



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
INTERIM REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 JUNE 2018**

	(Unaudited) INDIVIDUAL QUARTER Current Year Quarter 30.06.2018 RM'000	(Unaudited) Preceding Year Corresponding Quarter 30.06.2017 RM'000	(Unaudited) CUMULATIVE QUARTER Current Year-to-Date 30.06.2018 RM'000	(Unaudited) Preceding Year-to-Date 30.06.2017 RM'000
Revenue	228,433	268,751	748,211	807,852
Cost of sales	(149,525)	(168,602)	(498,235)	(502,960)
Gross profit	78,908	100,149	249,976	304,892
Other income	5,972	3,021	13,562	12,837
Sales and marketing expenses	(10,729)	(7,293)	(34,838)	(23,148)
Administrative expenses	(24,573)	(25,571)	(66,928)	(65,397)
Other expenses	(11,900)	(10,315)	(38,838)	(19,695)
Profit from operations	37,678	59,991	122,934	209,489
Share of results of associates	603	(506)	372	(1,829)
Interest expenses	(7,070)	(9,390)	(23,219)	(31,314)
Profit before tax	31,211	50,095	100,087	176,346
Tax expense	(9,347)	(16,739)	(33,919)	(52,874)
Profit for the period	21,864	33,356	66,168	123,472
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign exchange translation differences	(197)	(772)	(2,170)	(2,727)
	(197)	(772)	(2,170)	(2,727)
<i>Items that will not 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	(197)	(677)	(2,170)	(2,632)
Total comprehensive income for the period	21,667	32,679	63,998	120,840
Profit attributable to:				
Owners of the parent	22,598	34,183	63,862	124,340
Non-controlling interests	(734)	(827)	2,306	(868)
	21,864	33,356	66,168	123,472
Total comprehensive income attributable to:				
Owners of the parent	22,400	33,479	61,545	121,888
Non-controlling interests	(733)	(800)	2,453	(1,048)
	21,667	32,679	63,998	120,840
Earnings per share				
Basic Earnings per ordinary share (sen)	3.88	6.45	10.97	23.46
Diluted Earnings per ordinary share (sen)	N/A	6.33	N/A	22.94
Proposed/Declared Dividend per share (sen)	-	-	5.00	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 2017 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 2018**

	(Unaudited) 30.06.2018 RM'000	(Audited) 30.09.2017 RM'000
Assets		
Property, plant and equipment	190,251	210,047
Intangible assets	25,396	22,015
Biological assets	248,684	284,975
Prepaid lease payments	44,055	45,724
Investment properties	318,937	318,937
Investment in associates	14,262	13,890
Land held for property development	945,810	915,912
Deferred tax assets	37,379	33,933
Tax recoverable	1,148	1,282
Receivables, deposits and prepayments	32,404	30,944
Total Non-Current Assets	1,858,326	1,877,659
Property development costs	459,306	474,969
Inventories	176,453	153,185
Accrued billings	193,225	152,557
Receivables, deposits and prepayments	209,556	266,766
Current tax assets	17,858	12,214
Cash, bank balances, term deposits and fixed income funds	189,346	264,610
	1,245,744	1,324,301
Non-current assets classified as held for sale	10,536	22,549
Total Current Assets	1,256,280	1,346,850
TOTAL ASSETS	3,114,606	3,224,509
Equity		
Share capital	654,459	613,315
Treasury shares	(2,106)	-
Warrant reserve	-	4,761
Translation reserve	(5,746)	(3,429)
Revaluation reserve	23,534	23,534
Retained earnings	873,659	838,813
Equity attributable to owners of the parent	1,543,800	1,476,994
Non-Controlling Interests	50,496	30,826
Total Equity	1,594,296	1,507,820
Liabilities		
Deferred tax liabilities	58,614	59,038
Provisions	9,383	11,454
Loans and borrowings - long-term	358,975	444,139
Payables, deposits received and accruals	344,322	346,512
Total Non-Current Liabilities	771,294	861,143
Provisions	20,183	20,183
Progress billings	2,381	870
Payables, deposits received and accruals	418,209	497,501
Loans and borrowings - short-term	302,230	328,377
Current tax liabilities	6,013	8,615
Total Current Liabilities	749,016	855,546
Total Liabilities	1,520,310	1,716,689
TOTAL EQUITY AND LIABILITIES	3,114,606	3,224,509
Net Assets per share attributable to shareholders of the Company (RM)	2.63	2.62

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 2017 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 2018**

< ----- Attributable to owners of the parent ----- >

	< ----- Non-distributable ----- >					Distributable			Non-	Total
Group	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Translation Reserve RM'000	Revaluation Reserve RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000	Controlling Interests RM'000	Equity RM'000
Financial period ended 30 June 2018										
At 1.10.2017 (audited)	613,315	-	4,761	(3,429)	23,534	-	838,813	1,476,994	30,826	1,507,820
Total comprehensive income for the period	-	-	-	(2,317)	-	-	63,862	61,545	2,453	63,998
Transactions with owners										
Issuance of shares pursuant to warrants	41,144	-	(4,492)	-	-	-	-	36,652	-	36,652
Issuance of shares by subsidiaries to non-controlling shareholder	-	-	-	-	-	-	-	-	21,092	21,092
Warrants expired	-	-	(269)	-	-	-	269	-	-	-
Share buy back	-	-	-	-	-	(2,106)	-	(2,106)	-	(2,106)
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(3,875)	(3,875)
Dividends	-	-	-	-	-	-	(29,285)	(29,285)	-	(29,285)
At 30.06.2018 (unaudited)	654,459	-	-	(5,746)	23,534	(2,106)	873,659	1,543,800	50,496	1,594,296
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 warrants										
- 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

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 2017 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 2018**

	(Unaudited) 30.06.2018 RM'000	(Unaudited) 30.06.2017 RM'000
Cash Flows From/(Used In) Operating Activities		
Profit before tax	100,087	176,346
Adjustments for non-cash items	74,783	63,142
Operating profit before changes in working capital	174,870	239,488
Change in property development costs	(2,135)	(24,702)
Change in inventories	33,518	16,114
Change in accrued billings in respect of property development	(39,158)	107,591
Change in receivables, deposits and prepayments	13,899	(30,980)
Change in payables and accruals	(58,370)	(160,352)
Cash generated from operations	122,624	147,159
Interest paid	(28,350)	(33,491)
Interest received	3,780	4,862
Tax paid	(46,090)	(69,083)
Tax refund	582	1,806
Retirement benefits obligations paid	(1,601)	(769)
Net cash from operating activities	50,945	50,484
Cash Flows From/(Used In) Investing Activities		
Additions to land held for property development	(37,311)	(59,618)
Acquisition of property, plant and equipment	(8,853)	(9,845)
Additions to biological assets	(3,200)	(2,942)
Additions to intangible assets	(3,961)	(6,149)
Proceeds from disposal of property, plant and equipment	151	-
(Placement)/Withdrawal of deposits with licensed banks	(6,059)	374
Net cash used in investing activities	(59,233)	(78,180)
Cash Flows From/(Used In) Financing Activities		
Dividend paid	(29,285)	(29,363)
Dividend paid to non-controlling shareholders	(3,875)	-
Shares buy back	(2,106)	-
Net repayment of bank borrowings	(104,336)	(14,452)
Payments of finance lease liabilities	(362)	(575)
Proceeds from issuance of shares by subsidiaries to non-controlling shareholders	21,092	-
Proceeds from issuance of shares pursuant to:		
- right issue	-	80,562
- warrants	36,652	22,492
Share issue expenses	-	(1,704)
Net cash (used in)/from financing activities	(82,220)	56,960
Net (decrease)/increase in cash and cash equivalents	(90,508)	29,264
Effect of exchange rate fluctuations	1,718	(1,320)
Cash and cash equivalents at beginning of the period	239,297	267,180
Cash and cash equivalents at end of the period	150,507	295,124

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 2017 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 2017.

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 2017 (“Annual Report 2017”) except for adoption of the following new and revised Standards and Amendments:

Amendments to FRS 107 Disclosure Initiative
Amendments to FRS 112 Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to FRSs 2014 - 2016 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 July 2014) ¹
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transaction ¹
Amendments to FRS 4	Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts ¹
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 140	Transfer of Investment Property ¹
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration ¹
IC Interpretation 23	Uncertainty Over Income Tax Payments ²
Annual Improvements to FRSs 2014 - 2016 cycle ¹	

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

³ Effective date deferred to a date to be determined and announced, with earlier application still permitted.

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)

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 2017 in their report dated 28 December 2017.

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 for:

(a) issuance of 23,646,246 ordinary shares pursuant to the exercised of 23,646,246 warrants at an exercise price of RM1.55 per ordinary share.

(b) Treasury Shares

During the financial period, the Company repurchased 1,509,100 of its issued ordinary shares from the open market at an average price of RM1.39 per share. The total consideration paid for the repurchase including transaction costs was RM2,105,545 and this was financed by internally generated funds. Total treasury shares repurchased as at 30 June 2018 is 1,509,100 ordinary shares, representing a cumulative 0.26% of total paid up share capital in accordance with Section 127 of the Companies Act 2016. Since the end of third quarter, the Company further repurchased 1,002,400 of its issued ordinary shares until the date of this interim financial statement.

A7. DIVIDEND PAID

A first interim single tier dividend of 5.0 sen per ordinary share in respect of financial year ended 30 September 2017 amounting to RM29,284,585 was declared on 28 November 2017 and paid on 11 January 2018.

A8. OPERATING SEGMENTS

(a) Segment Analysis – Business Segments

Financial period ended 30 June 2018

	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	459,599	204,208	24,940	51,934	5,707	-	1,823	-	748,211
Inter-segment revenue	10,377	4,914	902	108	-	83,261	-	(99,562)	-
Total segment revenue	469,976	209,122	25,842	52,042	5,707	83,261	1,823	(99,562)	748,211
Results									
Operating result [#]	77,199	30,714	11,637	2,317	28	27,791	358	(30,890)	119,154
Interest expense*	(28,962)	(16,818)	(1,644)	(3)	-	(21,772)	(2,056)	48,036	(23,219)
Interest income**	5,871	611	42	70	228	14,098	6	(17,146)	3,780
Share of results of associates	372	-	-	-	-	-	-	-	372
Segment result	54,480	14,507	10,035	2,384	256	20,117	(1,692)	-	100,087
Tax expense									(33,919)
Profit for the period									66,168
Assets									
Segment assets	2,056,013	484,522	371,586	30,198	32,397	30,268	40,123	-	3,045,107
Investment in associates	14,262	-						-	14,262
Deferred tax assets									37,379
Current tax assets									17,858
Total assets									3,114,606
Liabilities									
Segment liabilities	999,126	262,128	48,769	9,856	3,048	131,628	1,128	-	1,455,683
Deferred tax liabilities									58,614
Current tax liabilities									6,013
Total liabilities									1,520,310
Other segment information									
Depreciation and amortisation	981	22,657	1,828	34	565	320	789	-	27,174
Additions to non-current assets other than financial instruments and deferred tax assets	42,751	10,159	864	93	52	-	-	-	53,919
* Included inter-company interest expense	20,677	8,051	85	-	-	17,167	2,056	(48,036)	-
** Included inter-company interest income	(3,592)	-	-	-	-	(13,554)	-	17,146	-
# Included unrealised foreign exchange losses	-	27,679	-	-	-	-	-	-	27,679
# Included realised foreign exchange losses	1	2,931	-	-	178	593	-	-	3,703

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 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	(88,026)	807,852
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 loss 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)
(b) Segment Analysis – Geographical Segments

	Revenue		Non-current assets	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Malaysia	538,296	594,210	1,344,276	1,345,542
The Peoples' Republic of China	5,707	8,999	20,072	21,655
Republic of Indonesia	204,208	204,643	409,933	484,287
	<u>748,211</u>	<u>807,852</u>	<u>1,774,281</u>	<u>1,851,484</u>

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

A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

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

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

A11. CHANGES IN THE COMPOSITION OF THE GROUP

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

- (a) On 16 January 2018, Kajang Resources Corporation Sdn Bhd (“KRC”), a wholly owned subsidiary of the Company has acquired 2 ordinary shares representing 100% of the equity interest of MKH Property Ventures Sdn Bhd (“MPVSB”), for a cash consideration of RM2/-. Subsequently on 28 February 2018 and 27 March 2018, KRC subscribed for 509,998 and 19,890,000 new ordinary shares in MPVSB, representing 51% of the total allotment of 999,998 and 39,000,000 new ordinary shares respectively. As a result, MPVSB became a 51% owned subsidiary of KRC and the Company; and
- (b) On 17 January 2018, the Company has acquired 2 ordinary shares representing 100% of the equity interest of Metro Readymix Sdn Bhd (“MRSB”), for a cash consideration of RM2/-. As a result, MRSB became a wholly-owned subsidiary of the Company.

A12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

- (a) As at 16 August 2018, 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 2017 recorded a decrease of approximately RM84.5 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 2018 was approximately RM1.0 billion and RM696.5 million respectively.

- (b) On 18 April 2016, PT Maju Kalimantan Hadapan (“PTMKH”), a subsidiary of the Company, received a tax assessment letter from the Indonesia’s Director General of Tax (“DGT”) for the year of assessment 2012, to restrict the claims on net realised and unrealised foreign exchange losses. The details are as follows:

Year of Assessment 2012	IDR million	RM million
Net realised and unrealised foreign exchange losses claimed	97,700	30.7
Less: Net realised and unrealised foreign exchange losses allowed by DGT	(7,414)	(2.3)
Net realised and unrealised foreign exchange losses disallowed by DGT	90,286	28.4
Potential tax payable due to over-recognition of deferred tax assets based on applicable corporate income tax rate of 25%	22,571	7.1

On 6 August 2018, PTMKH received official verdict letter from the DGT for year of assessment 2012’s tax appeal. The entire net realised and unrealised foreign exchange losses of IDR90,286 million, equivalent to RM28.4 million is allowable to claim as expenses in the tax return submitted by PT MKH.

- (c) On 29 August 2017, PTMKH received tax assessment letter from DGT for the year of assessment 2013, to restrict the claims on net realised and unrealised foreign exchange losses. The details are as follows:

Year of Assessment 2013	IDR million	RM million
Net realised and unrealised foreign exchange losses claimed	188,875	59.3
Less: Net realised and unrealised foreign exchange losses allowed by DGT	(44,405)	(13.9)
Net realised and unrealised foreign exchange losses disallowed by DGT	144,470	45.4
Potential tax payable due to over-recognition of deferred tax assets based on applicable corporate income tax rate of 25%	36,118	11.3

On 27 November 2017, PTMKH filed an objection letter in reply to tax assessment letter for the year of assessment 2013. This appeal case is currently at tax appeal office in Balikpapan, Indonesia.

Based on consultation with the local tax experts and the decision made by the DGT for year of assessment 2012 as mentioned in paragraph (b) above, the directors of PTMKH are of the opinion that PTMKH has a valid defense against DGT’s assessment for year of assessment 2013. Accordingly, PTMKH has not made any adjustments in respect of the tax assessments in the financial statements of the Group and the Company.

A13. CAPITAL COMMITMENTS

The capital commitment of the Group is as follows:

	As at 30.06.2018 RM'000
Approved, contracted but not provided for:	
- Intangible asset for property development division	17,454
Approved but not contracted and not provided for:	
- Property, plant and equipment for plantation division	6,998
- Intangible asset for property development division	3,595
	<u>28,047</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 30.06.2018 RM'000	Financial Year-to-Date 30.06.2018 RM'000
Sales of development properties to:		
-Other key management personnel of the Group	<u>924</u>	<u>2,531</u>

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

B1. REVIEW OF PERFORMANCE OF THE GROUP FOR:

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year-to-Date	Preceding Year-to-Date	Changes
	30.06.2018 RM'000	30.06.2017 RM'000	RM'000	30.06.2018 RM'000	30.06.2017 RM'000	RM'000
Revenue	228,433	268,751	(40,318)	748,211	807,852	(59,641)
Operating profit	36,170	58,270	(22,100)	119,155	204,628	(85,473)
Profit before interest and tax	36,773	57,764	(20,991)	119,527	202,799	(83,272)
Profit before tax	31,211	50,095	(18,884)	100,087	176,346	(76,259)
Profit after tax	21,864	33,356	(11,492)	66,168	123,472	(57,304)
Profit attributable to ordinary equity holders of the Parent	22,598	34,183	(11,585)	63,862	124,340	(60,478)

(i) Third quarter ended 30 June 2018

The Group recorded lower revenue and profit before tax of RM228.4 million and RM31.2 million for the current quarter as compared to the preceding year correspondence quarter of RM268.8 million and RM50.1 million respectively. The decrease in Group's revenue by 15.0% and profit before tax by 37.7% was mainly due to lower gross profit achieved by the property and construction division in the current quarter following the handling over vacant possession of MKH Avenue, Saville @ Kajang, Pelangi Heights and Kajang East Precinct 2 of which these projects had contributed high gross profit for the Group in preceding year correspondence quarter, inclusion of unrealised foreign exchange losses of RM7.0 million in the current quarter as compared to the preceding year correspondence quarter of RM5.0 million from the plantation division.

Excluding the unrealised foreign exchange losses, the Group's profit before tax was lower by 30.7% to RM38.2 million in the current quarter as compared to the preceding year correspondence quarter of RM55.1 million mainly due to lower gross profit achieved by the property and construction division as mentioned above. Nevertheless, the lower gross profit from the property and construction division was mitigated by higher crude palm oil ("CPO") sales volume of 33,000 metric tonnes ("MT") in the current quarter as compared to the preceding correspondence quarter of 25,000 MT.

(ii) Financial year-to-date ("YTD") ended 30 June 2018 by Segments

Property and construction

This division recorded lower revenue and profit before tax of RM459.6 million and RM54.5 million for the current YTD as compared to the preceding YTD of RM523.3 million and RM120.1 million respectively was mainly due to the lower revenue and profit recognition following the handling over vacant possession of MKH Avenue, Saville @ Kajang, Hillpark Home 3, Pelangi Heights and Kajang East Precinct 2, lower percentage of profit recognition in Hill Park Shah Alam phase 1A and 1B (682 units double storey houses) as a result of some delay in construction schedule and other ongoing new property development projects namely, TR Residence at Jalan Tun Razak, Kajang 2 Precinct 2 (Midori & Hiroki) and Inspirasi Mont' Kiara are still at the preliminary stage of development.

As at 30.6.2018, the Group has locked-in unbilled sales value of RM998.6 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 (RM250.6 million), Saville @ Cheras (RM23.8 million), Saville @ D'Lake Puchong (RM34.4 million), Hillpark Residence (RM99.3 million), TR Residence (RM281.8 million), Kajang 2 Precinct 2 (RM76.6 million) and Inspirasi Mont' Kiara (RM232.1 million).

Plantation

Despite the higher CPO sales volume of 80,000 MT (included CPO trading of sales volume of 4,000 MT) in the current YTD as compared to the preceding YTD of 70,000 MT (included CPO trading sales volume of 5,400 MT), this division recorded revenue of RM204.2 million for the current YTD as compared to the preceding YTD of RM204.6 million mainly due to lower average selling price for CPO of RM2,260 per MT in the current YTD as compared to the preceding year correspondence YTD of RM2,570 per MT.

This division recorded lower profit before tax of RM14.5 million in the current YTD as compared to the preceding YTD of RM27.5 million mainly due to inclusion of unrealised foreign exchange losses of RM27.7 million in the current YTD as compared to the preceding YTD unrealised foreign exchange gains of RM63,000 following the weakening of Indonesia Rupiah against its USD and RM borrowings.

Excluding the unrealised foreign exchange losses, this division recorded profit before tax of RM42.2 million for the current YTD as compared to the preceding YTD of RM27.4 million, representing an increase of 54%.

Palm oil plantation's production key indicators:

As at 30 June 2018	Q1	Q2	Q3	YTD 2018
Total land area (hectares)				18,388
Planted area (hectares)				16,408
Mature area (hectares)				15,623
Fresh Fruit Bunches produced by (MT)				
Own estates	88,194	117,094	141,809	347,097
External	3,039	2,963	3,689	9,691
	91,233	120,057	145,498	356,788
Crude Palm Oil (MT)	20,169	26,309	30,699	77,177
Palm Kernel (MT)	3,952	4,986	5,844	14,782
Average CPO price/MT	2,449	2,210	2,173	2,260
Average PK price/MT	2,352	1,987	1,627	1,928

As at 30 September 2017	Q1	Q2	Q3	Q4	Year 2017
Total land area (hectares)					18,388
Planted area (hectares)					16,408
Mature area (hectares)					15,623
Fresh Fruit Bunches produced by (MT)					
Own estates	102,482	105,150	98,653	91,284	397,569
External	2,877	2,900	2,243	2,472	10,492
	105,359	108,050	100,896	93,756	408,061
Crude Palm Oil (MT)	22,163	21,423	19,352	19,771	82,709
Palm Kernel (MT)	4,061	4,107	3,409	3,787	15,364
CPO average price RM/MT	2,536	2,762	2,450	2,375	2,526
PK average price RM/MT	2,187	2,808	1,739	1,897	2,172

Hotel and property investment

Despite the lower revenue in the current YTD of RM24.9 million as compared to preceding YTD of RM25.4 million, this division recorded higher profit before tax of RM10.0 million for the current YTD as compared to the preceding YTD of RM9.2 million respectively mainly due to inclusion of a gain on disposal of investment in an associated company of RM2.0 million. This gain was lower by the charge out of professional fees incurred on acquisition of investment property and slight reduction in rental rates for certain tenants.

Trading

Despite the higher revenue in the current YTD of RM51.9 million as compared to the preceding YTD of RM44.5 million, this division recorded lower profit before tax of RM2.4 million for the current YTD as compared to the preceding YTD of RM3.5 million respectively mainly due to higher product mixed of low profit margin building materials.

Manufacturing

This division recorded a decrease in revenue and profit before tax of RM5.7 million and RM0.2 million for the current YTD as compared to the preceding YTD of RM9.0 million and RM0.9 million respectively mainly due to lower sales order from existing customers coupled with we are in the midst of converting this division's land and factory buildings into property investment for better returns and expect to be completed by 30 September 2018.

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 30.06.2018 RM'000	Immediate Preceding Quarter 31.03.2018 RM'000	Changes RM'000
Revenue	228,433	325,487	(97,054)
Operating profit	36,170	48,396	(12,226)
Profit before interest and tax	36,773	48,373	(11,600)
Profit before tax	31,211	41,475	(10,264)
Profit after tax	21,864	27,427	(5,563)
Profit attributable to ordinary equity holders of the parent	22,598	24,630	(2,032)

The revenue and profit before tax for the current quarter of RM228.4 million and RM31.2 million were lower as compared to the preceding quarter of RM325.5 million and RM41.5 million respectively mainly due to lower revenue and profit recognition from property and construction division's ongoing property development phases in Hill Park Shah Alam and new property development project at Jalan Tun Razak known as TR Residence. The lower revenue and profit from this division was partially mitigated by the plantation division's increase in revenue and profit before tax following higher CPO sales and FFB yield.

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 2018 arising from the following three (3) major segments:

- Property and construction segment - ongoing property development projects that have been launched with total unbilled sales of RM998.6 million. Moving forward, the Klang Valley residential market is expected to remain challenging but the Group is well positioned as most of its properties are in the affordable segment whereby the demand continue to be strong.
- Plantation segment – crude palm oil prices is expected to be sustainable and we will continue to focus on the estate management to increase the production efficiencies including oil extraction rate and maximising the utilisation of the CPO mill.
- Property Investment segment – rental yield from this division is expected at average of approximately 5% per annum based on fair value as at 30 September 2017.

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 30.06.2018 RM'000	Financial year-to-date 30.06.2018 RM'000
Amortisation of prepaid lease payments	(320)	(1,077)
Amortisation of biological assets	(3,674)	(11,392)
Depreciation of property, plant and equipment	(4,819)	(14,705)
Interest expenses	(7,070)	(23,219)
<i>Other expenses</i>		
Net loss on foreign exchange:		
- realised	(2,117)	(3,703)
- unrealised	(7,028)	(27,679)
Property, plant and equipment written off	(63)	(146)
<i>Other income</i>		
Interest income	1,508	3,779
Reversal of impairment loss on receivables	-	51
Gain on disposal of property, plant and equipment	18	26
Gain on disposal of investment in an associated company	2,000	2,000

(ii) CASH AND CASH EQUIVALENTS

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

	(Unaudited) 30.06.2018 RM'000	(Unaudited) 30.06.2017 RM'000
Cash and bank balances	88,055	122,216
Cash held under housing development accounts	54,512	135,481
Cash held under sinking fund accounts	5	19
Deposits with licensed banks	12,367	70,296
Short term funds	34,407	4,094
Bank overdrafts	(11,502)	(15,449)
	<u>177,844</u>	<u>316,657</u>
Less: Non short term and highly liquid fixed deposits	(9,459)	(2,615)
Less: Deposits and bank balances pledged for credit facilities	(17,878)	(18,918)
	<u><u>150,507</u></u>	<u><u>295,124</u></u>

B6. TAX EXPENSE

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2018 RM'000	Preceding Year Corresponding Quarter 30.06.2017 RM'000	Current Year-to-Date 30.06.2018 RM'000	Preceding Year-to-Date 30.06.2017 RM'000
Current tax				
- Current financial year	10,698	12,330	36,694	48,633
- Prior financial year	(444)	6,552	513	6,840
Deferred tax				
- Current financial year	(821)	(1,471)	(3,044)	(1,471)
- Prior financial year	(86)	(672)	(244)	(1,128)
	<u>9,347</u>	<u>16,739</u>	<u>33,919</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 utilisation of right issue proceeds as at 30 June 2018 are as follows:

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Revised Time Frame
Infrastructure and property development	37,190	16,297	20,893	Within 30 months [#]
Payment of land owners' entitlements	20,000	20,000	-	Completed
Construction of KTM Komuter station	21,400	3,775	17,625	Within 30 months [#]
Working capital	372	372	-	Completed
Estimated expenses for the rights with bonus issue	1,600	1,600	-	Completed
	<u>80,562</u>	<u>42,044</u>	<u>38,518</u>	

[#] Construction works in progress

The time frame has been extended for another 18 months period from 1 June 2018 until 30 November 2019

B8. GROUP BORROWINGS AND DEBT SECURITIES

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

	Long term		Short term		Total borrowings	
	Foreign currency USD'000	RM Equivalent RM'000	Foreign currency USD'000	RM Equivalent RM'000	Foreign currency USD'000	RM Equivalent RM'000
As at 30 June 2018						
<u>Secured</u>						
<u>Denominated in USD</u>						
Term loans	41,600	168,377	4,400	17,809	46,000	186,186
Revolving credits	-	-	10,614	42,960	10,614	42,960
<u>Denominated in RM</u>						
Term loans	-	63,508	-	58,018	-	121,526
Revolving credits	-	126,228	-	110,391	-	236,619
Bank overdraft	-	-	-	9,608	-	9,608
<u>Unsecured</u>						
<u>Denominated in RM</u>						
Revolving credits	-	-	-	60,800	-	60,800
Bank overdraft	-	-	-	1,894	-	1,894
<u>Finance lease liabilities</u>						
<u>Denominated in RM</u>	-	862	-	750	-	1,612
Total	41,600	358,975	15,014	302,230	56,614	661,205

	Long term		Short term		Total borrowings	
	Foreign currency USD'000	RM Equivalent RM'000	Foreign currency USD'000	RM Equivalent RM'000	Foreign currency USD'000	RM Equivalent RM'000
As at 30 June 2017						
<u>Secured</u>						
<u>Denominated in USD</u>						
Term loans	44,000	188,704	11,600	49,749	55,600	238,453
Revolving credits	12,614	54,097	-	-	12,614	54,097
<u>Denominated in RM</u>						
Term loans	-	128,890	-	41,906	-	170,796
Bridging loans	-	6,363	-	-	-	6,363
Revolving credits	-	140,234	-	119,326	-	259,560
Bank overdraft	-	-	-	14,669	-	14,669
<u>Unsecured</u>						
<u>Denominated in RM</u>						
Term loans	-	-	-	19,500	-	19,500
Revolving credits	-	3,370	-	65,000	-	68,370
Bank overdraft	-	-	-	780	-	780
<u>Finance lease liabilities</u>						
<u>Denominated in RM</u>	-	1,359	-	820	-	2,179
Total	56,614	523,017	11,600	311,750	68,214	834,767

B9. MATERIAL LITIGATION

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

B10. DIVIDEND

The Board of Directors has approved a first interim single tier dividend of 5.0 sen per ordinary share on 28 November 2017 for the financial year ended 30 September 2017 amounting to RM29,284,585 was declared on 28 November 2017 and paid on 11 January 2018.

B11. EARNINGS PER SHARE (“EPS”)

	Current Year Quarter 30.06.2018 (unaudited)	Preceding Year Corresponding Quarter 30.06.2017 (unaudited)	Current Year-to-Date 30.06.2018 (unaudited)	Preceding Year-to-Date 30.06.2017 (unaudited)
BASIC EPS				
Profit attributable to Owners of the parent (RM'000)	22,598	34,183	63,862	124,340
Weighted average number of ordinary shares ('000)				
At 1 October 2017/2016	562,902	419,444	562,902	419,444
Bonus elements of rights issue and bonus issue	-	105,113	-	105,113
Effect of exercise of warrants	19,270	5,453	19,270	5,453
At 30 June 2018/2017	582,172	530,010	582,172	530,010
BASIC EPS (sen)	3.88	6.45	10.97	23.46
DILUTED EPS				
Profit attributable to Owners of the parent (RM'000)	N/A	34,183	N/A	124,340
Adjusted weighted average number of ordinary shares in issue and issuable ('000)				
Weighted average number of ordinary shares	N/A	530,010	N/A	530,010
Adjustment for warrants	N/A	10,017	N/A	12,057
At 30 June 2018/2017	N/A	540,027	N/A	542,067
DILUTED EPS (sen)	N/A	6.33	N/A	22.94

Warrants expired on 30 December 2017. Thereafter, calculation of diluted EPS is not applicable.

B12. AUTHORISATION FOR ISSUE

The interim Financial Report were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 August 2018.