



**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD MONTHS
PERIOD ENDED 30 SEPTEMBER 2016**

A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

These financial statements have been prepared on the historical cost convention, except as disclosed in the significant accounting policies below.

The interim financial statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2015.

A2. Changes in Accounting Policies

The Group adopted the following Standards, Amendments and IC Interpretations :-

Effective for financial periods beginning on or after 01 January 2015

At the beginning of the financial year, the Group and the Company adopted the following Amended to MFRSs and Annual Improvements which mandatory for financial periods beginning on or after 01 January 2015:

Annual Improvements to MFRSs 2010 – 2012 Cycle
Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above pronouncements did not have any impact on the financial statements of the Group and of the Company.

The standards that are issued but not yet Effective up to the date of issuance of the Group’s and the Company’s financial statements are disclosed below. The Group and the company intends to adopt applicable standards when they become effective :-

Effective for financial periods beginning on or after 01 January 2016

Amendments to MFRS 11	Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Presentation of Financial Statement - Disclosure Initiative
Amendments to MFRS 127	Separate Financial Statements: Equity Method in Separate Financial Statements
Amendments to MFRS 116	Property, Plant and Equipment and MFRS 138 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 10	Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures – Investment Entities : Applying the Consolidation Exception



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Effective for financial periods beginning on or after 01 January 2016.. (cont'd)

Annual Improvements to MFRSs 2012 – 2014 Cycle
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Effective for financial periods beginning on or after 01 January 2018

MFRS 9 Financial Instruments
MFRS 15 Revenue from Contracts with Customers

The effective date of this Standards have been deferred, and yet to be announced by MASB.

These pronouncements are not expected to have any effect to the financial statements of the Group and the Company upon their initial application, except as described below:

MFRS 9 Financial Instruments

In November 2014, the MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial Instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurements of the Group's financial liabilities.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied. Either a full or modified retrospective application is required for annual periods beginning on or after 01 January 2018 with early adoption permitted. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the stipulated effective date. MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

A3. Audit Qualification of Preceding Annual Financial Statements

The Audited Financial Statements for the year ended 31 December 2015 were not subject to any qualification by the auditor.

A4. Seasonal and Cyclical Factors

The Group is principally engaged in property development in the State of Perak and also has interest in businesses into renewable energy and agriculture related businesses. The business operations are cyclical in nature which dependent on the economic conditions in the State of Perak.



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A5. Material and Unusual Items

There were no unusual material and unusual items affecting the Group's assets, liabilities, equity, net income or cash flows in the current financial quarter under review.

A6. Changes in Estimates

There were no changes in the estimates of amounts previously reported that have a material effect in the current financial quarter under review.

A7. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayments of debt and equity securities during the current financial quarter except for the conversion of Irredeemable Convertible Preference Shares ("ICPS") to ordinary shares.

There were no conversion for the current financial year and financial period to date

A8. Dividend

No dividend was paid during the quarter under review.

A9. Segmental Reporting

No segmental information analysis is prepared as the Group's business activities are predominantly located in Malaysia and engaged in the property development and the provision of management contract services.

A10. Property, Plant and Equipment

There was no valuation of property, plant and equipment in the current financial quarter under review. The valuation of property, plant and equipment has been brought forward without amendment from the financial statements for the year ended 31 December 2015.

A11. Subsequent Events

Saved as disclosed in Notes A7 and B8, there were no material events subsequent to the end of the current financial year ended 31 December 2015 and up to the date of this report.

A12. Changes in Composition of the Group

There were no changes in the composition of the Group during the current financial quarter under review.

A13. Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual statements of financial position as at 31 December 2015.



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A14. Capital Commitments

There were no capital commitments in the financial statements as at 31 December 2015 and as at the date of this report.

**B. EXPLANATION NOTES PURSUANT TO PARAGRAPH 9.22 OF THE LISTING
REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD**

B1. Performance Review

The Group revenue for the 3rd financial quarter ended 30 September 2016 amounting RM8.83 million reported a variance by 365% as compared with RM1.899 million recorded in the corresponding quarter last year. For the period ended 30 September 2016, the Group's revenue is mainly derived from recognition of 15.043 acres Sg. Siput land sales amounting RM4.05 million. Second largest revenue is property development income in Chendrong Balai and Trong amounting RM1.75 million. The remaining revenue is project Management of RM1.445 million, Land Rental and Solar activities (RM0.224 and RM1.01 million).

Loss before tax for MHB Group amounting RM0.909 million has decreased marginally due to slightly higher revenue recorded during the 3rd quarter 2016.

B2. Comparison with Preceding Quarter's Results

	Quarter ended	
	30 Sept 16	31 Dec 15
	RM'000	RM'000
Revenue	8,830	6,684
Profit/(Loss) before taxation from continuing operations	(909)	11,449

For the current quarter under review, the Group's revenue increased to RM8.83 million compared to the preceding quarter of RM6.68 million. The Group had recorded pre-loss from continuing operations of RM0.91 million compared to profit before tax of RM11.45 million recorded in the preceding quarter under review.

B3. Current Year Prospects

The Group will continue to focus on its core business in property development and realty businesses by leveraging the continuous development of its existing land banks. Although the long-term prospects of these businesses are favourable, the Group expects the results to remain challenging due to gestation period of new projects and the current economic climate.

B4. Profit Forecast

Not applicable as the Group did not publish any profit forecast.



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B5. Income Tax Expense

The taxation charge for the Group consists of the followings:

	Current Quarter 3 months ended 30 Sept 2016 RM'000	Cumulative Quarter 9 months ended 30 Sept 2016 RM'000
Current year provision	<u>(80)</u>	<u>(87)</u>
	(80)	(87)

B6. Sale of Unquoted Investments and Properties

There were no sales of unquoted investments or properties for the current financial year and financial period to date.

B7. Quoted Securities

There were no purchases or disposals of quoted securities for the current financial year.

B8. Corporate Proposals

There is no corporate proposal for the current financial year ended 30 June 2016.

B9. Borrowings

Total Group borrowings as at 30 September 2016 are as follows:

	30 Sept 2016 RM'000	31 Dec 2015 RM'000
Current: secured	<u>179</u>	<u>557</u>
Non Current: secured	<u>2,200</u>	<u>2,350</u>

The above borrowings are denominated in Ringgit Malaysia.

B10. Off Balance Sheet Financial Instruments

There were no financial instruments with off a balance sheet risk as at the date of this report.



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B.11 Material Litigation

The Group is not involved in any material litigation, either as plaintiff or as defendant, and the Directors have no knowledge of any proceedings, pending or threatened, against the Group or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the Group.

B12. Earnings/(Loss) per share

a) Basic earnings/(loss) per share

The basic earnings/(loss) per share are calculated by dividing the Group's net profit/(loss) attributable to shareholders (net dividend of ICPS) by the weighted average number of shares in issue during the year.

	Individual quarter		Cumulative quarter	
	ended 30 Sept 2016 RM'000	ended 30 Sept 2015 RM'000	ended 30 Sept 2016 RM'000	ended 30 Sept 2015 RM'000
Continuing operations:				
Net profit/(loss) attributable to shareholders (RM'000)	(2,020)	(4,466)	(1,223)	(5,756)
Weighted average number of shares in issue ('000)	198,430	197,607	198,430	197,607
Basic earnings/(loss) per share (sen)	(1.02)	(2.35)	(0.62)	(2.91)
Discontinued operations:				
Profit/(Loss) from discontinued operation (RM'000)	-	-	-	-
Weighted average number of shares in issue ('000)	198,430	197,607	198,430	197,607
Basic earnings/(loss) per share (sen)	-	-	-	-

b) Diluted earnings per share

For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue during the financial year has been adjusted for the dilutive effects of potential ordinary shares in respect of conversion of ICPS into ordinary shares.

	Individual quarter		Cumulative quarter	
	ended 30 Sept 2016 RM'000	ended 30 Sept 2015 RM'000	ended 30 Sept 2016 RM'000	ended 30 Sept 2015 RM'000
Continuing operations:				
Net profit/(loss) attributable to shareholders (RM'000)	(1,706)	(4,327)	(909)	(5,438)
Weighted average number of shares in issue ('000)	198,430	197,607	198,430	197,607



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Conversion of ICPS ('000)	58,624	59,446	58,624	59,446
Weighted average number of shares in issue ('000)	257,053	257,053	257,053	257,053
Diluted earnings/(loss) per share (sen)	(0.66)	(1.68)	(0.35)	(2.12)
Discontinued operations:				
Profit/(Loss) from discontinued operations (RM'000)	-	-	-	-
Weighted average number of shares in issue ('000)	198,430	197,607	198,430	197,607
Conversion of ICPS ('000)	58,623	59,446	58,623	59,446
Weighted average number of shares in issue ('000)	257,053	257,053	257,053	257,053
Diluted earnings/(loss) per share (sen)	-	-	-	-

B13. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors passed at the Board of Directors' meeting held on **22th November 2016**.