



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
INTERIM REPORT FOR THE FIRST QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

	(Unaudited) INDIVIDUAL QUARTER Current Year Quarter 31.12.2022 RM'000	(Unaudited) Preceding Year Corresponding Quarter 31.12.2021 RM'000	(Unaudited) CUMULATIVE QUARTER Current Year-to-Date 31.12.2022 RM'000	(Unaudited) Preceding Year-to-Date 31.12.2021 RM'000
Revenue	221,510	204,268	221,510	204,268
Cost of sales	(173,059)	(137,176)	(173,059)	(137,176)
Gross profit	48,451	67,092	48,451	67,092
Other income	4,187	5,448	4,187	5,448
Sales and marketing expenses	(4,462)	(4,287)	(4,462)	(4,287)
Administrative expenses	(17,765)	(18,082)	(17,765)	(18,082)
Other expenses	(12,128)	(2,526)	(12,128)	(2,526)
Profit from operations	18,283	47,645	18,283	47,645
Share of results of associates	470	219	470	219
Interest expenses	(5,374)	(5,174)	(5,374)	(5,174)
Profit before tax	13,379	42,690	13,379	42,690
Tax expense	(4,817)	(11,167)	(4,817)	(11,167)
Profit for the period	8,562	31,523	8,562	31,523
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign exchange translation differences	(18,082)	(441)	(18,082)	(441)
Other comprehensive income for the period	(18,082)	(441)	(18,082)	(441)
Total comprehensive income for the period	(9,520)	31,082	(9,520)	31,082
Profit attributable to:				
Owners of the parent	9,178	31,316	9,178	31,316
Non-controlling interests	(616)	207	(616)	207
	8,562	31,523	8,562	31,523
Total comprehensive income attributable to:				
Owners of the parent	(8,090)	30,904	(8,090)	30,904
Non-controlling interests	(1,430)	178	(1,430)	178
	(9,520)	31,082	(9,520)	31,082
Earnings per share				
Basic Earnings per ordinary share (sen)	1.59	5.42	1.59	5.42
Proposed/Declared Dividend per share (sen)	4.00	3.50	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 2022 and the accompanying explanatory notes attached to the interim Financial Report.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
INTERIM FINANCIAL REPORT AS AT 31 DECEMBER 2022**

	(Unaudited) 31.12.2022	(Audited) 30.09.2022
<i>Assets</i>	RM'000	RM'000
Property, plant and equipment	365,969	395,407
Right-of-use asset	17,364	17,444
Intangible assets	63,024	62,442
Prepaid lease payments	38,470	39,334
Investment properties	367,376	367,376
Investment in associates	26,405	25,935
Other investment	1,167	776
Land held for property development	882,745	878,683
Deferred tax assets	28,444	31,473
Receivables, deposits and prepayments	28,726	27,296
Total Non-Current Assets	1,819,690	1,846,166
Property development costs	465,334	474,365
Inventories	138,605	151,282
Contract assets	304,075	305,449
Contract cost assets	30,669	28,237
Biological assets	5,630	5,917
Receivables, deposits and prepayments	198,494	203,463
Current tax assets	15,009	12,382
Cash, bank balances, term deposits and short-term placements	357,083	391,251
	1,514,899	1,572,346
Non-current assets classified as held for sale	346	346
Total Current Assets	1,515,245	1,572,692
TOTAL ASSETS	3,334,935	3,418,858
<i>Equity</i>		
Share capital	654,459	654,459
Treasury shares	(11,112)	(11,112)
Translation reserve	(9,627)	7,641
Revaluation reserve	27,359	27,359
Retained earnings	1,138,372	1,129,194
Equity attributable to owners of the parent	1,799,451	1,807,541
Non-Controlling Interests	109,323	132,803
Total Equity	1,908,774	1,940,344
<i>Liabilities</i>		
Deferred tax liabilities	52,199	53,851
Provisions	14,632	15,706
Payables and accruals	292,444	292,444
Lease liability	18,977	18,902
Loans and borrowings	96,505	102,957
Total Non-Current Liabilities	474,757	483,860
Provisions	20,587	20,587
Contract liabilities	5,219	6,071
Payables and accruals	656,237	664,152
Lease liability	482	482
Loans and borrowings	265,300	298,342
Current tax liabilities	3,579	5,020
Total Current Liabilities	951,404	994,654
Total Liabilities	1,426,161	1,478,514
TOTAL EQUITY AND LIABILITIES	3,334,935	3,418,858
Net Assets per share attributable to shareholders of the Company (RM)*	3.12	3.13

* 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 2022 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 FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 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 31 December 2022								
At 1.10.2022 (audited)	654,459	(11,112)	7,641	27,359	1,129,194	1,807,541	132,803	1,940,344
Total comprehensive income for the period	-	-	(17,268)	-	9,178	(8,090)	(1,430)	(9,520)
Transactions with owners								
Dividend paid to non-controlling interests	-	-	-	-	-	-	(22,050)	(22,050)
At 31.12.2022 (unaudited)	654,459	(11,112)	(9,627)	27,359	1,138,372	1,799,451	109,323	1,908,774
Financial period ended 31 December 2021								
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	-	-	(412)	-	31,316	30,904	178	31,082
Transactions with owners								
Non-controlling interests in respect of subsidiary acquired	-	-	-	-	-	-	51	51
At 31.12.2021 (unaudited)	654,459	(11,112)	(1,090)	27,359	1,067,357	1,736,973	138,931	1,875,904

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 2022 and the accompanying explanatory notes attached to the interim Financial Report.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
INTERIM REPORT FOR THE FIRST QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

	(Unaudited) 31.12.2022 RM'000	(Unaudited) 31.12.2021 RM'000
Cash Flows From/(Used In) Operating Activities		
Profit before tax	13,379	42,690
Adjustments for non-cash items	21,975	11,065
Operating profit before changes in working capital	<u>35,354</u>	<u>53,755</u>
Change in property development costs	9,031	5,823
Change in inventories	12,677	(2,911)
Change in contract assets	1,374	12,000
Change in contract cost assets	(2,432)	(1,432)
Change in receivables, deposits and prepayments	3,543	(2,629)
Change in contract liabilities	(852)	5,229
Change in payables and accruals	(7,632)	(45,169)
Cash generated from operations	<u>51,063</u>	<u>24,666</u>
Interest received	1,379	1,174
Interest paid	(5,299)	(4,958)
Tax paid	(7,264)	(15,020)
Retirement benefits obligations paid	(360)	(397)
Net cash from operating activities	<u>39,519</u>	<u>5,465</u>
Cash Flows From/(Used In) Investing Activities		
Acquisition of subsidiaries, net of cash acquired	-	23
Acquisition of other investment	(115)	(1,383)
Acquisition of property, plant and equipment	(2,271)	(2,475)
Additions to intangible assets	(230)	-
Additions to land held for property development	(4,234)	(4,586)
Withdrawal of deposits with licensed banks	(1)	62
Proceeds from disposal of other investment	115	1,218
Subscription of shares in associates	-	(12,049)
Proceeds from disposal of property, plant and equipment	414	3
Dividend received	3	12
Proceeds from disposal of non-current assets classified as held for sale	367	1,713
Net cash used in investing activities	<u>(5,952)</u>	<u>(17,462)</u>
Cash Flows From/(Used In) Financing Activities		
Dividend paid to non-controlling interests	(22,050)	-
Net repayment of bank borrowings	(39,581)	(44,186)
Payments of hire purchase liabilities	(439)	(75)
Net cash used in financing activities	<u>(62,070)</u>	<u>(44,261)</u>
Net decrease in cash and cash equivalents	<u>(28,503)</u>	<u>(56,258)</u>
Effect of exchange rate fluctuations	(5,666)	176
Cash and cash equivalents at beginning of the period	<u>389,960</u>	<u>412,111</u>
Cash and cash equivalents at end of the period	<u>355,791</u>	<u>356,029</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 2022 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 2022.

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 2022 (“Annual Report 2022”) as well as amendments to MFRSs that take effects on annual financial year commencing on or after 1 October 2022. Adoption of amendments to MFRSs are as follows:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds Before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020

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

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

The Group 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 4	Extension of Temporary Exemption from Applying MFRS 9 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 16	Lease Liability in a Sale and Leaseback ³
Amendments to MFRS 17	Insurance Contracts ²
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information ²
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ²
Amendments to MFRS 101	Disclosure of Accounting Policies ²
Amendments to MFRS 101	Non-current Liabilities with Covenants ³
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

¹ Effective immediately for annual periods beginning before 1 January 2023.

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

³ Effective for annual periods beginning on or after 1 January 2024.

⁴ 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. The adoption of these Standards and amendments may have an impact on the financial statements of the Group in the period of initial application. However, it is not practicable to provide a reasonable estimate of these effect from the adoption of the said MFRSs and amendments to MFRSs until the Group undertake a detailed review.

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 2022 in their report dated 22 December 2022.

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 31 December 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 31 December 2022, 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 2022 amounting to RM23,096,635 was declared on 29 November 2022 and paid on 6 January 2023.

A8. OPERATING SEGMENTS

(a) Segment Analysis – Business Segments

Financial period ended 31 December 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	112,841	80,424	8,107	19,013	455	-	670		221,510
Inter-segment revenue	-	3,246	774	-	-	86,487	-	(90,506)	1
Total segment revenue	112,841	83,670	8,881	19,013	455	86,487	670	(90,506)	221,511
Results									
Operating result [#]	8,838	3,446	3,560	666	309	4,831	301	(5,049)	16,902
Interest expense*	(6,424)	(1,201)	(275)	(2)	-	(3,325)	(350)	6,203	(5,374)
Interest income**	1,786	147	18	21	99	459	5	(1,154)	1,381
Share of results of associates	470	-	-	-	-	-	-	-	470
Segment result	4,670	2,392	3,303	685	408	1,965	(44)	-	13,379
Tax expense									(4,817)
Profit for the period									8,562
Assets									
Segment assets	2,147,229	487,596	415,541	37,130	40,103	89,206	48,272	-	3,265,077
Investment in associates	26,358	-	-	47	-	-	-	-	26,405
Deferred tax assets									28,444
Current tax assets									15,009
Total assets									3,334,935
Liabilities									
Segment liabilities	1,040,753	71,548	31,516	9,722	2,958	212,759	1,127	-	1,370,383
Deferred tax liabilities									52,199
Current tax liabilities									3,579
Total liabilities									1,426,161
Other segment information									
Depreciation and amortisation	333	8,370	626	8	315	13	15	-	9,680
Additions to non-current assets other than financial instruments and deferred tax assets	4,877	2,046	397	41	-	-	-	-	7,361
* Included inter-company interest expense	3,638	1,146	29	2	-	1,038	350	(6,203)	-
** Included inter-company interest income	(865)	-	-	-	-	(289)	-	1,154	-
# Included unrealised foreign exchange gains	-	9,153	-	-	-	-	-	-	9,153
# Included realised foreign exchange (gains)/losses	-	79	2	-	10	3	-	-	94

Note: The construction division has been combined with property development division to form a reportable segment as major part of its revenue is derived from internal property development projects.

A8. OPERATING SEGMENTS (continued)
(a) Segment Analysis – Business Segments (continued)

Financial period ended 31 December 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	88,505	86,351	6,572	19,913	2,097	-	830		204,268
Inter-segment revenue	-	4,197	632	16	-	20,554	-	(25,399)	-
Total segment revenue	88,505	90,548	7,204	19,929	2,097	20,554	830	(25,399)	204,268
Results									
Operating result [#]	7,015	32,398	2,183	1,592	901	7,374	411	(5,414)	46,460
Interest expense*	(6,603)	(1,584)	(278)	(2)	-	(5,730)	(704)	9,727	(5,174)
Interest income**	1,476	227	11	15	68	3,696	5	(4,313)	1,185
Share of results of associates	219	-	-	-	-	-	-	-	219
Segment result	2,107	31,041	1,916	1,605	969	5,340	(288)	-	42,690
Tax expense									(11,167)
Profit for the period									31,523
Assets									
Segment assets	2,274,306	521,619	393,229	35,089	39,832	11,535	55,640	-	3,331,250
Investment in associates	24,704	-	-	49	-	-	-	-	24,753
Deferred tax assets									35,141
Current tax assets									14,328
Total assets									3,405,472
Liabilities									
Segment liabilities	1,094,502	110,885	34,528	8,821	3,498	195,360	1,113	-	1,448,707
Deferred tax liabilities									55,855
Current tax liabilities									25,006
Total liabilities									1,529,568
Other segment information									
Depreciation and amortisation	272	8,565	685	10	174	21	33	-	9,760
Additions to non-current assets other than financial instruments and deferred tax assets	2,182	2,150	44	2	-	-	-	-	4,378
* Included inter-company interest expense	3,527	1,143	40	2	-	4,313	702	(9,727)	-
** Included inter-company interest income	(744)	-	-	-	-	(3,569)	-	4,313	-
# Included unrealised foreign exchange gains	-	(171)	-	-	-	(12)	-	-	(183)
# Included realised foreign exchange (gains)/losses	-	(46)	(3)	-	51	7	-	-	9

Note: The construction division has been combined with property development division to form a reportable segment as major part of its revenue is derived from internal property development projects.

A8. OPERATING SEGMENTS (continued)
(b) Segment Analysis – Geographical Segments

	Revenue		Non-current assets	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Malaysia	140,631	115,820	1,375,297	1,353,355
The Peoples' Republic of China	455	2,097	19,351	20,756
Republic of Indonesia	80,424	86,351	340,300	367,506
	<u>221,510</u>	<u>204,268</u>	<u>1,734,948</u>	<u>1,741,617</u>

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

A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

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

There were no material events subsequent to the end of the current quarter under review that have not been reflected in the financial statements.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group in the current quarter and the financial year-to-date.

A12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

(a) As at 16 February 2023, 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 2022 recorded a decrease of approximately RM34.6 million. Total credit facilities granted to subsidiaries with corporate guarantees issued by the Company to the lenders and utilised by subsidiaries as at 16 February 2023 was approximately RM794.0 million and RM311.6 million respectively.

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

- (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 EOT 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 3, EOT 4 and EOT 5 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.

A13. CAPITAL COMMITMENTS

The capital commitment of the Group is as follows:

	As at 31.12.2022 RM'000
Approved, contracted but not provided for:	
- Intangible asset for property development division	6,252
- Property, plant and equipment for plantation division	7,809
Approved but not contracted and not provided for:	
- Property, plant and equipment for plantation division	30,801
	<u>44,862</u>

A14. RELATED PARTY TRANSACTIONS

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

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

B1. REVIEW OF PERFORMANCE OF THE GROUP FOR:

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year-to-Date	Preceding Year-to-Date	Changes
	31.12.2022 RM'000	31.12.2021 RM'000	RM'000	31.12.2022 RM'000	31.12.2021 RM'000	RM'000
Revenue	221,510	204,268	17,242	221,510	204,268	17,242
Operating profit	16,903	46,460	(29,557)	16,703	46,460	(29,757)
Profit before interest and tax	17,373	46,679	(29,306)	17,173	46,679	(29,506)
Profit before tax	13,379	42,690	(29,311)	13,379	42,690	(29,311)
Profit after tax	8,562	31,523	(22,961)	8,562	31,523	(22,961)
Profit attributable to ordinary equity holders of the Parent	9,178	31,316	(22,138)	9,178	31,316	(22,138)

(i) First quarter ended 31 December 2022

The Group recorded higher revenue of RM221.5 million for the current quarter as compared to the preceding year corresponding quarter of RM204.3 million but lower profit before tax of RM13.4 million for the current quarter as compared to the preceding year corresponding quarter of RM42.7 million mainly due to inclusion of unrealised foreign exchange losses of RM9.2 million in the current quarter as compared to unrealised foreign exchange gains of RM0.2 million resulted from the weakening of Indonesia Rupiah (“IDR”) against its Ringgit Malaysia (“RM”) and United States Dollar (“USD”) borrowings.

Excluding unrealised foreign exchange losses/gains, the Group recorded profit before tax of RM22.6 million for the current quarter as compared to the preceding year correspondence quarter of RM42.5 million. The decrease in profit before tax excluding unrealised foreign exchange losses/gains was mainly due to lower revenue and gross profit from plantation division. The plantation division recorded lower average selling price of crude palm oil (“CPO”) for the current quarter of RM3,394 per MT with CPO volume of 21,503MT as compared to the preceding year corresponding quarter of RM4,001 per MT with CPO sales volume of 19,501MT and higher average production cost. The global inflationary pressure, energy price shock, rise in interest rates and Russia-Ukraine conflict also impacted the cost of production and resulted in the increase in energy and fertilizer costs.

The performance commentary by Segments as follows:

Property and construction

The division recorded higher revenue and profit before tax of RM112.8 million and RM4.7 million for the current quarter as compared to the preceding year correspondence quarter of RM88.5 million and RM2.1 million respectively mainly due to higher profit recognition from ongoing projects namely, Nexus @ Kajang Station, MIRAI Residences and TR2 Residence @ Jalan Tun Razak.

As at 31.12.2022, the Group has locked-in unbilled sales value of RM925.8 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 (RM127.6 million), MKH Boulevard II (RM15.2 million), Nexus @ Kajang Station (RM74.8 million), Kajang East Avenue Shop (RM10.1 million), MIRAI Residences @ Kajang 2 Precinct 1 (RM255.2 million), Nexus @ Taman Pertama (RM120.3 million), TR2 Residence @ Jalan Tun Razak (RM245.7 million) and Akina @ Kajang 2 Precinct 3 phase 1 (RM76.9 million).

Plantation

The division recorded lower revenue and profit before tax of RM80.4 million and RM2.4 million for the current quarter as compared to the preceding correspondence quarter of RM86.4 million and RM31.0 million respectively.

The lower profit before tax mainly due to inclusion of unrealised foreign exchange losses of RM9.2 million in the current quarter as compared to the preceding year correspondence quarter unrealised foreign exchange gains of RM0.2 million. The unrealised foreign exchange losses were mainly due to weakening of Indonesia Rupiah (“IDR”) against its Ringgit Malaysia (“RM”) and United States Dollar (“USD”) borrowings.

Excluding unrealised foreign exchange losses/gains, this division recorded profit before tax of RM11.6 million for the current quarter as compared to the preceding year correspondence quarter of RM30.8 million. The decrease in revenue and profit before tax excluding unrealised foreign exchange gains was mainly due to reasons as mentioned in the paragraph B1(i).

Palm oil plantation’s production key indicators:

As at 31 December 2022	Q1	YTD 2022
Total land area (hectares)		18,388
Planted area (hectares)		16,408
Mature area (hectares)		16,408
Fresh Fruit Bunches produced by (MT)		
Own estates	105,446	105,446
External	5,608	5,608
	111,054	111,054
Crude Palm Oil (MT)	20,434	20,434
Palm Kernel (MT)	3,826	3,826
Average CPO price/MT	3,394	3,394
Average PK price/MT	1,663	1,663

As at 30 September 2022	Q1	Q2	Q3	Q4	Year 2022
Total land area (hectares)					18,388
Planted area (hectares)					16,408
Mature area (hectares)					16,408
Fresh Fruit Bunches produced by (MT)					
Own estates	91,646	90,561	100,543	100,002	382,752
Estate 1	86,331	86,628	94,985	94,960	362,904
Estate 2	5,315	3,933	5,558	5,042	19,848
External	5,501	4,904	5,616	6,188	22,210
	97,147	95,465	106,159	106,190	404,962
Crude Palm Oil (MT)	18,315	17,716	19,709	19,202	74,942
Palm Kernel (MT)	3,913	3,815	4,254	4,263	16,245
CPO average price RM/MT	4,001	4,358	4,544	2,804	3,847
PK average price RM/MT	2,376	3,331	3,154	1,584	2,627

Hotel and property investment

This division recorded increase in revenue of RM8.1 million and profit before tax of RM3.3 million for the current quarter as compared to the preceding year correspondence quarter of RM6.6 million and profit before tax of RM1.9 million following the resumption of economic activities.

Trading

The division recorded lower revenue and profit before tax of RM19.0 million and RM0.7 million for the current quarter as compared to the preceding year correspondence quarter of RM19.9 million and RM1.6 million respectively mainly due to lower product mixed of high profit margin building materials and approximately 63% of sales were mainly derived from the Group's development projects.

Manufacturing

The division recorded lower of revenue and profit before tax of RM0.5 million and RM0.4 million in the current quarter as compared to the preceding year correspondence quarter of RM2.1 million and RM1.0 million respectively.

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.

(ii) Financial year-to-date ended 31 December 2022 by Segments

The performance commentary for the financial year-to-date and the preceding year-to-date is same as paragraph B1 (i) above.

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

	Current Quarter 31.12.2022 RM'000	Immediate Preceding Quarter 30.9.2022 RM'000	Changes RM'000
Revenue	221,510	259,406	(37,896)
Operating profit	16,903	30,956	(14,053)
Profit before interest and tax	17,373	31,271	(13,898)
Profit before tax	13,379	23,434	(10,055)
Profit after tax	8,562	15,271	(6,709)
Profit attributable to ordinary equity holders of the parent	9,178	10,603	(1,425)

The Group recorded lower revenue and profit before tax of RM221.5 million and RM13.4 million for the current quarter as compared to the preceding quarter of RM259.4 million and RM23.4 million respectively due to inclusion of unrealised foreign exchange losses of RM9.2 million in the current quarter as compared to unrealised foreign exchange gains of RM3.5 million in preceding quarter.

Excluding unrealised foreign exchange losses/gains, the Group recorded profit before tax of RM22.6 million for the current quarter as compared to the preceding quarter of RM19.9 million. The increase in profit before tax excluding unrealised foreign exchange losses/gains was mainly due to higher revenue and gross profit from plantation division as a result higher average selling price of CPO in the current quarter of RM3,394 per MT with CPO volume of 21,503MT as compared to the preceding quarter of RM2,804 per MT with CPO sales volume of 20,859MT.

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

This is not applicable to the Group.

B4. CURRENT YEAR PROSPECTS

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 2023 ("FY2023") is expected to expand at a more moderate pace amid a challenging business environment. Bank Negara Malaysia ("BNM") has raised the overnight policy rate ("OPR") four times in 2022 with the current OPR at 2.75% and this has increased borrowing costs and impacted consumer spending sentiment for the purchase of big-ticket items. We expect the domestic demand for properties to continue to drive growth, supported by the continued recovery in the labour market and the conclusion of GE15 with the formation of a unity government. A stable and business friendly environment will be able to attract more investors as well as promote economic growth and well-being of the people.

As at 31.12.2022, the Group achieved take up rates for the newly launched development projects as follows:

- 47% for Nexus @ Taman Pertama (507 units of apartments) with GDV of approximately RM256.5 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 RM473.6 million which was launched in September 2020 and in February 2021;
- 99% for Iris @ Hillpark Shah Alam (241 units of double-storey terrace) with GDV of approximately RM127.0 million which was launched in September 2021;
- 55% for TR2 Residence @ Jalan Tun Razak (Block A & B totaling 918 units of apartments) with GDV of approximately RM505.0 million which was launched in November 2021 and in June 2022; and
- 43% for Akina @ Kajang 2 Precinct 3 with GDV of approximately RM195.9 million which was launched in September 2022.

The Group's planned launches in FY2023 comprising of retail shops development in MIRAI Residences @ Kajang 2 Precinct 1, landed retail shops development known as Kajang East Avenue 2, landed residential development known as Akina @ Kajang 2 Precinct 3 phase 2 and Kajang East Precinct 1 phase 3B (final phase) with a total estimated GDV of approximately RM241.0 million will be phased according to prevailing market sentiments.

B4. CURRENT YEAR PROSPECTS (CONT'D)

The Group will continue to leverage on its available properties from the ongoing development projects with sales value of approximately RM808.8 million and monetize its inventories totaling RM74.2 million through virtual/digital marketing, rolling out more competitive rebates and timely completion of ongoing development projects.

The Group's unbilled sales of RM925.8 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.

For the trading division, approximately 63% 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:

Our retail properties namely Plaza Metro Kajang and Metro Point Complex, and RHR hotel continue to record better performances through increased business activities as people adapt to 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 2022.

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 60% for the current quarter (1QFY2022: 50%) and continue to be supported by domestic business travelers and agencies.

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 to date. Our plantation's healthcare frontliners and workers 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 March onwards, after which our FFB production would likely increase.

B4. CURRENT YEAR PROSPECTS (CONT'D)

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 December 2022, this division recorded unrealised foreign exchange losses of RM9.2 million as compared to the immediate preceding quarter of unrealised foreign exchange gains of RM3.5 million based on exchange rate of USD1:IDR15,731 and RM1:IDR3,556 as at 31 December 2022 due to the weakening of the Indonesia Rupiah (“IDR”) against RM and USD. The exchange rates movement is analysed as below:

As at 31.12.2022, USD1: IDR15,731 and RM1: IDR3,556
As at 30.9.2022, USD1: IDR15,247 and RM1: IDR3,281
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

The crude palm oil (“CPO”) prices remain well supported due to good demand and tighter supply with current CPO price trading at approximately RM3,350/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 RM3,394 per MT as compared to the immediate preceding quarter of RM2,804 per MT. For the 2nd quarter ending 31 March 2023, we are expecting an average CPO price at a range of between RM3,200 to RM3,600 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 2023.

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 31.12.2022 RM'000	Financial year-to-date 31.12.2022 RM'000
Amortisation of prepaid lease payments	(379)	(379)
Depreciation of right-of-use asset	(81)	(81)
Depreciation of property, plant and equipment	(9,220)	(9,220)
Interest expenses - loan and borrowings	(5,175)	(5,175)
- lease liability	(75)	(75)
- non-controlling interests	(124)	(124)
<i>Other expenses</i>		
Net loss on foreign exchange - realised	(94)	(94)
Net loss on foreign exchange - unrealised	(9,153)	(9,153)
<i>Other income</i>		
Bad debts recovered	2	2
Changes in fair value of biological assets	140	140
Interest income	1,381	1,381
Fair value gain arising from other investment	391	391
Gain on disposal of property, plant and equipment	90	90
Dividend income from other investment	3	3

(ii) **CASH AND CASH EQUIVALENTS**

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

	(Unaudited) 31.12.2022 RM'000	(Unaudited) 31.12.2021 RM'000
Cash and bank balances	183,304	139,446
Cash held under housing development accounts	40,799	187,406
Cash held under sinking fund accounts	6	4
Deposits with licensed banks	12,680	11,165
Short term funds	120,294	33,411
Bank overdrafts	-	(29)
	<u>357,083</u>	<u>371,403</u>
Less: Non short term and highly liquid fixed deposits	-	(3,887)
Less: Deposits and bank balances pledged for credit facilities	(1,292)	(11,487)
	<u><u>355,791</u></u>	<u><u>356,029</u></u>

B6. TAX EXPENSE

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2022 RM'000	Preceding Year Corresponding Quarter 31.12.2021 RM'000	Current Year-to-Date 31.12.2022 RM'000	Preceding Year-to-Date 31.12.2021 RM'000
Current tax				
- Current financial year	3,196	11,038	3,196	11,038
Deferred tax				
- Current financial year	1,718	129	1,718	129
- Prior financial year	(97)	-	(97)	-
	<u>4,817</u>	<u>11,167</u>	<u>4,817</u>	<u>11,167</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 31 December 2022						
<u>Secured</u>						
<u>Denominated in RM</u>						
Term loans	-	17,650	-	14,097	-	31,747
Revolving credits	-	77,444	-	92,773	-	170,217
<u>Unsecured</u>						
<u>Denominated in USD</u>						
Term loans	-	-	500	2,218	500	2,218
<u>Denominated in RM</u>						
Revolving credits	-	-	-	155,700	-	155,700
<u>Finance lease liabilities</u>						
<u>Denominated in RM</u>	-	1,411	-	512	-	1,923
Total		96,505		265,300		361,805

	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 31 December 2021						
<u>Secured</u>						
<u>Denominated in USD</u>						
Term loans	-	-	2,400	9,769	2,400	9,769
Revolving credits	-	-	6,320	26,333	6,320	26,333
<u>Denominated in RM</u>						
Term loans	-	43,511	-	28,045	-	71,556
Revolving credits	-	92,444	-	128,084	-	220,528
Bank overdraft	-	-	-	30	-	30
<u>Unsecured</u>						
<u>Denominated in USD</u>						
Term loans	2,900	12,083	840	3,500	3,740	15,583
Revolving credits	-	-	475	1,978	475	1,978
<u>Denominated in RM</u>						
Revolving credits	-	-	-	138,600	-	138,600
<u>Finance lease liabilities</u>						
<u>Denominated in RM</u>	-	427	-	289	-	716
Total		148,465		336,628		485,093

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 29 November 2022 for the financial year ended 30 September 2022 amounting to RM23,096,635 was declared on 29 November 2022 and paid on 6 January 2023.

B11. EARNINGS PER SHARE (“EPS”)

	Current Year Quarter 31.12.2022 (unaudited)	Preceding Year Corresponding Quarter 31.12.2021 (unaudited)	Current Year-to-Date 31.12.2022 (unaudited)	Preceding Year-to-Date 31.12.2021 (unaudited)
BASIC EPS				
Profit attributable to Owners of the parent (RM'000)	9,178	31,316	9,178	31,316
Weighted average number of ordinary shares ('000)				
At 1 October 2022/2021	586,548	586,548	586,548	586,548
Treasury shares	(9,132)	(9,132)	(9,132)	(9,132)
At 31 December 2022/2021	577,416	577,416	577,416	577,416
BASIC EPS (sen)	1.59	5.42	1.59	5.42

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 27 February 2023.