



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
INTERIM REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 JUNE 2024**

	Quarter ended		Period ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Revenue	235,529	273,686	806,066	750,832
Cost of sales	(164,976)	(211,242)	(588,645)	(577,244)
Gross profit	70,553	62,444	217,421	173,588
Other income	5,378	5,750	13,686	13,406
Sales and marketing expenses	(4,861)	(4,629)	(14,086)	(13,455)
Administrative expenses	(25,609)	(21,078)	(73,726)	(64,838)
Other expenses	(9,060)	808	(22,633)	(9,923)
Profit from operations	36,401	43,295	120,662	98,778
Share of results of associates	1,673	29	2,055	2,908
Interest expenses	(6,147)	(4,879)	(17,349)	(15,150)
Profit before tax	31,927	38,445	105,368	86,536
Tax expense	(12,220)	(13,792)	(32,644)	(25,868)
Profit for the period	19,707	24,653	72,724	60,668
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign exchange translation differences	(1,930)	14,321	(11,042)	7,855
	(1,930)	14,321	(11,042)	7,855
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Remeasurement losses on defined benefit plans	-	(697)	-	(697)
Income tax relating to components of other comprehensive expense	-	153	-	153
	-	(544)	-	(544)
Other comprehensive income for the period	(1,930)	13,777	(11,042)	7,311
Total comprehensive income for the period	17,777	38,430	61,682	67,979
Profit attributable to:				
Owners of the parent	10,775	21,635	55,142	55,870
Non-controlling interests	8,932	3,018	17,582	4,798
	19,707	24,653	72,724	60,668
Total comprehensive income attributable to:				
Owners of the parent	12,821	34,763	48,117	62,864
Non-controlling interests	4,956	3,667	13,565	5,115
	17,777	38,430	61,682	67,979
Earnings per share				
Basic Earnings per ordinary share (sen)	1.87	3.75	9.55	9.68
Proposed/Declared Dividend per share (sen)	-	-	4.00	4.00

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 2023 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 2024**

	(Unaudited) 30.06.2024	(Audited) 30.09.2023
<i>Assets</i>	RM'000	RM'000
Property, plant and equipment	358,786	381,024
Right-of-use asset	16,881	17,122
Intangible assets	78,734	68,885
Prepaid lease payments	36,413	37,758
Investment properties	375,466	375,369
Investment in associates	27,685	25,630
Other investment	789	756
Land held for property development	893,277	869,633
Deferred tax assets	17,841	24,229
Receivables, deposits and prepayments	61,740	38,724
Total Non-Current Assets	1,867,612	1,839,130
Property development costs	355,873	382,274
Inventories	98,974	111,171
Contract assets	296,966	323,630
Contract cost assets	18,976	26,617
Biological assets	7,494	6,231
Receivables, deposits and prepayments	268,106	229,122
Current tax assets	11,044	15,015
Cash, bank balances, term deposits and short-term placements	524,908	365,786
Total Current Assets	1,582,341	1,459,846
TOTAL ASSETS	3,449,953	3,298,976
<i>Equity</i>		
Share capital	654,459	654,459
Treasury shares	(11,138)	(11,112)
Translation reserve	2,355	9,353
Revaluation reserve	25,207	27,359
Retained earnings	1,156,138	1,180,627
Equity attributable to owners of the parent	1,827,021	1,860,686
Non-Controlling Interests	285,427	89,567
Total Equity	2,112,448	1,950,253
<i>Liabilities</i>		
Deferred tax liabilities	46,068	50,046
Provisions	19,224	18,785
Payables and accruals	276,341	276,341
Lease liability	19,457	19,222
Loans and borrowings	114,922	74,066
Total Non-Current Liabilities	476,012	438,460
Provisions	21,904	21,904
Contract liabilities	17,185	5,498
Payables and accruals	479,557	593,638
Lease liability	461	461
Loans and borrowings	335,640	285,544
Current tax liabilities	6,746	3,218
Total Current Liabilities	861,493	910,263
Total Liabilities	1,337,505	1,348,723
TOTAL EQUITY AND LIABILITIES	3,449,953	3,298,976
Net Assets per share attributable to shareholders of the Company (RM)*	3.16	3.22

* 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 2023 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 2024**

	< ----- 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 30 June 2024								
At 1.10.2023 (audited)	654,459	(11,112)	9,353	27,359	1,180,627	1,860,686	89,567	1,950,253
Total comprehensive income for the period	-	-	(7,025)	-	55,142	48,117	13,565	61,682
Transactions with owners								
Changes of ownership interests in subsidiaries	-	-	27	(2,152)	(56,534)	(58,659)	58,659	-
Dividends	-	-	-	-	(23,097)	(23,097)	-	(23,097)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(7,832)	(7,832)
Issuance of shares by subsidiary to non-controlling shareholder	-	-	-	-	-	-	127,479	127,479
Share buy back	-	(26)	-	-	-	(26)	-	(26)
Non-controlling interest in respect of subsidiary acquired	-	-	-	-	-	-	3,989	3,989
At 30.06.2024 (unaudited)	654,459	(11,138)	2,355	25,207	1,156,138	1,827,021	285,427	2,112,448
Financial period ended 30 June 2023								
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	-	-	7,509	-	55,355	62,864	5,115	67,979
Transactions with owners								
Dividends	-	-	-	-	(23,097)	(23,097)	-	(23,097)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(33,786)	(33,786)
Redeemable preference shares redeem to non-controlling shareholder	-	-	-	-	-	-	(5,250)	(5,250)
Realisation of bonus shares redeem to non-controlling shareholder	-	-	-	-	-	-	(5,591)	(5,591)
Issuance of shares by subsidiary to non-controlling shareholder	-	-	-	-	-	-	87	87
At 30.06.2023 (unaudited)	654,459	(11,112)	15,150	27,359	1,161,452	1,847,308	93,378	1,940,686

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 2023 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 2024**

	Year to date	
	30.06.2024 RM'000	30.06.2023 RM'000
Cash Flows From/(Used In) Operating Activities		
Profit before tax	105,368	86,536
Adjustments for non-cash items	39,676	37,244
Operating profit before changes in working capital	<u>145,044</u>	<u>123,780</u>
Change in property development costs	27,731	87,340
Change in inventories	12,180	23,705
Change in contract assets	26,663	(62,679)
Change in contract cost assets	7,641	(1,111)
Change in receivables, deposits and prepayments	(16,964)	(3,132)
Change in contract liabilities	11,687	2,089
Change in payables and accruals	(114,797)	(40,089)
Cash generated from operations	<u>99,185</u>	<u>129,903</u>
Interest received	6,446	4,447
Interest paid	(16,683)	(14,494)
Tax paid	(26,315)	(27,422)
Tax refunded	3,572	-
Retirement benefits obligations paid	(1,164)	(1,260)
Net cash from operating activities	<u>65,041</u>	<u>91,174</u>
Cash Flows From/(Used In) Investing Activities		
Acquisition of subsidiaries, net of cash acquired	(16,997)	-
Acquisition of other investment	(260)	(118)
Acquisition of property, plant and equipment	(21,619)	(16,853)
Additions to intangible assets	-	(6,000)
Additions to land held for property development	(23,737)	(7,178)
Withdrawal of deposits with licensed banks	43	1,249
Proceeds from disposal of other investment	274	115
Proceeds from disposal of property, plant and equipment	-	451
Dividend received	10	10
Proceeds from capital reduction in an associate	-	3,600
Consideration paid for joint venture of development land	(35,006)	-
Proceeds from disposal of non-current assets classified as held for sale	-	367
Net cash used in investing activities	<u>(97,292)</u>	<u>(24,357)</u>
Cash Flows From/(Used In) Financing Activities		
Dividend paid	(23,097)	(23,097)
Dividend paid to non-controlling interests	(7,832)	(33,785)
Advance from non-controlling interests	-	-
Net drawdown/(repayment) of bank borrowings	97,633	(63,639)
Payments of hire purchase liabilities	(357)	(889)
Payments of lease liability	(431)	(431)
Proceeds from issuance of shares by a subsidiary to non-controlling shareholders	127,479	87
Share buy back	(26)	-
Realisation of bonus shares to non-controlling shareholder	-	(5,591)
Redemption of redeemable preference shares by subsidiary to non-controlling shareholders	-	(5,250)
Net cash from/(used in) financing activities	<u>193,369</u>	<u>(132,595)</u>
Net increase/(decrease) in cash and cash equivalents	<u>161,118</u>	<u>(65,778)</u>
Effect of exchange rate fluctuations	4,450	4,700
Cash and cash equivalents at beginning of the period	<u>349,908</u>	<u>389,960</u>
Cash and cash equivalents at end of the period	<u>515,476</u>	<u>328,882</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 2023 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 2023.

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 2023 (“Annual Report 2023”) as well as amendments to MFRSs that take effects on annual financial year commencing on or after 1 October 2023. Adoption of amendments to MFRSs are as follows:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform – Pillar Two Model Rules

The adoption of these new and amendments to MFRSs did not result in significant changes in the accounting policies of the Group and has no significant effect on the financial performance or position of the Group.

Amendments to MFRS 101 Disclosure of Accounting Policies

The Group has adopted Amendments to MFRS 101 Presentation of Financial Statements and MFRS Practice Statement 2 – Disclosure of Accounting Policies from 1 January 2023. The amendments require the disclosure of ‘material’, rather than ‘significant’ account policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group’s accounting policies, it impacted the accounting policy information disclosed in the financial statements.

Amendments to MFRS 112 International Tax Reform – Pillar Two Model Rules

The Amendments to MFRS 112 apply to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organisation for Economic Co-operation and Development (“OECD”), including tax law that implements qualified domestic minimum top-up taxes described in those rules. Such tax law, and the income taxes arising from it, are hereafter referred to as “Pillar Two Legislation” and “Pillar Two Income Taxes”.

The Group has applied the temporary exception from accounting for deferred taxes arising from Pillar Two Model Rules, as provided in the International Tax Reform – Pillar Two Model Rules (Amendments to MFRS 112 Income Taxes) issued on 2 June 2023. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two Income Taxes.

Amendments to Malaysian Financial Reporting Standards in issue but not yet effective

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:

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ¹
Amendments to MFRS 101	Non-current Liabilities with Covenants ¹
Amendments to MFRS 107 and MFRS 7	Supplier Financing Arrangements ¹
Amendments to MFRS 121	Lack of Exchangeability ²
Amendments to MFRS 7 and MFRS 9	Classification and Measurement of Financial Instruments ³
MFRS 18	Presentation and Disclosure in Financial Statements ⁴
MFRS 19	Subsidiaries without Public Accountability: Disclosure ⁴

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

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

⁵ 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 2023 in their report dated 22 December 2023.

A3. SEASONAL OR CYCLICAL FACTORS

The Group's plantation operation is affected by fresh fruit bunches ("FFB") production which may be affected by cropping patterns, weather conditions and fluctuating commodity prices.

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 20,000 of its issued ordinary shares from the open market at an average price of RM1.30 per share. The total consideration paid for the repurchase including transaction costs was RM26,190 and this was financed by internally generated funds. Total treasury shares repurchased cumulatively as at 30 June 2024 is 9,152,300 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 2024, 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 2023 amounting to RM23,096,635 was declared on 29 November 2023 and paid on 10 January 2024.

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A8. OPERATING SEGMENTS

(a) Segment Analysis – Business Segments

Financial period ended 30 June 2024

	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	440,925	261,625	26,164	73,781	486	-	3,085	-	806,066
Inter-segment revenue	-	3,721	2,040	9	-	50,971	-	(56,741)	-
Total segment revenue	440,925	265,346	28,204	73,790	486	50,971	3,085	(56,741)	806,066
Results									
Operating result [#]	54,625	52,743	8,279	1,480	288	11,301	1,742	(16,241)	114,217
Interest expense*	(22,374)	(1,359)	(822)	(30)	-	(12,482)	(1,978)	21,696	(17,349)
Interest income**	7,667	2,026	402	248	152	1,263	142	(5,455)	6,445
Share of results of associates	1,962	-	-	93	-	-	-	-	2,055
Segment result	41,880	53,410	7,859	1,791	440	82	(94)	-	105,368
Tax expense									(32,644)
Profit for the period									72,724
Assets									
Segment assets	2,164,059	619,288	424,998	41,303	36,008	40,237	67,490	-	3,393,383
Investment in associates	27,521	-	-	164				-	27,685
Deferred tax assets									17,841
Current tax assets									11,044
Total assets									3,449,953
Liabilities									
Segment liabilities	894,540	56,373	27,926	9,135	1,740	294,800	177	-	1,284,691
Deferred tax liabilities									46,068
Current tax liabilities									6,746
Total liabilities									1,337,505
Other segment information									
Depreciation and amortisation	1,236	26,632	1,650	4	592	116	53	-	30,283
Additions to non-current assets other than financial instruments and deferred tax assets	24,488	19,916	1,008	-	-	-	-	-	45,412
* Included inter-company interest expense	13,792	1,296	27	30	-	4,572	1,979	(21,696)	-
** Included inter-company interest income	(4,191)	-	(130)	-	-	(1,100)	(34)	5,455	-
# Included unrealised foreign exchange losses	-	740	-	-	-	-	-	-	740
# Included realised foreign exchange losses/(gains)	-	1,072	-	-	(82)	-	31	-	1,021

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 2023

	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	406,464	244,784	24,334	70,975	2,171	-	2,104	-	750,832
Inter-segment revenue	-	10,817	2,287	1	-	129,986	-	(143,091)	-
Total segment revenue	406,464	255,601	26,621	70,976	2,171	129,986	2,104	(143,091)	750,832
Results									
Operating result [#]	48,887	32,616	8,777	2,721	1,381	12,350	1,021	(13,546)	94,207
Interest expense*	(17,334)	(3,573)	(801)	(16)	-	(9,336)	(1,221)	17,131	(15,150)
Interest income**	6,041	557	61	111	323	1,048	15	(3,585)	4,571
Share of results of associates	2,904	-	-	4	-	-	-	-	2,908
Segment result	40,498	29,600	8,037	2,820	1,704	4,062	(185)	-	86,536
Tax expense									(25,868)
Profit for the period									60,668
Assets									
Segment assets	2,133,186	519,168	414,590	44,613	41,371	50,413	48,640	-	3,251,981
Investment in associates	25,192	-	-	51	-	-	-	-	25,243
Deferred tax assets									24,363
Current tax assets									17,349
Total assets									3,318,936
Liabilities									
Segment liabilities	1,015,017	63,544	29,189	15,258	3,118	195,994	1,108	-	1,323,228
Deferred tax liabilities									50,854
Current tax liabilities									4,168
Total liabilities									1,378,250
Other segment information									
Depreciation and amortisation	983	25,635	1,871	34	716	65	69	-	29,373
Additions to non-current assets other than financial instruments and deferred tax assets	14,256	16,518	1,002	242	3	-	4	-	32,025
* Included inter-company interest expense	9,236	3,418	77	16	-	3,163	1,221	(17,131)	-
** Included inter-company interest income	(2,997)	-	-	-	-	(588)	-	3,585	-
# Included unrealised foreign exchange losses	-	(2,518)	-	-	-	-	-	-	(2,518)
# Included realised foreign exchange losses	-	426	(1)	-	(9)	7	-	-	423

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	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Malaysia	543,012	503,877	1,368,282	1,349,077
The Peoples' Republic of China	1,429	2,171	21,651	19,252
Republic of Indonesia	261,625	244,784	369,624	365,658
	<u>806,066</u>	<u>750,832</u>	<u>1,759,557</u>	<u>1,733,987</u>

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

A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

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

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

A11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group in the current quarter and the financial year-to-date, except for:

- (a) On 7 December 2023, Intra Tegas (M) Sdn Bhd (“ITSB”), a wholly-owned subsidiary of the Company has completed the acquisition of 6,000,000 ordinary shares representing 60% of equity of Knowledge Builder Sdn Bhd (“KBSB”) for a cash consideration of RM17,000,000. As a result, KBSB become a 60% owned subsidiary of ITSB and the Company; and
- (b) On 29 December 2023, MKH Oil Palm (East Kalimantan) Berhad (“MKHOP”), 93.9% owned subsidiary of the Company has acquired 1 ordinary share representing 100% of equity interest of Hala Maju Sdn Bhd (“HMSB”) for a cash consideration of RM1. As a result, HMSB become a 100% owned subsidiary of MKHOP and the Company.

A12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

- (a) As at 20 August 2024, 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 2023 recorded an increase of approximately RM42.8 million. Total credit facilities granted to subsidiaries with corporate guarantees issued by the Company to the lenders and utilised by subsidiaries as at 20 August 2024 was approximately RM564.4 million and RM359.0 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 (“EOT 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 (“EOT 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 (“EOT 5”), or period from 10 June 2020 to 17 October 2021 together with the above mentioned EOT 2, EOT 3 and EOT 4.

On 13 March 2023, SKSB has handed over vacant possession of the KTM Komuter Station to PAK.

On 10 November 2023, SKSB submitted EOT number 6 (“EOT 6”) to apply extension of time until 13 March 2023.

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, EOT 5 and EOT 6 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 30.06.2024 RM'000
Approved, contracted but not provided for:	
- Property, plant and equipment for plantation division	1,769
Approved but not contracted and not provided for:	
- Property, plant and equipment for plantation division	<u>18,492</u>
	<u><u>20,261</u></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:

	Quarter ended			Period ended		
	30.06.2024 RM'000	30.06.2023 RM'000	RM'000	30.06.2024 RM'000	30.06.2023 RM'000	RM'000
Revenue	235,529	273,686	(38,157)	806,066	750,832	55,234
Operating profit	33,586	41,509	(7,923)	114,217	94,207	20,010
Profit before interest and tax	35,259	41,538	(6,279)	116,272	97,115	19,157
Profit before tax	31,927	38,445	(6,518)	105,368	86,536	18,832
Profit after tax	19,707	24,653	(4,946)	72,724	60,668	12,056
Profit attributable to ordinary equity holders of the Parent	10,775	21,635	(10,860)	55,142	55,870	(728)

(i) Third quarter ended 30 June 2024

The Group recorded lower revenue and profit before tax of RM235.5 million and RM31.9 million for the current quarter as compared to the preceding year corresponding quarter of RM273.7 million and RM38.4 million respectively mainly due to lower revenue and profit recognition from the ongoing property development projects by the property and construction division as disclosed in paragraph B1(ii). The lower revenue and profit recognition from property and construction division was mitigated by higher revenue and profit from plantation division as a result of higher crude palm oil (“CPO”) average selling price of RM3,658 per MT for the current quarter as compared to RM3,252 per MT for the preceding year corresponding quarter.

(ii) Financial year-to-date (“YTD”) ended 30 June 2024 by Segments

Property and construction

The division recorded higher revenue of RM440.9 million and profit before tax of RM41.9 million for the current YTD as compared to the preceding YTD of RM406.5 million and RM40.5 million respectively due to higher profit recognition from ongoing development projects, namely MIRAI Residences @ Kajang 2 Precinct 1 and Akina @ Kajang 2 Precinct 3 phase 1.

As at 30.6.2024, the Group has locked-in unbilled sales value of RM553.8 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 (RM17.4 million), Nexus @ Kajang Station (RM1.7 million), MIRAI Residences @ Kajang 2 Precinct 1 (RM41.2 million), Nexus @ Taman Pertama (RM91.6 million), TR2 Residence @ Jalan Tun Razak (RM343.4 million), Akina @ Kajang 2 Precinct 3 phase 1 (RM23.2 million), Kajang East Avenue 2 shops (RM22.9 million) and Akina @ Kajang 2 Precinct 3 phase 2 (RM12.4 million).

Plantation

The division recorded higher revenue of RM261.6 million and profit before tax of RM53.4 million for the current YTD as compared to the preceding YTD of RM244.8 million and RM29.6 million respectively mainly due to higher CPO sales volume of 69,389MT in the current YTD as compared to the preceding YTD of 66,510MT, driven by higher OER of 21.5% in the current YTD as compared to the preceding YTD of 19.9%, coupled by the increase in average selling price for CPO and PK as disclosed below.

Palm oil plantation's production key indicators:

As at 30 June 2024	Q1	Q2	Q3	YTD 2024
Total land area (hectares)				18,205
Planted area (hectares)				17,009
Mature area (hectares)				17,009
Fresh Fruit Bunches produced by (MT)				
Own estates	100,011	98,494	99,370	297,875
External	6,137	4,716	7,228	18,081
	106,148	103,210	106,598	315,956
Crude Palm Oil (MT)	23,052	22,721	22,296	68,069
Palm Kernel (MT)	4,341	4,122	4,481	12,944
Average CPO price/MT	3,284	3,441	3,658	3,462
Average PK price/MT	1,487	1,582	1,890	1,648

As at 30 September 2023	Q1	Q2	Q3	Q4	Year 2023
Total land area (hectares)					18,205
Planted area (hectares)					17,009
Mature area (hectares)					17,009
Fresh Fruit Bunches produced by (MT)					
Own estates	105,446	88,933	107,645	108,206	410,230
External	5,608	4,076	6,367	7,000	23,051
	111,054	93,009	114,012	115,206	433,281
Crude Palm Oil (MT)	20,434	18,598	24,349	25,636	89,017
Palm Kernel (MT)	3,826	3,269	4,632	5,159	16,886
CPO average price RM/MT	3,394	3,445	3,252	3,311	3,348
PK average price RM/MT	1,663	1,562	1,705	1,436	1,589

Hotel and property investment

The division recorded revenue of RM26.2 million and profit before tax of RM7.9 million for the current YTD as compared to the preceding YTD revenue of RM24.3 million and profit before tax of RM8.0 million following the resumption of economic activities.

Trading

The division recorded revenue of RM73.8 million and profit before tax of RM1.8 million for the current YTD as compared to the preceding YTD of RM71.0 million and RM2.8 million respectively due to higher product mixed of low profit margin building materials and approximately 73% of sales were mainly derived from the Group's development projects.

Manufacturing

The division recorded lower revenue of RM0.5 million and profit before tax of RM0.4 million for the current YTD as compared to the preceding year correspondence quarter of RM2.2 million and RM1.7 million respectively due to slow down in furniture sales orders from existing customers following the Russia-Ukraine conflicts.

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

	Quarter ended		Changes RM'000
	30.06.2024 RM'000	30.03.2024 RM'000	
Revenue	235,529	267,082	(31,553)
Operating profit	33,586	37,560	(3,974)
Profit before interest and tax	35,259	37,032	(1,773)
Profit before tax	31,927	33,230	(1,303)
Profit after tax	19,707	25,386	(5,679)
Profit attributable to ordinary equity holders of the parent	10,775	20,740	(9,965)

The Group recorded lower revenue and profit before tax of RM235.5 million and RM31.9 million for the current quarter as compared to the preceding quarter of RM267.1 million and RM33.2 million respectively due to lower revenue and profit recognition from the ongoing property development projects by the property and construction division as disclosed in paragraph B1(ii).

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 2024 ("FY2024") is expected to expand at a more moderate pace with Bank Negara Malaysia's overnight policy rate ("OPR") remain unchanged at 3.0%. Malaysia's GDP growth normalised to 3.7% in 2023 after a strong 8.7% GDP growth in 2022. The Malaysian economy is expected to remain resilient in 2024 albeit at a more moderate pace supported by tourism, tech upcycle, construction activities and domestic consumption.

As at 30.6.2024, the Group achieved take up rates for the launched development projects as follows:

- 59% for Nexus @ Taman Pertama (507 units of apartments) with GDV of approximately RM257.1 million which was launched in November 2020.
- 92% for MIRAI Residences @ Kajang 2 Precinct 1 (phase 1 & 2 totaling 1,496 units of apartments) with GDV of approximately RM471.1 million which was launched in September 2020 and in February 2021 and 42% for MIRAI retail shops with GDV of approximately RM60.6 million.
- 89% for TR2 Residence @ Jalan Tun Razak (Block A & B totaling 918 units of apartments) with GDV of approximately RM506.8 million which was launched in November 2021 and in June 2022.
- 72% for Akina @ Kajang 2 Precinct 3 phase 1 (276 units double-storey terrace) with GDV of approximately RM197.6 million which was launched in September 2022.
- 92% for Kajang East Avenue 2 (32 units retail shops) with GDV of approximately RM46.2 million which was launched in March 2023.
- 20% for Akina @ Kajang 2 Precinct 3 phase 2 (171 units double-storey terrace) with GDV of approximately RM125.4 million which was launched in July 2023.

The Group's revised planned launches in FY2024 comprising of high-rise service apartments and retail commercial shops development known as Residensi Naluri in Mahkota Cheras and Gaya Residency in Kajang 2 Precinct 2 and landed retail shops development known as Kajang 2 Precinct 3 Avenue with a total estimated GDV of approximately RM1.1 billion.

The Group will continue to leverage on its available properties from the ongoing development projects with sales value of approximately RM420.6 million and monetise its inventories totaling RM62.0 million through virtual/digital marketing, rolling out more competitive rebates and timely completion of ongoing development projects.

B4. CURRENT YEAR PROSPECTS (CONT'D)

Property development and construction, and trading segments: (cont'd)

The Group's unbilled sales of RM553.8 million and the above upcoming launches which are strategically located in Cheras and Kajang will further strengthen the Group's future unbilled sales.

For the trading division, approximately 73% 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.

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 52% and continue to be supported by domestic business travelers and agencies.

Plantation segment:

Our plantation segment remained well-supported with strong market demand for CPO, which had been trading at approximately RM3,650/MT (nett of export levy and duty) in Indonesia. Industry-wise, we noted that there had been stable demand for CPO from high-consumption countries such as China and India; while global CPO supply had been adversely-affected by the post El-Nino weather. These factors had in-part contributed towards the relatively bullish CPO prices.

Also, the Group had continuously undertaken proactive measures to strengthen our competitiveness; including enhancing our water management system, fine-tuning our harvesting Standard Operating Procedures in accordance to the weather, and maximising crop collection and quality vide on-going mechanisation efforts. Further, we had been utilising software apps to track FFB evacuation from fields to mill so as to further increase our production efficiency and oil extraction rates, so as to capitalise on the higher CPO prices.

Given the above, the Board of Directors expect the Group to achieve satisfactory results for the financial year ending 30 September 2024.

B5. (i) PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

	Quarter ended 30.06.2024 RM'000	Period ended 30.06.2024 RM'000
Amortisation of prepaid lease payments	(379)	(1,141)
Amortisation of intangible assets	(295)	(885)
Depreciation of right-of-use asset	(81)	(242)
Depreciation of property, plant and equipment	(9,179)	(28,015)
Interest expenses - loan and borrowings	(5,644)	(15,836)
- lease liability	(222)	(666)
- non-controlling interests	(281)	(847)
Other expenses		
Property, plant and equipment written off	(34)	(131)
Fair value loss arising from other investment	(142)	(91)
Inventories written off	(10)	(10)
Other receivables written off	(67)	(67)
Net loss on foreign exchange - realised	(272)	(1,022)
Net loss on foreign exchange - unrealised	(13)	(740)
Other income		
Changes in fair value of biological assets	399	1,642
Interest income - bank balances, term deposits and short-term placements	2,814	6,445
Reversal of impairment loss on trade receivables	-	400
Gain on disposal of other investment	133	139
Dividend income from other investment	5	10
	<u>5</u>	<u>10</u>

(ii) CASH AND CASH EQUIVALENTS

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

	(Unaudited) 30.06.2024 RM'000	(Unaudited) 30.06.2023 RM'000
Cash and bank balances	268,072	164,585
Cash held under housing development accounts	167,441	94,676
Cash held under sinking fund accounts	-	7
Deposits with licensed banks	12,992	5,493
Short term funds	76,404	64,183
Bank overdrafts	(3,006)	(19)
	<u>521,903</u>	<u>328,925</u>
Less: Non short term and highly liquid fixed deposits	(6,427)	-
Less: Deposits and bank balances pledged for credit facilities	-	(43)
	<u>515,476</u>	<u>328,882</u>

B6. TAX EXPENSE

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

	Quarter ended		Period ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Current tax				
- Current financial year	11,410	14,642	29,091	23,411
- Prior financial year	653	(98)	1,151	(1,808)
Deferred tax				
- Current financial year	108	(1,047)	2,353	3,970
- Prior financial year	49	295	49	295
	<u>12,220</u>	<u>13,792</u>	<u>32,644</u>	<u>25,868</u>

The effective tax rate applicable to the Group for the financial year 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. STATUS OF CORPORATE PROPOSALS

On 29 March 2024, MKH Oil Palm (East Kalimantan) Berhad (“MKHOP”), a wholly-owned subsidiary of the Company issued its Prospectus in relation to the initial public offering (“IPO”) comprising the public issue of 220,000,000 new ordinary shares in the MKHOP and an offer for sale of 30,707,700 existing ordinary shares in the MKHOP at an issue price of RM0.62 per ordinary share in conjunction with the listing and quotation of the entire enlarged issued share capital of the MKHOP on the Main Market of Bursa Securities. MKHOP was successfully listed on 30 April 2024.

The utilisation of IPO proceeds amounting to RM136.4 million as at 30 June 2024 are as follows:

Utilisation of proceeds	Proposed	Actual	Deviation	Intended timeframe for utilisation
	Utilisation	Utilisation		
	RM'000	RM'000	RM'000	
Expansion of land banks for oil palm plantation	42,000	-	42,000	Within 24 months
Capital expenditures for existing plantation lands	10,000	1,470	8,530	Within 18 months
Setup of palm kernel crushing facility	9,000	9,000	-	Completed
Refurnishment and/or upkeep of existing palm oil mill	12,000	5,920	6,080	Within 24 months
Capital expenditures for refurbishment and construction of workers/staff housing quarters	10,000	2,678	7,322	Within 24 months
Capital expenditures to expand coverage of electricity supply	10,000	-	10,000	Within 24 months
Repayment of loan due to a related party	30,000	30,000	-	Completed
Working capital	3,420	3,420	-	Completed
Estimated listing expenses	9,980	9,980	-	Completed
	<u>136,400</u>	<u>62,468</u>	<u>73,932</u>	

B8. GROUP BORROWINGS AND DEBT SECURITIES

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

	Long term		Short term		Total borrowings	
	Foreign currency 000	RM Equivalent RM'000	Foreign currency 000	RM Equivalent RM'000	Foreign currency 000	RM Equivalent RM'000
As at 30 June 2024						
<u>Secured</u>						
<u>Denominated in RM</u>						
Term loans	-	18,243	-	14,789	-	33,032
Bridging loans	-	17,379	-	-	-	17,379
Revolving credits	-	77,514	-	101,460	-	178,974
Bank overdraft	-	-	-	3,006	-	3,006
<u>Unsecured</u>						
<u>Denominated in RM</u>						
Term loans	-	-	-	-	-	-
Revolving credits	-	-	-	215,653	-	215,653
<u>Finance lease liabilities</u>						
<u>Denominated in RM</u>	-	1,786	-	732	-	2,518
Total		114,922		335,640		450,562

	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 2023						
<u>Secured</u>						
<u>Denominated in RM</u>						
Term loans	-	34,829	-	760	-	35,589
Revolving credits	-	68,444	-	100,773	-	169,217
Bank overdraft	-	-	-	19	-	19
<u>Unsecured</u>						
<u>Denominated in USD</u>						
Term loans	-	-	500	2,337	500	2,337
<u>Denominated in RM</u>						
Revolving credits	-	-	-	128,800	-	128,800
<u>Finance lease liabilities</u>						
<u>Denominated in RM</u>	-	2,162	-	678	-	2,840
Total		105,435		233,367		338,802

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 2023 for the financial year ended 30 September 2023 amounting to RM23,096,635 was declared on 29 November 2023 and paid on 10 January 2024.

B11. EARNINGS PER SHARE (“EPS”)

	Quarter ended		Period ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
BASIC EPS				
Profit attributable to Owners of the parent (RM'000)	10,775	21,635	55,142	55,870
Weighted average number of ordinary shares ('000)				
At 1 October 2023/2022	586,548	586,548	586,548	586,548
Treasury shares	(9,152)	(9,132)	(9,152)	(9,132)
At 30 June 2024/2023	577,396	577,416	577,396	577,416
BASIC EPS (sen)	1.87	3.75	9.55	9.68

B12. AUTHORISATION FOR ISSUE

The interim Financial Report were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 August 2024.