



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
INTERIM REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 JUNE 2017**

	(Unaudited) INDIVIDUAL QUARTER Current Year Quarter 30.06.2017 RM'000	(Unaudited) Preceding Year Corresponding Quarter 30.06.2016 RM'000	(Unaudited) CUMULATIVE QUARTER Current Year-to-Date 30.06.2017 RM'000	(Unaudited) Preceding Year-to-Date 30.06.2016 RM'000
Revenue	268,751	282,095	807,852	870,691
Cost of sales	(168,602)	(176,947)	(502,960)	(569,227)
Gross profit	100,149	105,148	304,892	301,464
Other income	(1,950)	7,472	7,866	66,756
Sales and marketing expenses	(7,293)	(14,226)	(23,148)	(30,890)
Administrative expenses	(25,571)	(22,472)	(65,397)	(64,027)
Other expenses	(5,344)	(2,370)	(14,724)	(15,538)
Profit from operations	59,991	73,552	209,489	257,765
Share of results of associates	(506)	(1,071)	(1,829)	(574)
Interest expenses	(9,390)	(9,843)	(31,314)	(29,094)
Profit before tax	50,095	62,638	176,346	228,097
Tax expense	(16,739)	(22,557)	(52,874)	(63,897)
Profit for the period	33,356	40,081	123,472	164,200
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign exchange translation differences	(772)	(19)	(2,727)	(3,505)
	(772)	(19)	(2,727)	(3,505)
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Remeasurement gains on defined benefit plans	127	-	127	-
Income tax relating to components of other comprehensive income	(32)	-	(32)	-
	95	-	95	-
Other comprehensive income for the period	(677)	(19)	(2,632)	(3,505)
Total comprehensive income for the period	32,679	40,062	120,840	160,695
Profit attributable to:				
Owners of the parent	34,183	37,715	124,340	154,664
Non-controlling interests	(827)	2,366	(868)	9,536
	33,356	40,081	123,472	164,200
Total comprehensive income attributable to:				
Owners of the parent	33,479	37,715	121,888	151,165
Non-controlling interests	(800)	2,347	(1,048)	9,530
	32,679	40,062	120,840	160,695
Earnings per share ("EPS")				
Basic Earnings per ordinary share (sen)	6.45	7.36*	23.46	30.18*
Diluted Earnings per ordinary share (sen)	6.33	7.33*	22.94	29.76*
Proposed/Declared Dividend per share (sen)	-	-	7.00	7.00

* The EPS has been adjusted to effect the Rights Issue of 42,625,187 new ordinary shares and Bonus Issue of 85,250,374 new ordinary shares which was completed on 1 June 2017.

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.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
INTERIM FINANCIAL REPORT AS AT 30 JUNE 2017**

	(Unaudited) 30.06.2017	(Audited) 30.09.2016
Assets	RM'000	RM'000
Property, plant and equipment	214,304	217,163
Intangible assets	20,838	14,636
Biological assets	318,374	324,119
Prepaid lease payments	27,440	27,964
Investment properties	308,457	308,457
Investment in associates	12,307	14,136
Land held for property development	962,071	1,062,540
Deferred tax assets	29,925	29,358
Receivables, deposits and prepayments	12,938	13,198
Total Non-Current Assets	1,906,654	2,011,571
Property development costs	540,043	384,999
Inventories	110,229	94,111
Accrued billings	113,038	216,392
Receivables, deposits and prepayments	244,396	226,135
Current tax assets	14,465	7,639
Cash, bank balances, term deposits and fixed income funds	332,107	305,087
	1,354,278	1,234,363
Non-current assets classified as held for sale	14,223	7,482
Total Current Assets	1,368,501	1,241,845
TOTAL ASSETS	3,275,155	3,253,416
Equity		
Share capital	608,853	419,444
Share premium	-	57
Warrant reserve	5,248	8,000
Translation reserve	(3,084)	(561)
Revaluation reserve	23,534	23,534
Retained earnings	835,615	825,811
Equity attributable to owners of the parent	1,470,166	1,276,285
Non-Controlling Interests	33,317	34,371
Total Equity	1,503,483	1,310,656
Liabilities		
Deferred tax liabilities	62,630	64,545
Provisions	10,346	10,352
Loans and borrowings - long-term	523,017	557,349
Payables, deposits received and accruals	440,883	451,619
Total Non-Current Liabilities	1,036,876	1,083,865
Provisions	19,596	19,596
Progress billings	10,775	6,539
Payables, deposits received and accruals	372,035	526,289
Loans and borrowings - short-term	311,750	281,414
Current tax liabilities	20,640	25,057
Total Current Liabilities	734,796	858,895
Total Liabilities	1,771,672	1,942,760
TOTAL EQUITY AND LIABILITIES	3,275,155	3,253,416
Net Assets per share attributable to shareholders of the Company (RM)	2.62	2.53*

* The preceding year's net assets per share has been adjusted to effect the Bonus Issue of 85,250,374 new ordinary shares in order to be comparable to current year's net assets per share.

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 THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2017**

Group	< ----- Attributable to owners of the parent ----- >									
	< ----- Non-distributable ----- >					Distributable				
	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Translation Reserve RM'000	Revaluation Reserve RM'000	Disposal Group Classified as Held for Sale RM'000	Retained Earnings RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Financial period ended 30 June 2017										
At 1.10.2016 (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	-	-	-	(2,523)	-	-	124,411	121,888	(1,048)	120,840
Transactions with owners										
Issuance of shares pursuant to:										
- bonus issue	85,250	-	-	-	-	-	(85,250)	-	-	-
- rights issue	80,562	-	-	-	-	-	-	80,562	-	80,562
- warrants	24,516	728	(2,752)	-	-	-	-	22,492	-	22,492
Share issue expenses	(1,704)	-	-	-	-	-	-	(1,704)	-	(1,704)
Changes of ownership interest in a subsidiary	-	-	-	-	-	-	6	6	(6)	-
Dividends	-	-	-	-	-	-	(29,363)	(29,363)	-	(29,363)
Reclassification pursuant to Section 618 (2) of the Companies Act 2016	785	(785)	-	-	-	-	-	-	-	-
At 30.06.2017 (unaudited)	608,853	-	5,248	(3,084)	23,534	-	835,615	1,470,166	33,317	1,503,483
Financial period ended 30 June 2016										
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	-	-	-	(3,499)	-	-	154,664	151,165	9,530	160,695
Transactions with owners										
Issuance of shares pursuant to warrants	18	20	(4)	-	-	-	-	34	-	34
Issuance of shares by subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-	-	144	144
Effect of acquisition of a subsidiary	-	-	-	-	-	-	-	-	1,839	1,839
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(4,000)	(4,000)
Dividends	-	-	-	-	-	-	(29,360)	(29,360)	-	(29,360)
At 30.06.2016 (unaudited)	419,425	36	8,005	(1,260)	23,534	-	776,752	1,226,492	29,392	1,255,884

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.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
INTERIM REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 JUNE 2017**

	(Unaudited) 30.06.2017 RM'000	(Unaudited) 30.06.2016 RM'000
Cash Flows From/(Used In) Operating Activities		
Profit before tax	176,346	228,097
Adjustments for non-cash items	63,142	15,951
Operating profit before changes in working capital	239,488	244,048
Change in property development costs	(24,702)	(4,591)
Change in inventories	16,114	29,830
Change in accrued billings in respect of property development	107,591	(29,723)
Change in receivables, deposits and prepayments	(30,980)	30,934
Change in payables and accruals	(160,352)	(67,210)
Cash generated from operations	147,159	203,288
Interest paid	(33,491)	(31,333)
Interest received	4,862	4,383
Tax paid	(69,083)	(40,940)
Tax refund	1,806	2,191
Retirement benefits obligations paid	(769)	(407)
Net cash from operating activities	50,484	137,182
Cash Flows From/(Used In) Investing Activities		
Acquisition of a subsidiary company, net of cash acquired	-	(5,000)
Additions to land held for property development	(59,618)	(56,012)
Acquisition of property, plant and equipment	(9,845)	(9,566)
Additions to biological assets	(2,942)	(2,004)
Additions to intangible assets	(6,149)	-
Subscription of shares in an associate	-	(2,450)
Withdrawal of deposits with licensed banks	374	327
Net cash used in investing activities	(78,180)	(74,705)
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	(14,452)	(7,080)
Payments of finance lease liabilities	(575)	(1,189)
Proceeds from issuance of shares by a subsidiary to non-controlling shareholders	-	144
Proceeds from issuance of shares pursuant to:		34
- rights issue	80,562	-
- warrants	22,492	-
Share issue expenses	(1,704)	-
Net cash from/(used in) financing activities	56,960	(41,451)
Net increase in cash and cash equivalents	29,264	21,026
Effect of exchange rate fluctuations	(1,320)	1,682
Cash and cash equivalents at beginning of the period	267,180	237,407
Cash and cash equivalents at end of the period	295,124	260,115

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 4	Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts 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

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 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to FRS 107	Disclosure Initiative ¹
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses ¹
Amendments to FRS 140	Transfers of Investment Property ²
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration ²
Annual Improvements to FRSs 2014 - 2016 cycle ¹	
Annual Improvements to FRSs 2014 - 2016 cycle ²	

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.

A1. BASIS OF PREPARATION (continued)

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 as follows:

- (i) issuance of 6,807,895 ordinary shares of RM1/- each pursuant to the exercised of 6,807,895 warrants at an exercise price of RM1.89 per ordinary share;
- (ii) issuance of 6,209,891 ordinary shares of RM1/- each pursuant to the exercised of 6,209,891 warrants at an exercise price of RM1.55 per ordinary share; and
- (iii) renounceable rights issue of 42,625,187 rights shares on the basis of one (1) rights share for every ten (10) existing MKH shares and 85,250,374 bonus shares on the basis of two (2) bonus shares for every one (1) rights share subscribed for at an issue price of RM1.89 for each rights share. The rights issue and bonus issue was completed on 1 June 2017.

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 30 June 2017

	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	523,311	204,643	25,432	44,482	8,999	-	985	-	807,852
Inter-segment revenue	-	3,054	1,276	147	-	83,549	-	-	88,026
Total segment revenue	523,311	207,697	26,708	44,629	8,999	83,549	985	-	895,878
Results									
Operating result [#]	145,389	45,996	10,867	3,453	812	27,838	(260)	(29,467)	204,628
Interest expense*	(32,320)	(19,238)	(1,692)	(2)	-	(22,681)	(616)	45,235	(31,314)
Interest income**	8,909	731	13	76	113	10,775	12	(15,768)	4,861
Share of results of associates	(1,829)	-	-	-	-	-	-	-	(1,829)
Segment result	120,149	27,489	9,188	3,527	925	15,932	(864)	-	176,346
Tax expense									(52,874)
Profit for the period									123,472
Assets									
Segment assets	2,124,750	563,738	363,185	27,086	33,486	80,480	25,733	-	3,218,458
Investment in associates	12,307	-	-	-	-	-	-	-	12,307
Deferred tax assets									29,925
Current tax assets									14,465
Total assets									3,275,155
Liabilities									
Segment liabilities	1,156,568	332,401	49,859	7,525	3,301	137,665	1,083	-	1,688,402
Deferred tax liabilities									62,630
Current tax liabilities									20,640
Total liabilities									1,771,672
Other segment information									
Depreciation and amortisation	916	25,212	1,510	22	562	353	230	-	28,805
Additions to non-current assets other than financial instruments and deferred tax assets	65,358	10,805	2,530	99	74	-	271	-	79,137
* Included inter-company interest expense	20,076	8,563	32	-	-	15,948	616	(45,235)	-
** Included inter-company interest income	(5,213)	-	-	-	-	(10,555)	-	15,768	-
# Included unrealised foreign exchange gains	-	(63)	-	-	-	-	-	-	(63)
# Included realised foreign exchange (gains)/losses	(1)	6,712	-	-	-	(451)	-	-	6,260
# Included gain arising from derivative financial assets	-	322	-	-	-	-	-	-	322

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 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	620,598	154,829	27,358	54,548	12,611	-	747	-	870,691
Inter-segment revenue	-	-	304	14	-	116,032	-	(116,350)	-
Total segment revenue	620,598	154,829	27,662	54,562	12,611	116,032	747	(116,350)	870,691
Results									
Operating result	171,378	69,874	11,475	3,678	1,320	25,080	(1,740)	(27,683)	253,382
Interest expense	(29,657)	(18,740)	(2,041)	-	-	(19,121)	(134)	40,599	(29,094)
Interest income	8,172	447	38	63	186	8,392	1	(12,916)	4,383
Share of results of associates	(119)	-	(455)	-	-	-	-	-	(574)
Segment result	149,774	51,581	9,017	3,741	1,506	14,351	(1,873)	-	228,097
Tax expense									(63,897)
Profit for the period									164,200
Assets									
Segment assets	1,686,119	485,848	357,839	26,512	30,054	22,032	16,470	-	2,624,874
Investment in associates	14,454	-	(74)	-	-	-	-	-	14,380
Deferred tax assets									25,483
Current tax assets									9,124
Total assets									2,673,861
Liabilities									
Segment liabilities	783,678	321,301	56,542	9,441	2,279	152,902	1,095	-	1,327,238
Deferred tax liabilities									59,243
Current tax liabilities									31,496
Total liabilities									1,417,977
Other segment information									
Depreciation and amortisation	924	21,090	1,779	11	438	15	97	-	24,354
Additions to non-current assets other than financial instruments and deferred tax assets	56,656	5,496	4,067	7	1,669	-	2	-	67,897
* Included inter-company interest expense	18,628	8,596	-	-	-	13,277	134	(40,635)	-
** Included inter-company interest income	(4,607)	-	-	-	-	(8,309)	-	12,916	-
# Included unrealised foreign exchange gains	-	(31,931)	-	-	-	-	-	-	(31,931)
# Included realised foreign exchange losses	6	(1,439)	-	-	(76)	1,273	1	-	(235)

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	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Malaysia	594,210	703,251	1,345,542	1,034,810
The Peoples' Republic of China	8,999	12,611	21,655	18,785
Republic of Indonesia	204,643	154,829	484,287	401,703
	<u>807,852</u>	<u>870,691</u>	<u>1,851,484</u>	<u>1,455,298</u>

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

A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

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

There were no material events subsequent to the end of the current quarter under review that have not been reflected in the financial statements except for on 4 July 2017, the Company has acquired 2 ordinary shares of RM1/- each representing 100% of the equity interest of MKH IHS Precast Sdn Bhd ("MIPSB"), for a cash consideration of RM2/-. As a result, MIPSB became a wholly-owned subsidiary of the Company.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group in the current quarter and the financial year-to-date except for 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 August 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 RM34.4 million. Total credit facilities granted to subsidiaries with corporate guarantees issued by the Company to the lenders and utilised by subsidiaries as at 16 August 2017 was approximately RM1.3 billion and RM834.9 million respectively.

A13. CAPITAL COMMITMENTS

The capital commitment of the Group is as follows:

	As at 30.06.2017 RM'000
Approved, contracted but not provided for:	
- Intangible asset for property development division	25,500
- Investment property for hotel and property investment division	110
Approved but not contracted and not provided for:	
- Property, plant and equipment for plantation division	3,480
	<u>29,090</u>

A14. RELATED PARTY TRANSACTIONS

There were no related party transactions in the current quarter and the financial year-to-date except for the following:

	Current Quarter 30.06.2017 RM'000	Financial Year-to-Date 30.06.2017 RM'000
Sales of development properties to:		
- Person connected to a Director of the Company	<u>-</u>	<u>1,030</u>

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

B1. REVIEW OF PERFORMANCE OF THE GROUP FOR:

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current	Preceding Year	Changes	Current	Preceding	Changes
	Year	Corresponding		Year-to-Date	Year-to-Date	
	Quarter 30.06.2017 RM'000	Quarter 30.06.2016 RM'000		30.06.2017 RM'000	30.06.2016 RM'000	
Revenue	268,751	282,095	(13,344)	807,852	870,691	(62,839)
Operating profit	58,270	71,961	(13,691)	204,628	253,382	(48,754)
Profit before interest and tax	57,764	70,890	(13,126)	202,799	252,808	(50,009)
Profit before tax	50,095	62,638	(12,543)	176,346	228,097	(51,751)
Profit after tax	33,356	40,081	(6,725)	123,472	164,200	(40,728)
Profit attributable to ordinary equity holders of the Parent	34,183	37,715	(3,532)	124,340	154,664	(30,324)

(i) Third quarter ended 30 June 2017

The Group recorded lower revenue and profit before tax of RM268.8 million and RM50.1 million for the current quarter as compared to the preceding year correspondence quarter of RM282.1 million and RM62.6 million respectively. The decrease in the Group's revenue by 4.7% and the profit before tax by 20.0% was mainly due to lower sales revenue and profit recognition in the current quarter following the handling over vacant possession of MKH Boulevard, Pelangi Heights and Kajang East Precinct 4 in the preceding quarter from property and construction division and inclusion of unrealised foreign exchange losses of RM5.0 million in the current quarter as compared to the preceding year correspondence quarter of unrealised foreign exchange gains of RM5.0 million from the plantation division's Ringgit Malaysia ("RM") borrowings as a result of depreciation in Indonesia Rupiah against RM.

Excluding the unrealised foreign exchange losses and gains, the Group's profit before tax was lower by 4.3% to RM55.1 million in the current quarter as compared to the preceding year correspondence quarter of RM57.6 million due to lower gross profit from the plantation division. The lower gross profit was due to lower average oil extraction rate and higher cost of production caused by La Nina weather, despite that this division has contributed an increase in revenue of RM14.2 million to Group's revenue for the current quarter.

(ii) Financial year-to-date ("YTD") ended 30 June 2017 by Segments

Property and construction

This division recorded lower revenue and profit before tax of RM523.3 million and RM120.2 million for the current YTD as compared to the preceding YTD of RM620.6 million and RM149.8 million respectively was mainly due to absence on project grant from government of RM11.7 million, lower sales revenue and profit recognition following the handling over vacant possession of MKH Boulevard, Pelangi Heights, Kajang East Precinct 4 and completion of profit recognition on the sales of Pelangi Semenyih (built then sell) in the preceding YTD, stringent lending guidelines, weaker Ringgit and slowdown in property market sentiment. Ongoing high-rise development projects namely, Saville @ Cheras, Saville @ D'Lake Puchong and Hillpark Residence still at the preliminary stage of development.

As at 30.6.2017, the Group has locked-in unbilled sales value of RM688.7 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, Hillpark Home 3, Saville @ D'Lake Puchong and Hillpark Residence and newly launched project in 3rd quarter FY2017, namely TR Residence (mixed of service apartments and retail lots) and Hillpark Shah Alam phase 4 and 1 (single & double storey terrace properties).

Plantation

The division recorded higher revenue of RM204.6 million for the current YTD as compared to the preceding YTD of RM154.8 million, mainly due to higher average crude palm oil (“CPO”) and palm kernel (“PK”) selling price in the current YTD as compared to the preceding YTD, despite the lower CPO sales volume of 70,000 metric tonnes (“MT”) (including CPO trading sales volume of 5,400 MT) as compared to the preceding YTD CPO sales volume of 70,400 MT (including CPO trading sales volumes of 3,400 MT). This division recorded PK sales volume of 10,800 MT.

This division recorded lower profit before tax of RM27.5 million in the current YTD as compared to the preceding YTD of RM51.6 million mainly due to inclusion of unrealised foreign exchange gains of RM31.9 million in the preceding YTD as compared to the current YTD of RM63,000.

Excluding the unrealised foreign exchange gains, this division recorded higher profit before tax of RM27.5 million in current YTD as compared to the preceding YTD of RM19.7 million mainly due to increase in gross profit as a result of increase in average CPO and PK selling price.

Palm oil plantation’s production key indicators:

As at 30 June 2017	Q1	Q2	Q3	YTD 2017
Total land area (hectares)				18,388
Planted area (hectares)				17,039
Mature area (hectares)				15,628
Fresh Fruit Bunches produced by (MT)				
Own estates	107,094	110,040	98,653	315,788
External	2,877	2,900	2,239	8,016
	109,971	112,940	100,892	323,804
Crude Palm Oil (MT)	22,163	21,423	19,352	62,938
Palm Kernel (MT)	4,061	4,107	3,409	11,577
Average CPO price/MT	2,536	2,762	2,450	2,570
Average PK price/MT	2,187	2,808	1,739	2,269

As at 30 September 2016	Q1	Q2	Q3	Q4	Year 2016
Total land area (hectares)					18,388
Planted area (hectares)					16,775
Mature area (hectares)					14,679
Fresh Fruit Bunches produced by (MT)					
Own estates	106,252	112,355	79,368	72,722	370,697
External	6,398	5,268	4,499	5,489	21,654
	112,650	117,623	83,867	78,211	392,351
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
Average CPO price/MT	1,703	1,954	2,290	2,310	2,056
Average PK price/MT	1,002	1,271	1,668	2,119	1,604

The average oil extraction rate was lower in the current YTD at 20.1% as compared to the preceding YTD at 22.5% mainly caused by La Nina weather with heavier rainfall which raised the moisture content of the fresh fruit bunches.

Hotel and property investment

Despite the decrease in revenue to RM25.4 million for the current YTD as compared to the preceding YTD of RM27.4 million, this division recorded a slight increase in profit before tax of RM9.2 million in the current YTD as compared to the preceding YTD of RM9.0 million.

Trading

Despite the decrease in revenue to RM44.5 million in the current YTD as compared to the preceding YTD of RM54.5 million, this division recorded marginal decrease in profit before tax of RM3.5 million as compared to the preceding YTD of RM3.7 million mainly due to improvement in gross profit margin as a result of lower cost of purchase of certain building materials following the slowdown in construction activities.

Manufacturing

This division recorded decrease in revenue and profit before tax of RM9.0 million and RM0.9 million as compared to preceding YTD of RM12.6 million and RM1.5 million mainly due to lower sales order from existing customers.

Investment holding

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

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

	Current Quarter 30.06.2017 RM'000	Immediate Preceding Quarter 31.03.2017 RM'000	Changes RM'000
Revenue	268,751	278,076	(9,325)
Operating profit	58,270	79,526	(21,256)
Profit before interest and tax	57,764	79,469	(21,705)
Profit before tax	50,095	69,005	(18,910)
Profit after tax	33,356	48,640	(15,284)
Profit attributable to ordinary equity holders of the parent	34,183	49,368	(15,185)

The profit before tax for the current quarter of RM50.1 million was lower as compared to the preceding quarter of RM69.0 million mainly due to the unrealised foreign exchange losses of RM5.0 million recognised in current quarter as compared to preceding quarter unrealised foreign exchange gains of RM9.2 million couple with lower gross profit from the plantation division as explained under paragraph B1(i) above.

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 30.06.2017 RM'000	Financial year-to-date 30.06.2017 RM'000
Amortization of prepaid lease payments	(229)	(744)
Amortization of biological assets	(3,571)	(13,096)
Depreciation of property, plant and equipment	(4,891)	(14,965)
Gain arising from derivative financial assets	258	322
Property, plant and equipment written off	(11)	(12)
Reversal of impairment loss on receivables	20	20
Interest expense	(9,390)	(31,314)
Net gain/(loss) on foreign exchange:		
- realised	(389)	(6,260)
- unrealised	(4,972)	63
Interest income	<u>1,721</u>	<u>4,861</u>

(ii) CASH AND CASH EQUIVALENTS

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

	(Unaudited) 30.06.2017 RM'000	(Unaudited) 30.06.2016 RM'000
Cash and bank balances	122,216	108,473
Cash held under housing development accounts	135,481	157,555
Cash held under sinking fund accounts	19	19
Deposits with licensed banks	70,296	13,989
Short term funds	4,094	7,254
Bank overdrafts	<u>(15,449)</u>	<u>(12,381)</u>
	316,657	274,909
Less: Non short term and highly liquid fixed deposits	(2,615)	(5,042)
Less: Deposits and bank balances pledged for credit facilities	<u>(18,918)</u>	<u>(9,752)</u>
	<u>295,124</u>	<u>260,115</u>

B6. TAX EXPENSE

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

	Current Quarter 30.06.2017 RM'000	Financial Year-to-Date 30.06.2017 RM'000
Current taxation		
- income taxation	12,330	48,633
- deferred taxation	(1,759)	(1,471)
	<u>10,571</u>	<u>47,162</u>
Under provision in prior year	6,168	5,712
	<u>16,739</u>	<u>52,874</u>

The effective tax rate applicable to the Group for the financial year-to-date is higher than the statutory rate of taxation as certain expenses were disallowed for tax purposes.

B7. STATUS OF CORPORATE PROPOSALS ANNOUNCED

On 1 June 2017, the Company has completed the renounceable rights issue of 42,625,187 new ordinary shares on the basis of one (1) rights share for every ten (10) existing MKH Shares held and bonus issue of 85,250,374 new ordinary shares on the basis of two (2) bonus shares for every one (1) rights share subscribed for at an issue price of RM1.89 for each rights share.

The utilization of right issue proceeds are as follows:

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Intended Time Frame
Infrastructure and property development	37,190	3,448	33,742	Within 12 months
Payment of land owners' entitlements	20,000	-	20,000	Within 3 months
Construction of KTM Komuter station	21,400	-	21,400	Within 12 months
Working capital	372	372	-	Within 12 months
Estimated expenses for the rights with bonus issue	1,600	1,600	-	Completed
	<u>80,562</u>	<u>5,420</u>	<u>75,142</u>	

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 30.06.2017 RM'000
Short-term - unsecured	85,280
Short-term - secured	226,470
Long-term - unsecured	3,370
Long-term - secured	519,647
	<u>834,767</u>

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
Short-term - secured	11,600	50,082
Long-term - secured	56,614	241,217
	<u>68,214</u>	<u>291,299</u>

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 30.06.2017 (unaudited)	Preceding Year Corresponding Quarter 30.06.2016 (unaudited)	Current Year-to-Date 30.06.2017 (unaudited)	Preceding Year-to-Date 30.06.2016 (unaudited)
BASIC EPS				
Profit attributable to Owners of the parent (RM'000)	34,183	37,715	124,340	154,664
Weighted average number of ordinary shares ('000)				
At 1 October 2016/2015	419,444	419,407	419,444	419,407
Rights issue and bonus issue	105,113	93,002*	105,113	93,002*
Effect of exercise of warrants	5,453	17	5,453	17
At 30 June 2017/2016	530,010	512,426	530,010	512,426
BASIC EPS (sen)	6.45	7.36*	23.46	30.18*
DILUTED EPS				
Profit attributable to Owners of the parent (RM'000)	34,183	37,715	124,340	154,664
Adjusted weighted average number of ordinary shares in issue and issuable ('000)				
Weighted average number of ordinary shares ('000)	530,010	512,426*	530,010	512,426*
Adjustment for warrants (‘000)	10,017	2,199	12,057	7,277
At 30 June 2017/2016	540,027	514,625	542,067	519,703
DILUTED EPS (sen)	6.33	7.33*	22.94	29.76*

* The EPS has been adjusted to effect the Rights Issue of 42,625,187 new ordinary shares and Bonus Issue of 85,250,374 new ordinary shares which was completed on 1 June 2017 as disclosed under paragraph A6.

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 30.06.2017 RM'000	(Audited) As at 30.09.2016 RM'000
Total retained earnings of its subsidiaries		
- realised	856,270	807,787
- unrealised	130,237	165,151
	<u>986,507</u>	<u>972,938</u>
Total share of retained earnings from an associate		
- realised	5,607	7,436
	<u>992,114</u>	<u>980,374</u>
Less: Consolidation adjustments	(156,499)	(154,563)
Total retained earnings of the Group	<u><u>835,615</u></u>	<u><u>825,811</u></u>

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 25 August 2017.