procedures, and implementation of controlled entry and exit at our plantation checkpoints. The above initiatives had enabled our plantation division to carry out its day-to-day operations smoothly without any COVID-19 cases todate. Our plantation's healthcare frontliners have also received the COVID-19 vaccination so that they could be better protected in discharging their duties.

As with other commercial crops, prolong drier or wetter weather will result in lower crop production. The Kalimantan region in Indonesia including at our plantation has been experiencing relatively heavier rainfall resulting in lower fresh fruit bunches ("FFB") production. Our plantation division continuously take proactive steps such as enhancing our water management system and also fine tuning the harvesting Standard Operating Procedures to mitigate the effect of higher average rain fall complimented with our on-going mechanization of FFB collection and the use of software apps to track FFB evacuation from fields to the mill. The meteorological department forecasted weather to begin normalizing from June onwards, afterwhich our FFB production would likely increase.

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 30 June 2022, this division recorded unrealised foreign exchange gains of RM1.6 million as compared to the immediate preceding quarter of unrealised foreign exchange losses of RM0.5 million based on exchange rate of USD1:IDR14,848 and RM1:IDR3,374 as at 30 June 2022 due to the strengthening of the Indonesia Rupiah ("IDR") against RM. The exchange rates movement is analysed as below:

As at 30.6.2022, USD1: IDR14,848 and RM1: IDR3,374
As at 31.3.2022, USD1: IDR14,349 and RM1: IDR3,413
As at 31.12.2021, USD1: IDR14,269 and RM1: IDR3,416
As at 30.9.2021, USD1: IDR14,307 and RM1: IDR3,419
As at 30.6.2021, USD1: IDR14,496 and RM1: IDR3,493

B4. CURRENT YEAR PROSPECTS (CONT'D)

The crude palm oil (“CPO”) prices remain well supported due to good demand and tighter supply with current CPO price trading at approximately RM3,300/MT (net of export levy and duty) in Indonesia which augurs well for the Plantation Division. For the current quarter, the average CPO price achieved was at RM4,544 per MT as compared to the immediate preceding quarter of RM4,358 per MT. For the 4th quarter ending 30 September 2022, we are expecting an average CPO price at a range of between RM3,000 to RM3,500 per MT. We will 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.

Given the above, the Board of Directors expect the Group to achieve satisfactory results for the financial year ending 30 September 2022.

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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 30.06.2022 RM'000	Financial year-to-date 30.06.2022 RM'000
Amortisation of prepaid lease payments	(392)	(1,143)
Depreciation of right-of-use asset	(79)	(241)
Depreciation of property, plant and equipment	(8,126)	(26,494)
Impairment loss on other receivables	(663)	(663)
Interest expenses - loan and borrowings	216	(13,902)
- lease liability	(216)	(646)
<i>Other expenses</i>		
Property, plant and equipment written off	(4)	(14)
Net loss on foreign exchange - realised	(682)	(206)
<i>Other income</i>		
Changes in fair value of biological assets	(3,809)	502
Net gain on foreign exchange - unrealised	1,616	1,233
Interest income	703	2,513
Gain on transfer of inventory to investment property	2,320	2,320
Fair value gain arising from other investment	-	36
Gain on disposal of property, plant and equipment	58	242
Gain on disposal of other investment	-	7
Gain on disposal of investment in a subsidiary	229	229
Dividend income from other investment	3	4

(ii) CASH AND CASH EQUIVALENTS

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

	(Unaudited) 30.06.2022 RM'000	(Unaudited) 30.06.2021 RM'000
Cash and bank balances	158,057	123,287
Cash held under housing development accounts	107,838	194,464
Cash held under sinking fund accounts	5	2
Deposits with licensed banks	16,169	13,320
Short term funds	53,582	25,153
Bank overdrafts	-	(45)
	<u>335,651</u>	<u>356,181</u>
Less: Non short term and highly liquid fixed deposits	(6,657)	-
Less: Deposits and bank balances pledged for credit facilities	(1,290)	(11,434)
	<u>327,704</u>	<u>344,747</u>

B6. TAX EXPENSE

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year 30.06.2022 RM'000	Preceding Year Corresponding Quarter 30.06.2021 RM'000	Current Year-to-Date 30.06.2022 RM'000	Preceding Year-to-Date 30.06.2021 RM'000
Current tax				
- Current financial year	11,744	12,522	34,405	36,259
- Prior financial year	706	574	706	587
Deferred tax				
- Current financial year	2,973	3,719	3,755	6,801
- Prior financial year	(1,073)	325	(1,073)	323
	<u>14,350</u>	<u>17,140</u>	<u>37,793</u>	<u>43,970</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, non-recognition of certain tax benefits from unabsorbed tax losses and other temporary difference incurred prior to launch of projects.

B7. GROUP BORROWINGS AND DEBT SECURITIES

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

	Long term		Short term		Total borrowings	
	Foreign currency 000	RM Equivalent RM'000	Foreign currency 000	RM Equivalent RM'000	Foreign currency 000	RM Equivalent RM'000
As at 30 June 2022						
<u>Secured</u>						
<u>Denominated in USD</u>						
Revolving credits	-	-	3,000	13,185	3,000	13,185
<u>Denominated in RM</u>						
Term loans	-	20,276	-	26,784	-	47,060
Revolving credits	-	84,539	-	92,673	-	177,212
<u>Unsecured</u>						
<u>Denominated in RM</u>						
Revolving credits	-	-	-	190,800	-	190,800
<u>Finance lease liabilities</u>						
<u>Denominated in RM</u>	-	548	-	354	-	902
Total		105,363		323,796		429,159

B7. GROUP BORROWINGS AND DEBT SECURITIES (CONT'D)

As at 30 June 2021	Long term		Short term		Total borrowings	
	Foreign currency 000	RM Equivalent RM'000	Foreign currency 000	RM Equivalent RM'000	Foreign currency 000	RM Equivalent RM'000
<u>Secured</u>						
<u>Denominated in USD</u>						
Term loans	4,400	19,900	4,800	18,016	9,200	37,916
Revolving credits	-	-	8,500	35,240	8,500	35,240
<u>Denominated in RM</u>						
Term loans	-	31,604	-	24,441	-	56,045
Revolving credits	-	131,206	-	89,673	-	220,879
Bank overdraft	-	-	-	45	-	45
<u>Unsecured</u>						
<u>Denominated in USD</u>						
Term loans	4,580	18,988	-	-	4,580	18,988
Revolving credits	-	-	925	3,843	925	3,843
<u>Denominated in RM</u>						
Revolving credits	-	-	-	190,100	-	190,100
<u>Finance lease liabilities</u>						
<u>Denominated in RM</u>						
	-	572	-	292	-	864
Total		202,270		361,650		563,920

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 29 November 2021 for the financial year ended 30 September 2021 amounting to RM20,209,552 was declared on 29 November 2021 and paid on 7 January 2022.

B11. EARNINGS PER SHARE (“EPS”)

	Current Year Quarter 30.06.2022 (unaudited)	Preceding Year Corresponding Quarter 30.06.2021 (unaudited)	Current Year-to-Date 30.06.2022 (unaudited)	Preceding Year-to-Date 30.06.2021 (unaudited)
BASIC EPS				
Profit attributable to Owners of the parent (RM'000)	32,637	21,471	97,720	68,211
Weighted average number of ordinary shares ('000)				
At 1 October 2021/2020	586,548	586,548	586,548	586,548
Treasury shares	(9,132)	(9,132)	(9,132)	(9,132)
At 30 June 2022/2021	577,416	577,416	577,416	577,416
BASIC EPS (sen)	5.65	3.72	16.92	11.81

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 29 August 2022.