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

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME INTERIM REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2016

| | (Unaudited) INDIVIDUAL QUARTER | | (Unaudited) CUMULATIVE QUARTER | |
|---|---|---|---|---|
| | Current Year Quarter 31.12.2016 RM'000 | Preceding Year Corresponding Quarter 31.12.2015 RM'000 | Current Year-to-Date 31.12.2016 RM'000 | Preceding Year-to-Date 31.12.2015 RM'000 |
| **Revenue** | **261,025** | 266,365 | **261,025** | 266,365 |
| Cost of sales | **(164,689)** | (178,545) | **(164,689)** | (178,545) |
| **Gross profit** | **96,336** | 87,820 | **96,336** | 87,820 |
| Other income | **3,860** | 45,980 | **3,860** | 45,980 |
| Sales and marketing expenses | **(7,378)** | (7,747) | **(7,378)** | (7,747) |
| Administrative expenses | **(17,726)** | (16,008) | **(17,726)** | (16,008) |
| Other expenses | **(6,737)** | (10,299) | **(6,737)** | (10,299) |
| **Profit from operations** | **68,355** | 99,746 | **68,355** | 99,746 |
| Share of results of associates | **(1,266)** | 173 | **(1,266)** | 173 |
| Interest expenses | **(9,843)** | (9,657) | **(9,843)** | (9,657) |
| **Profit before tax** | **57,246** | 90,262 | **57,246** | 90,262 |
| Tax expense | **(15,770)** | (23,241) | **(15,770)** | (23,241) |
| **Profit for the period** | **41,476** | 67,021 | **41,476** | 67,021 |
| **Other comprehensive income** | | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | | |
| Foreign exchange translation differences | **(1,812)** | (2,113) | **(1,812)** | (2,113) |
| Other comprehensive income for the period | **(1,812)** | (2,113) | **(1,812)** | (2,113) |
| **Total comprehensive income for the period** | **39,664** | 64,908 | **39,664** | 64,908 |
| **Profit attributable to:** | | | | |
| Owners of the parent | **40,789** | 61,570 | **40,789** | 61,570 |
| Non-controlling interests | **687** | 5,451 | **687** | 5,451 |
| | **41,476** | 67,021 | **41,476** | 67,021 |
| **Total comprehensive income attributable to:** | | | | |
| Owners of the parent | **39,186** | 59,512 | **39,186** | 59,512 |
| Non-controlling interests | **478** | 5,396 | **478** | 5,396 |
| | **39,664** | 64,908 | **39,664** | 64,908 |
| **Earnings per share** | | | | |
| **Basic Earnings per ordinary share (sen)** | **9.72** | 14.68 | **9.72** | 14.68 |
| **Diluted Earnings per ordinary share (sen)** | **9.66** | 14.62 | **9.46** | 14.46 |
| **Proposed/Declared Dividend per share (sen)** | **7.00** | 7.00 | **7.00** | 7.00 |

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 2016 and the accompanying explanatory notes attached to the interim Financial Report.

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

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## INTERIM FINANCIAL REPORT AS AT 31 DECEMBER 2016

| | (Unaudited) | (Audited) |
|---|---|---|
| | **31.12.2016** | 30.09.2016 |
| ***Assets*** | **RM'000** | RM'000 |
| Property, plant and equipment | **221,110** | 217,163 |
| Intangible assets | **18,892** | 14,636 |
| Biological assets | **335,600** | 324,119 |
| Prepaid lease payments | **28,101** | 27,964 |
| Investment properties | **308,457** | 308,457 |
| Investment in associates | **12,870** | 14,136 |
| Land held for property development | **1,086,515** | 1,062,540 |
| Deferred tax assets | **28,912** | 29,358 |
| Receivables, deposits and prepayments | **12,113** | 13,198 |
| **Total Non-Current Assets** | **2,052,570** | 2,011,571 |
| Property development costs | **417,749** | 384,999 |
| Inventories | **88,952** | 94,111 |
| Accrued billings | **146,615** | 216,392 |
| Receivables, deposits and prepayments | **280,107** | 226,135 |
| Current tax assets | **13,707** | 7,639 |
| Cash, bank balances, term deposits and fixed income funds | **326,145** | 305,087 |
| | **1,273,275** | 1,234,363 |
| Non-current assets classified as held for sale | **7,482** | 7,482 |
| **Total Current Assets** | **1,280,757** | 1,241,845 |
| ***TOTAL ASSETS*** | **3,333,327** | 3,253,416 |
| ***Equity*** | | |
| Share capital | **419,572** | 419,444 |
| Share premium | **201** | 57 |
| Warrant reserve | **7,971** | 8,000 |
| Translation reserve | **(2,164)** | (561) |
| Revaluation reserve | **23,534** | 23,534 |
| Retained earnings | **837,237** | 825,811 |
| **Equity attributable to owners of the parent** | **1,286,351** | 1,276,285 |
| **Non-Controlling Interests** | **34,849** | 34,371 |
| **Total Equity** | **1,321,200** | 1,310,656 |
| ***Liabilities*** | | |
| Deferred tax liabilities | **64,457** | 64,545 |
| Provisions | **10,842** | 10,352 |
| Loans and borrowings - long-term | **572,873** | 557,349 |
| Payables, deposits received and accruals | **457,185** | 451,619 |
| **Total Non-Current Liabilities** | **1,105,357** | 1,083,865 |
| Provisions | **19,596** | 19,596 |
| Progress billings | **6,959** | 6,539 |
| Payables, deposits received and accruals | **503,447** | 526,289 |
| Loans and borrowings - short-term | **351,986** | 281,414 |
| Current tax liabilities | **24,782** | 25,057 |
| **Total Current Liabilities** | **906,770** | 858,895 |
| **Total Liabilities** | **2,012,127** | 1,942,760 |
| ***TOTAL EQUITY AND LIABILITIES*** | **3,333,327** | 3,253,416 |
| **Net Assets per share attributable to shareholders of the Company (RM)** | **3.07** | 3.04 |

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 2016 and the accompanying explanatory notes attached to the interim Financial Report.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**INTERIM REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2016**

| | < ---------- Attributable to owners of the parent ---------- > | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | < ---------- Non-distributable ---------- > | | | | | Distributable | | | |
| **Group** | **Share Capital RM'000** | **Share Premium RM'000** | **Warrant Reserve RM'000** | **Translation Reserve RM'000** | **Revaluation Reserve RM'000** | **Retained Earnings RM'000** | **Total RM'000** | **Non-Controlling Interests RM'000** | **Total Equity RM'000** |
| **Financial period ended 31 December 2016** | | | | | | | | | |
| **At 1.10.2015 (audited)** | **419,444** | **57** | **8,000** | **(561)** | **23,534** | **825,811** | **1,276,285** | **34,371** | **1,310,656** |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **(1,603)** | **-** | **40,789** | **39,186** | **478** | **39,664** |
| **Transactions with owners** | | | | | | | | | |
| Issuance of shares pursuant to warrants | **128** | **144** | **(29)** | **-** | **-** | **-** | **243** | **-** | **243** |
| Dividends | **-** | **-** | **-** | **-** | **-** | **(29,363)** | **(29,363)** | **-** | **(29,363)** |
| **At 31.12.2016 (unaudited)** | **419,572** | **201** | **7,971** | **(2,164)** | **23,534** | **837,237** | **1,286,351** | **34,849** | **1,321,200** |
| **Financial period ended 31 December 2015** | | | | | | | | | |
| **At 1.10.2015 (audited)** | **419,407** | **16** | **8,009** | **2,239** | **23,534** | **651,448** | **1,104,653** | **21,879** | **1,126,532** |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **(2,058)** | **-** | **61,570** | **59,512** | **5,396** | **64,908** |
| **Transactions with owners** | | | | | | | | | |
| Issuance of shares pursuant to warrants | **18** | **20** | **(4)** | **-** | **-** | **-** | **34** | **-** | **34** |
| Dividend paid to non-controlling shareholders | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(4,000)** | **(4,000)** |
| Dividends | **-** | **-** | **-** | **-** | **-** | **(29,360)** | **(29,360)** | **-** | **(29,360)** |
| **At 31.12.2015 (unaudited)** | **419,425** | **36** | **8,005** | **181** | **23,534** | **683,658** | **1,134,839** | **23,275** | **1,158,114** |

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 2016 and the accompanying explanatory notes attached to the interim Financial Report.

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

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
## INTERIM REPORT FOR THE FIRST QUARTER
## AND FINANCIAL PERIOD ENDED 31 DECEMBER 2016

| | (Unaudited) 31.12.2016 RM'000 | (Unaudited) 31.12.2015 RM'000 |
|---|---|---|
| **Cash Flows From/(Used In) Operating Activities** | | |
| Profit before tax | **57,246** | **90,262** |
| Adjustments for non-cash items | **30,397** | **(6,145)** |
| Operating profit before changes in working capital | **87,643** | **84,117** |
| Change in property development costs | **(32,201)** | **(11,099)** |
| Change in inventories | **5,159** | **4,330** |
| Change in accrued billings in respect of property development | **70,198** | **37,782** |
| Change in receivables, deposits and prepayments | **(59,223)** | **(46,981)** |
| Change in payables and accruals | **(23,748)** | **356** |
| Cash generated from operations | **47,828** | **68,505** |
| Interest paid | **(10,870)** | **(9,871)** |
| Interest received | **1,523** | **1,254** |
| Tax paid | **(23,833)** | **(14,442)** |
| Tax refund | **1,232** | **1,019** |
| Retirement benefits obligations paid | **(177)** | **(124)** |
| **Net cash from operating activities** | **15,703** | **46,341** |
| **Cash Flows From/(Used In) Investing Activities** | | |
| Additions to land held for property development | **(23,974)** | **(14,054)** |
| Acquisition of property, plant and equipment | **(1,669)** | **(4,433)** |
| Additions to biological assets | **(1,127)** | **(526)** |
| Additions to intangible assets | **(3,993)** | **-** |
| Subscription of shares in an associate | **-** | **(490)** |
| Placement of deposits with licensed banks | **(46)** | **9,375** |
| **Net cash used in investing activities** | **(30,809)** | **(10,128)** |
| **Cash Flows From/(Used In) Financing Activities** | | |
| Dividend paid | **(29,363)** | **(29,360)** |
| Dividend paid to non-controlling shareholders | **-** | **(4,000)** |
| Net drawdown of bank borrowings | **51,686** | **29,238** |
| Payments of finance lease liabilities | **(252)** | **(445)** |
| Proceeds from issuance of shares | **243** | **34** |
| **Net cash (used in)/from financing activities** | **22,314** | **(4,533)** |
| **Net increase in cash and cash equivalents** | **7,208** | **31,680** |
| Effect of exchange rate fluctuations | **4,530** | **45** |
| **Cash and cash equivalents at beginning of the period** | **267,180** | **226,159** |
| **Cash and cash equivalents at end of the period** | **278,918** | **257,884** |

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 2016 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 Financial Reporting Standards ("FRS") 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 2016.

### CHANGES IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted by the Group in this interim financial statement are consistent with those adopted for the annual financial statements for the financial year ended 30 September 2016 ("Annual Report 2016") except for adoption of the following new and revised Standards and Amendments:

| | |
|---|---|
| FRS 14 | Regulatory DeferralAccounts |
| Amendments to FRS 10, FRS 12 and FRS 128 | Investment Entities: Applying the Consolidation Exception |
| Amendments to FRS 11 | Accounting for Acquisitions of Interests in Joint Operations |
| Amendments to FRS 101 | Disclosure Initiative |
| Amendments to FRS 116 and FRS 138 | Clarification of Acceptable Methods of Depreciation and Amortisation |
| Amendments to FRS 127 | Equity Method in Separate Financial Statements |
| Annual Improvements to FRSs 2012 - 2014 cycle | |

The adoption of the above new and revised Standards and Amendments 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 have not adopted the following new and revised Standards and Amendments that have been issued as at the date of authorisation of this interim financial statements but are not yet effective for the Group:

| | |
|---|---|
| FRS 9 | Financial Instruments (IFRS 9 issued by IASB in November 2009)[2] |
| FRS 9 | Financial Instruments (IFRS 9 issued by IASB in October 2010)[2] |
| FRS 9 | Financial Instruments (IFRS 9 issued by IASB in July 2014)[2] |
| FRS 9 | Financial Instruments (Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139)[2] |
| Amendments to FRS 2 | Classification and Measurement of Share-based Payment Transaction[2] |
| Amendments to FRS 9 and FRS 7 | Mandatory Effective Date of FRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010) and Transition Disclosures[3] |
| Amendments to FRS 10 and FRS 128 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3] |

**A1. BASIS OF PREPARATION** (continued)

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

| | |
|---|---|
| Amendments to FRS 107 | Disclosure Initiative[1] |
| Amendments to FRS 112 | Recognition of Deferred Tax Assets for Unrealised Losses[1] |

[1] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
[3] Effective date deferred to a date to be determined and announced, with earlier application still permitted.

The directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards will have no material impact on the financial statements of the Group in the period of initial application.

**Malaysian Financial Reporting Standards**

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework"), a fully-IFRS compliant framework. Entities other than private entities shall apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities.

Transitioning Entities, being entities within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15: *Agreements for the Construction of Real Estate*, including its parents, significant investors and venturers were allowed to defer the adoption of the MFRS Framework until such time as mandated by the MASB. On 2 September 2014, with the issuance of MFRS 15 *Revenue from Contracts with Customers* and Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*, the MASB announced that Transitioning Entities which have chosen to continue with the FRS Framework are now required to adopt the MFRS Framework latest by 1 January 2017.

On 8 September 2015, the MASB confirmed that the effective date of MFRS 15 will be deferred to annual periods beginning on or after 1 January 2018. However, early application of MFRS 15 is still permitted.

The Group falls within the scope definition of Transitioning Entities and has availed itself of this transitional arrangement and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group will be required to apply MFRS 1 *First-time adoption of Malaysian Financial Reporting Standards* in its financial statements for the financial year ending 30 September 2019, being the first set of financial statements prepared in accordance with new MFRS Framework.

The Group is currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. At the date of authorisation for issue of these financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is complete.

## 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 2016 in their report dated 29 December 2016.

## 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 except issuance of 128,297 ordinary shares of RM1/- each pursuant to the exercised of 128,297 warrants at an exercise price of RM1.89 per ordinary share.

## A7. DIVIDEND PAID

A first interim single tier dividend of 7.0 sen per ordinary share in respect of financial year ended 30 September 2016 amounting to RM29,362,829 was declared on 25 November 2016 and paid on 30 December 2016.

## A8. OPERATING SEGMENTS

(a) Segment Analysis – Business Segments

Financial period ended 31 December 2016

| | 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 | 163,550 | 69,390 | 8,619 | 15,589 | 3,610 | - | 267 | - | 261,025 |
| Inter-segment revenue | - | 517 | 74 | 15 | - | 13,180 | - | (13,786) | - |
| Total segment revenue | 163,550 | 69,907 | 8,693 | 15,604 | 3,610 | 13,180 | 267 | (13,786) | 261,025 |
| **Results** | | | | | | | | | |
| Operating result[#] | 38,554 | 21,410 | 4,253 | 1,531 | 643 | 10,191 | (55) | (9,695) | 66,832 |
| Interest expense* | (10,913) | (6,302) | (577) | - | - | (6,472) | (136) | 14,557 | (9,843) |
| Interest income** | 2,964 | 237 | 5 | 12 | 4 | 3,159 | 4 | (4,862) | 1,523 |
| Share of results of associates | (1,266) | - | - | - | - | - | - | - | (1,266) |
| Segment result | 29,339 | 15,345 | 3,681 | 1,543 | 647 | 6,878 | (187) | - | 57,246 |
| Tax expense | | | | | | | | | (15,770) |
| Profit for the period | | | | | | | | | 41,476 |
| **Assets** | | | | | | | | | |
| Segment assets | 2,223,578 | 589,844 | 361,342 | 26,998 | 35,462 | 18,177 | 22,437 | - | 3,277,838 |
| Investment in associates | 12,870 | - | - | - | - | - | - | - | 12,870 |
| Deferred tax assets | | | | | | | | | 28,912 |
| Current tax assets | | | | | | | | | 13,707 |
| Total assets | | | | | | | | | 3,333,327 |
| **Liabilities** | | | | | | | | | |
| Segment liabilities | 1,309,311 | 358,948 | 53,213 | 8,394 | 4,872 | 185,525 | 2,625 | - | 1,922,888 |
| Deferred tax liabilities | | | | | | | | | 64,457 |
| Current tax liabilities | | | | | | | | | 24,782 |
| Total liabilities | | | | | | | | | 2,012,127 |
| **Other segment information** | | | | | | | | | |
| Depreciation and amortisation | 332 | 8,070 | 498 | 3 | 281 | 127 | 80 | - | 9,391 |
| Additions to non-current assets other than financial instruments and deferred tax assets | 28,042 | 2,260 | 843 | - | 21 | - | 73 | - | 31,239 |
| * Included inter-company interest expense | 6,649 | 2,878 | - | - | - | 4,894 | 136 | (14,557) | - |
| ** Included inter-company interest income | (1,743) | - | - | - | - | (3,119) | - | 4,862 | - |
| # Included unrealised foreign exchange losses | - | 4,194 | - | - | - | - | - | - | 4,194 |
| # Included realised foreign exchange gains | - | (647) | - | - | - | (1,037) | - | - | (1,684) |
| # Included loss arising from derivative financial assets | - | (1,569) | - | - | - | - | - | - | (1,569) |

*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 2015

| | 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 | 201,346 | 31,432 | 9,218 | 19,353 | 4,656 | - | 360 | - | 266,365 |
| Inter-segment revenue | - | - | - | - | - | 45,091 | - | (45,091) | - |
| Total segment revenue | 201,346 | 31,432 | 9,218 | 19,353 | 4,656 | 45,091 | 360 | (45,091) | 266,365 |
| **Results** | | | | | | | | | |
| Operating result | 68,946 | 23,955 | 4,430 | 1,702 | 432 | 7,983 | 71 | (9,024) | 98,495 |
| Interest expense | (9,397) | (6,450) | (704) | - | - | (6,138) | (36) | 13,068 | (9,657) |
| Interest income | 2,323 | 131 | 16 | 24 | 137 | 2,664 | - | (4,044) | 1,251 |
| Share of results of associates | 372 | - | (199) | - | - | - | - | - | 173 |
| Segment result | 62,244 | 17,636 | 3,543 | 1,726 | 569 | 4,509 | 35 | - | 90,262 |
| Tax expense | | | | | | | | | (23,241) |
| Profit for the period | | | | | | | | | 67,021 |
| **Assets** | | | | | | | | | |
| Segment assets | 1,608,799 | 520,538 | 355,970 | 26,780 | 32,337 | 18,432 | 19,134 | - | 2,581,990 |
| Investment in associates | 12,986 | - | 182 | - | - | - | - | - | 13,168 |
| Deferred tax assets | | | | | | | | | 30,335 |
| Current tax assets | | | | | | | | | 3,400 |
| Total assets | | | | | | | | | 2,628,893 |
| **Liabilities** | | | | | | | | | |
| Segment liabilities | 775,453 | 394,316 | 60,321 | 10,039 | 2,843 | 155,548 | 1,091 | - | 1,399,611 |
| Deferred tax liabilities | | | | | | | | | 48,869 |
| Current tax liabilities | | | | | | | | | 22,299 |
| Total liabilities | | | | | | | | | 1,470,779 |
| **Other segment information** | | | | | | | | | |
| Depreciation and amortisation | 301 | 7,350 | 547 | 3 | 152 | 5 | 32 | - | 8,390 |
| Additions to non-current assets other than financial instruments and deferred tax assets | 26,831 | 1,819 | 1,488 | - | 1,712 | - | - | - | 31,850 |
| * Included inter-company interest expense | 6,010 | 2,875 | - | - | - | 4,147 | 36 | (13,068) | - |
| ** Included inter-company interest income | (1,421) | - | - | - | - | (2,623) | - | 4,044 | - |
| # Included unrealised foreign exchange gains | - | (22,988) | - | - | - | - | - | - | (22,988) |
| # Included realised foreign exchange losses | - | 998 | - | - | - | 463 | - | - | 1,461 |

*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 | |
|---|---|---|---|---|
| | 31.12.2016 RM'000 | 31.12.2015 RM'000 | 31.12.2016 RM'000 | 31.12.2015 RM'000 |
| **Continuing operations** | | | | |
| Malaysia | 188,025 | 230,277 | 1,441,853 | 900,110 |
| The Peoples' Republic of China | 3,610 | 4,656 | 22,371 | 19,342 |
| Republic of Indonesia | 69,390 | 31,432 | 508,424 | 419,364 |
| | 261,025 | 266,365 | 1,972,648 | 1,338,816 |

*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 on 7 October 2016, the Company has incorporated a wholly-owned subsidiary company known as MKH Land (Aust) Pty Ltd in Australia with issued and paid up share capital of AUD100 comprising 100 shares of AUD1/- each.

## A12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

As at 16 February 2017, 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 2016 recorded an increase of approximately RM55.6 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 2017 was approximately RM1.0 billion and RM856.1 million respectively.

## A13. CAPITAL COMMITMENTS

The capital commitment of the Group is as follows:

| | As at 31.12.2016 RM'000 |
|---|---|
| Approved, contracted but not provided for: | |
| - Intangible asset for property development division | 24,300 |
| - Investment property for hotel and property investment division | 1,510 |
| Approved but not contracted and not provided for: | |
| - Property, plant and equipment for plantation division | 3,680 |
| | 29,490 |

## 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:

### (i) First quarter ended 31 December 2016

The Group recorded lower revenue and profit before tax of RM261.0 million and RM57.2 million for the current quarter as compared to the preceding year correspondence quarter of RM266.4 million and RM90.3 million respectively. The decrease in the Group's revenue by 2.0% and the profit before tax by 36.7% was mainly due to absence on project grant from government of RM11.7 million and inclusion of unrealised foreign exchange losses of RM4.2 million in the current quarter as compared to unrealised foreign exchange gains of RM23.0 million in the preceding year correspondence quarter from the plantation division's United States Dollar borrowings.

Excluding the above mentioned one off project grant and the unrealised foreign exchanges losses/gains, the adjusted profit before tax of RM61.4 million in the current quarter was higher than the preceding year corresponding quarter of RM55.6 million as a result of higher revenue and profit contribution from the plantation division as mentioned in the plantation paragraph below. The shortfall in the property and construction division's revenue by 18.8% and the adjusted profit before tax by 42.0% in the current quarter was mitigated by higher revenue and profit contribution from plantation division.

Performance of property and construction can be referred to the property and construction division paragraph mentioned below.

**The performance commentary by Segments as follows:**

**Property and construction**

This division recorded lower revenue and profit before tax of RM163.6 million and RM29.3 million for the current quarter as compared to the preceding year correspondence quarter of RM201.3 million and RM62.2 million respectively was mainly due to absence on project grant from government of RM11.7 million and lower sales revenue and profit recognition following the handling over vacant possession of MKH Boulevard and completion of profit recognition on the sales of Pelangi Semenyih (built then sell) in the preceding quarter.

As at 31.12.2016, the Group has locked-in unbilled sales value of RM705.0 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 projects namely Hill Park Shah Alam, Pelangi Heights, Kajang East, MKH Avenue, Saville @ Kajang, Saville @ Cheras and Hillpark Home 3. The newly launched projects in 2016, namely Saville @ D'Lake and Hillpark Residence still at preliminary stage of development.

**Plantation**

The division recorded higher revenue of RM69.4 million for the current quarter as compared to the preceding year correspondence quarter of RM31.4 million mainly due to higher crude palm oil ("CPO") sales volume of 24,900 metric tonnes ("MT") and higher average selling price of RM2,536 per MT in the current quarter as compared to the preceding year correspondence quarter CPO sales volume of 17,000 MT and average selling price of RM1,703 per MT.

Despite the increase in revenue, this division recorded lower profit before tax of RM15.3 million in the current quarter as compared to the preceding year correspondence quarter of RM17.6 million mainly due to inclusion of unrealised foreign exchange losses of RM4.2 million in the current quarter as compared to the unrealised foreign exchange gains of RM23.0 million in the preceding year correspondence quarter. The unrealised foreign exchange losses were mainly due to weakening of Indonesia Rupiah against its USD borrowings.

Excluding the unrealised foreign exchange losses/gains, this division recorded a turnaround from the preceding year correspondence quarter loss before tax of RM5.4 million to a profit before tax of RM19.5 million in the current quarter mainly due to increase in gross profit as a result of increase in CPO sales volume coupled with the increase in average selling price.

*Palm oil plantation's production: key indicators for there (3) months period ended 31 December 2016:*

| | Q1 | YTD 2017 |
|---|---|---|
| Fresh Fruit Bunches (MT) | 100,747 | 100,747 |
| Crude Palm Oil (MT) | 22,163 | 22,163 |
| Palm Kernel (MT) | 4,061 | 4,061 |
| CPO average price/MT | 2,536 | 2,536 |
| PK average price/MT | 2,187 | 2,187 |

*Palm oil plantation's production: key indicators for year ended 30 September 2016:*

| | Q1 | Q2 | Q3 | Q4 | Year 2016 |
|---|---|---|---|---|---|
| Fresh Fruit Bunches (MT) | 116,408 | 91,161 | 79,368 | 70,737 | 357,674 |
| Crude Palm Oil (MT) | 25,121 | 23,855 | 19,534 | 16,842 | 85,352 |
| Palm Kernel (MT) | 4,247 | 4,455 | 3,773 | 3,138 | 15,613 |
| CPO average price/MT | 1,703 | 1,954 | 2,290 | 2,310 | 2,056 |
| PK average price/MT | 1,002 | 1,271 | 1,668 | 2,119 | 1,604 |

**Hotel and property investment**

Despite the marginal decrease in revenue to RM8.7 million for the current quarter as compared to the preceding year correspondence quarter of RM9.2 million, this division recorded a slight increase in profit before tax of RM3.7 million in the current quarter as compared to the preceding year correspondence quarter of RM3.5 million.

**Trading**

This division recorded lower revenue and profit before tax of RM15.6 million and RM1.5 million for the current quarter as compared to the preceding year correspondence quarter of RM19.4 million and RM1.7 million respectively mainly due to lower sales of buildings materials to the Group's sub-contractors.

**Manufacturing**

Despite the decrease in revenue to RM3.6 million in the current quarter as compare to the preceding year correspondence quarter of RM4.7 million, this division maintained profit before tax of RM0.6 million mainly due to improvement in gross profit margin.

**Investment holding**

This division revenue and profit before tax/(loss before tax) were mainly derived from the inter-group transactions on management fee and interest billings and charging which were eliminated at the Group level.

**(ii) Financial year-to-date ended 31 December 2016 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

| | 1st Quarter ended 31.12.2016 RM'000 | 4th Quarter ended 30.9.2016 RM'000 |
|---|---|---|
| Profit before tax | 57,246 | 79,987 |

The profit before tax for the current quarter of RM57.2 million was lower compared to the preceding quarter of RM80.0 million mainly due to the inclusion of unrealised foreign exchange losses in the current quarter of RM4.2 million as compared to unrealised foreign exchange gains in the preceding quarter of RM7.4 million. The profit before tax excluding foreign exchange losses of RM61.4 million in the current quarter as compared to the preceding quarter of RM72.6 million is mainly due to absence on unbilled rental income of RM4.6 million and lower new sales and profits recognition by the property and construction division as a result of stringent lending guidelines, weaker Ringgit and slowdown in property market sentiment.

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

This is not applicable to the Group.

## B4. CURRENT YEAR PROSPECTS

The Board of Directors expect the Group to achieve satisfactory results for the financial year ending 30 September 2017 arising from the profit recognition of the ongoing projects that have been launched and sales locked-in in the previous financial years by the property and construction division and the profit contribution (excluding unrealised foreign exchange gains/losses) from the plantation as more palms are entering into maturity stage with higher yield couple with the anticipation in the increase in CPO and palm kernel prices.

## 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 31.12.2016 RM'000 | Financial year-to-date 31.12.2016 RM'000 |
|---|---|---|
| Amortization of prepaid lease payments | (300) | (300) |
| Amortization of biological assets | (4,095) | (4,095) |
| Depreciation of property, plant and equipment | (4,996) | (4,996) |
| Loss arising from derivative financial assets | (1,569) | (1,569) |
| Property, plant and equipment written off | (1) | (1) |
| Interest expense | (9,843) | (9,843) |
| Net gain/(loss) on foreign exchange: | | |
| - realised | 1,684 | 1,684 |
| - unrealised | (4,194) | (4,194) |
| Interest income | 1,523 | 1,523 |

**(ii) CASH AND CASH EQUIVALENTS**

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

| | (Unaudited) 31.12.2016 RM'000 | (Unaudited) 31.12.2015 RM'000 |
|---|---|---|
| Cash and bank balances | 92,823 | 118,123 |
| Cash held under housing development accounts | 184,152 | 146,804 |
| Cash held under sinking fund accounts | 17 | 12 |
| Deposits with licensed banks | 26,776 | 25,134 |
| Short term funds | 22,375 | 4,042 |
| Bank overdrafts | (25,271) | (19,237) |
| | 300,872 | 274,878 |
| Less: Non short term and highly liquid fixed deposits | (6,860) | (7,071) |
| Less: Deposits and bank balances pledged for credit facilities | (15,094) | (9,923) |
| | 278,918 | 257,884 |

**B6. TAX EXPENSE**

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

| | Current Quarter 31.12.2016 RM'000 | Financial Year-to-Date 31.12.2016 RM'000 |
|---|---|---|
| Current taxation | | |
| - income taxation | 15,697 | 15,697 |
| - deferred taxation | 12 | 12 |
| | 15,709 | 15,709 |
| Under provision in prior year | 61 | 61 |
| | 15,770 | 15,770 |

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.

**B7. STATUS OF CORPORATE PROPOSALS ANNOUNCED**

There were no corporate proposals announced which is pending completion as at the date of issue of this announcement except for the proposed renounceable rights issue of up to 45,402,742 new ordinary shares in the capital of MKH ("MKH Share(s)") at an issue price to be determined and announced later ("Right Share(s)") together with a bonus issue of up to 90,805,484 new MKH Shares ("Bonus Share(s)") to be credited as fully paid-up, on the basis of one (1) Right Share for every ten (10) existing MKH Shares held and two (2) Bonus Shares for every one (1) Right Share subscribed for an entitlement date to be determined and announced later, which was announced on 6 December 2016.

On 26 January 2017, Bursa Malaysia Securities Berhad ("Bursa Securities") had approved the listing and quotation for up to 136,208,226 new MKH Shares (comprising up to 45,402,742 Rights Shares and up to 90,805,484 Bonus Shares) to be issued pursuant to the Proposed Rights with Bonus Issue and the additional warrants 2012/2017 in MKH ("MKH Warrants") and new MKH Shares to be issued pursuant to the exercise of the additional MKH Warrants on the Main Market of Bursa Securities.

## B7. STATUS OF CORPORATE PROPOSALS ANNOUNCED (continued)

Barring any unforeseen circumstances, the above corporate proposal is expected to be completed in the second quarter of 2017.

## B8. GROUP BORROWINGS AND DEBT SECURITIES

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

| | As at 31.12.2016 RM'000 |
|---|---|
| Short-term - unsecured | 141,858 |
| Short-term - secured | 210,128 |
| Long-term - unsecured | 8,103 |
| Long-term - secured | 564,770 |
| | 924,859 |

The Group's loans and borrowings from continuing operations include foreign currency bank borrowings as follows:

| | Denominated in United States Dollar USD'000 | Denominated in Ringgit Malaysia RM'000 |
|---|---|---|
| Long-term - secured | 70,000 | 313,267 |
| | 70,000 | 313,267 |

## B9. MATERIAL LITIGATION

There was no material litigation involving the Group during the current quarter under review.

## B10. DIVIDEND

The Board of Directors does not recommend any dividend payment for the current quarter ended 31 December 2016 except a first interim single tier dividend of 7.0 sen per ordinary share in respect of financial year ended 30 September 2016 amounting to RM29,362,829 was declared on 25 November 2016 and paid on 30 December 2016.

## B11. EARNINGS PER SHARE ("EPS")

| | Current Year Quarter 31.12.2016 (unaudited) | Preceding Year Corresponding Quarter 31.12.2015 (unaudited) | Current Year-to-Date 31.12.2016 (unaudited) | Preceding Year-to-Date 31.12.2015 (unaudited) |
|---|---|---|---|---|
| **BASIC EPS** | | | | |
| Profit attributable to Owners of the parent (RM'000) | **40,789** | 61,570 | **40,789** | 61,570 |
| Weighted average number of ordinary shares ('000) | | | | |
| At 1 October 2016/2015 | **419,444** | 419,407 | **419,444** | 419,407 |
| Effect of exercise of warrants ('000) | **100** | 17 | **100** | 17 |
| At 31 December 2016/2015 | **419,544** | 419,424 | **419,544** | 419,424 |
| **BASIC EPS (sen)** | **9.72** | 14.68 | **9.72** | 14.68 |
| **DILUTED EPS** | | | | |
| Profit attributable to Owners of the parent (RM'000) | **40,789** | 61,570 | **40,789** | 61,570 |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | | | | |
| Weighted average number of ordinary shares ('000) | **419,544** | 419,424 | **419,544** | 419,424 |
| Adjustment for warrants ('000) | **2,878** | 1,637 | **11,417** | 6,494 |
| At 31 December 2016/2015 | **422,422** | 421,061 | **430,961** | 425,918 |
| **DILUTED EPS (sen)** | **9.66** | 14.62 | **9.46** | 14.46 |

## B12. REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised retained earnings of the Group as at the reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") dated 25 March 2010 and prepared in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants.

The retained earnings of the Group is analysed as follows:

| | As at 31.12.2016 RM'000 | (Audited) As at 30.09.2015 RM'000 |
|---|---|---|
| Total retained earnings of its subsidiaries | | |
| - realised | 824,015 | 807,787 |
| - unrealised | 161,679 | 165,151 |
| | 985,694 | 972,938 |
| Total share of retained earnings from an associate | | |
| - realised | 6,170 | 7,436 |
| | 991,864 | 980,374 |
| Less: Consolidation adjustments | (154,627) | (154,563) |
| Total retained earnings of the Group | 837,237 | 825,811 |

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

## 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 2017.