



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
INTERIM REPORT FOR THE FIRST QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

	(Unaudited) INDIVIDUAL QUARTER Current Year Quarter 31.12.2019 RM'000	(Unaudited) Preceding Year Corresponding Quarter 31.12.2018 RM'000	(Unaudited) CUMULATIVE QUARTER Current Year-to-Date 31.12.2019 RM'000	(Unaudited) Preceding Year-to-Date 31.12.2018 RM'000
Revenue	242,488	267,846	242,488	267,846
Cost of sales	(171,287)	(205,360)	(171,287)	(205,360)
Gross profit	71,201	62,486	71,201	62,486
Other income	7,914	16,862	7,914	16,862
Sales and marketing expenses	(2,817)	(12,512)	(2,817)	(12,512)
Administrative expenses	(18,897)	(16,740)	(18,897)	(16,740)
Other expenses	(3,227)	(2,994)	(3,227)	(2,994)
Profit from operations	54,174	47,102	54,174	47,102
Share of results of associates	(2,420)	1,597	(2,420)	1,597
Interest expenses	(7,810)	(7,639)	(7,810)	(7,639)
Profit before tax	43,944	41,060	43,944	41,060
Tax expense	(13,040)	(11,047)	(13,040)	(11,047)
Profit for the period	30,904	30,013	30,904	30,013
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign exchange translation differences	227	421	227	421
Other comprehensive income for the period	227	421	227	421
Total comprehensive income for the period	31,131	30,434	31,131	30,434
Profit attributable to:				
Owners of the parent	26,678	26,400	26,678	26,400
Non-controlling interests	4,226	3,613	4,226	3,613
	30,904	30,013	30,904	30,013
Total comprehensive income attributable to:				
Owners of the parent	26,906	27,069	26,906	27,069
Non-controlling interests	4,225	3,365	4,225	3,365
	31,131	30,434	31,131	30,434
Earnings per share				
Basic Earnings per ordinary share (sen)	4.61	4.56	4.61	4.56
Proposed/Declared Dividend per share (sen)	4.00	3.50	4.00	3.50

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 2019 and the accompanying explanatory notes attached to the interim Financial Report.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
INTERIM FINANCIAL REPORT AS AT 31 DECEMBER 2019**

	(Unaudited) 31.12.2019 RM'000	(Audited) 30.09.2019 RM'000
Assets		
Property, plant and equipment	440,499	447,612
Intangible assets	35,796	30,449
Prepaid lease payments	43,013	43,397
Investment properties	312,440	312,440
Investment in associates	12,570	14,990
Land held for property development	884,016	873,950
Deferred tax assets	41,920	47,383
Tax recoverable	1,148	1,148
Receivables, deposits and prepayments	38,148	36,162
Total Non-Current Assets	1,809,550	1,807,531
Property development costs	409,773	416,740
Inventories	195,777	193,850
Contract assets	253,917	281,298
Biological assets	5,469	5,182
Receivables, deposits and prepayments	201,598	229,730
Current tax assets	17,321	19,491
Cash, bank balances, term deposits and fixed income funds	428,018	405,156
	1,511,873	1,551,447
Non-current assets classified as held for sale	1,544	1,544
Total Current Assets	1,513,417	1,552,991
TOTAL ASSETS	3,322,967	3,360,522
Equity		
Share capital	654,459	654,459
Treasury shares	(9,637)	(9,637)
Translation reserve	(4,323)	(4,551)
Revaluation reserve	23,402	23,402
Retained earnings	978,891	952,213
Equity attributable to owners of the parent	1,642,792	1,615,886
Non-Controlling Interests	73,674	71,249
Total Equity	1,716,466	1,687,135
Liabilities		
Deferred tax liabilities	59,968	64,327
Provisions	15,114	14,562
Payables and accruals	309,712	309,712
Loans and borrowings	270,378	313,683
Total Non-Current Liabilities	655,172	702,284
Provisions	20,183	20,183
Contract liabilities	-	2,141
Payables and accruals	544,774	566,680
Loans and borrowings	376,889	371,081
Current tax liabilities	9,483	11,018
Total Current Liabilities	951,329	971,103
Total Liabilities	1,606,501	1,673,387
TOTAL EQUITY AND LIABILITIES	3,322,967	3,360,522
Net Assets per share attributable to shareholders of the Company (RM)*	2.84	2.79

* Net assets per share is calculated by dividing the total equity attributable to owners of the parent by the number of ordinary shares in issue, net of treasury shares at the reporting date.

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Report for the financial year ended 30 September 2019 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 2019

	< ----- Attributable to owners of the parent ----- >							
	----- Non-distributable -----			Distributable				
Group	Share Capital RM'000	Treasury Shares RM'000	Translation Reserve RM'000	Revaluation Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Financial period ended 31 December 2019								
At 1.10.2019 (audited)	654,459	(9,637)	(4,551)	23,402	952,213	1,615,886	71,249	1,687,135
Total comprehensive income for the period	-	-	228	-	26,678	26,906	4,225	31,131
Transactions with owners								
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,800)	(1,800)
At 31.12.2019 (unaudited)	654,459	(9,637)	(4,323)	23,402	978,891	1,642,792	73,674	1,716,466
Financial period ended 31 December 2018								
At 1.10.2018 (restated)	654,459	(5,438)	(6,790)	23,402	887,002	1,552,635	56,039	1,608,674
Total comprehensive income for the period	-	-	669	-	26,400	27,069	3,365	30,434
Transactions with owners								
Share buy back	-	(4,177)	-	-	-	(4,177)	-	(4,177)
At 31.12.2018 (restated)	654,459	(9,615)	(6,121)	23,402	913,402	1,575,527	59,404	1,634,931

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 2019 and the accompanying explanatory notes attached to the interim Financial Report.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
INTERIM REPORT FOR THE FIRST QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

	(Unaudited) 31.12.2019 RM'000	(Unaudited) 31.12.2018 RM'000
Cash Flows From/(Used In) Operating Activities		
Profit before tax	43,944	41,060
Adjustments for non-cash items	15,599	3,155
Operating profit before changes in working capital	59,543	44,215
Change in property development costs	5,876	19,480
Change in inventories	1,139	14,314
Change in contract assets	25,240	(33,956)
Change in receivables, deposits and prepayments	26,106	11,932
Change in payables and accruals	(24,331)	3,104
Cash generated from operations	93,573	59,089
Interest paid	(7,810)	(8,822)
Interest received	2,541	943
Tax paid	(13,572)	(13,301)
Tax refunded	2,507	-
Retirement benefits obligations paid	(687)	(556)
Net cash from operating activities	76,552	37,353
Cash Flows From/(Used In) Investing Activities		
Additions to land held for property development	(10,066)	(7,791)
Acquisition of property, plant and equipment	(2,263)	(6,279)
Additions to intangible assets	(5,347)	(497)
Subscription of shares in an associate	-	(5,000)
Proceeds from disposal of property, plant and equipment	18	124
Withdrawal of deposits with licensed banks	716	6,128
Net cash used in investing activities	(16,942)	(13,315)
Cash Flows From/(Used In) Financing Activities		
Dividend paid to non-controlling shareholders	(1,800)	-
Shares buy back	-	(4,175)
Net drawdown/(repayment) of bank borrowings	(29,414)	9,909
Payments of finance lease liabilities	(160)	(205)
Net cash (used in)/from financing activities	(31,374)	5,529
Net increase in cash and cash equivalents	28,236	29,567
Effect of exchange rate fluctuations	(3,591)	(230)
Cash and cash equivalents at beginning of the period	374,066	194,661
Cash and cash equivalents at end of the period	398,711	223,998

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 2019 and the accompanying explanatory notes attached to the interim Financial Report.



EXPLANATORY NOTES

A1. BASIS OF PREPARATION

The quarterly financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 – Interim Financial Reporting and Appendix 9B of the Bursa Malaysia Securities Berhad Listing Requirements, and should be read in conjunction with MKH Berhad’s audited financial statements for the financial year ended 30 September 2019.

CHANGES IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted for the annual financial statements for the financial year ended 30 September 2019 (“Annual Report 2019”) as well as those new and revised standards that take effects on annual financial period commencing on or after 1 October 2019. Adoption of new and revised Standards, Amendments and IC Interpretation are as follows:

MFRS 16	Leases
Amendments to MFRS 9	Prepayments Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long Term Interest in Associates and Joint Venture
Amendments to MFRSs	Annual Improvements to MFRSs 2015 – 2017 Cycle
IC Interpretation 23	Uncertainty Over Income Tax Treatments

The adoption of the abovementioned Standards, Amendments and IC Interpretation did not have any significant effect on this interim financial statement of the Group, except as disclosed below.

MFRS 16 *Leases*

MFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities, except for short-term leases and leases of low value assets. A lessee is required to recognise a right-of-use (“ROU”) asset representing its rights to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Standard will affect primarily the accounting for the Group leases previously recognised as operating leases under MFRS 117 *Leases*.

At the date of initial application, all ROU assets will be measured at an amount equal to the lease liabilities measured at present value of the remaining lease payments discounted using the incremental borrowing rate at the date of initial application.

The Group has applied the simplified transition approach and will not restate comparative amounts for the financial year prior to first adoption. ROU assets for property leases will be measured on transition as if the new rules had always been applied. The application of MFRS 16 has no material impact on the Group’s financial statements.

A1. BASIS OF PREPARATION (continued)

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:

MFRS 17	Insurance Contracts ²
MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards ¹
Amendments to MFRS 3	Definition of a Business ¹
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to MFRS 101 and MFRS 108	Definition of Material ¹

¹ Effective for annual periods beginning on or after 1 January 2020

² Effective for annual period beginning on or after 1 January 2021

³ Effective date deferred to a date to be announced by MASB

The directors anticipate that the abovementioned Standards, Amendments and IC Interpretation 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.

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 2019 in their report dated 26 December 2019.

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.

Treasury Shares

There is no purchase of treasury shares during the current quarter and the financial year-to-date. Total treasury shares repurchased cumulatively as at 31 December 2019 is 7,513,600 ordinary shares, representing a cumulative 1.28% of total paid up share capital in accordance with Section 127 of the Companies Act 2016. Since the end of the current quarter ended 31 December 2019, there is no repurchase of treasury share.

A7. DIVIDEND PAID

A first interim single tier dividend of 4.0 sen per ordinary share in respect of financial year ended 30 September 2019 amounting to RM23,161,383 was declared on 27 November 2019 and paid on 3 January 2020.

A8. OPERATING SEGMENTS

(a) Segment Analysis – Business Segments

Financial period ended 31 December 2019

	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	161,066	53,265	7,401	18,114	1,984	-	658	-	242,488
Inter-segment revenue	-	1,356	-	-	-	56,659	-	(58,015)	-
Total segment revenue	161,066	54,621	7,401	18,114	1,984	56,659	658	(58,015)	242,488
Results									
Operating result [#]	34,734	13,150	2,457	514	589	10,664	235	(10,710)	51,633
Interest expense*	(10,542)	(3,632)	(447)	(2)	-	(8,887)	(1,235)	16,935	(7,810)
Interest income**	2,646	117	-	45	64	5,891	3	(6,225)	2,541
Share of results of associates	(2,420)	-	-	-	-	-	-	-	(2,420)
Segment result	24,418	9,635	2,010	557	653	7,668	(997)	-	43,944
Tax expense									(13,040)
Profit for the period									30,904
Assets									
Segment assets	2,223,497	513,183	365,410	23,694	29,661	50,217	44,346	-	3,250,008
Investment in associates	12,570	-	-	-	-	-	-	-	12,570
Deferred tax assets									41,920
Tax recoverable									1,148
Current tax assets									17,321
Total assets									3,322,967
Liabilities									
Segment liabilities	1,028,580	242,707	39,093	6,171	3,329	216,035	1,135	-	1,537,050
Deferred tax liabilities									59,968
Current tax liabilities									9,483
Total liabilities									1,606,501
Other segment information									
Depreciation and amortisation	266	7,838	744	11	179	78	762	-	9,878
Additions to non-current assets other than financial instruments and deferred tax assets	15,464	1,949	156	-	5	-	102	-	17,676
* Included inter-company interest expense	7,778	1,574	71	1	-	6,276	1,235	(16,935)	-
** Included inter-company interest income	(747)	-	-	-	-	(5,478)	-	6,225	-
# Included unrealised foreign exchange gains	-	(3,041)	-	-	-	(107)	-	-	(3,148)
# Included realised foreign exchange losses	-	157	-	-	9	95	-	-	261

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 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	170,936	60,242	7,831	24,881	3,244	-	712	-	267,846
Inter-segment revenue	-	940	-	20	-	20,708	-	(21,668)	-
Total segment revenue	170,936	61,182	7,831	24,901	3,244	20,708	712	(21,668)	267,846
Results									
Operating result [#]	27,844	14,040	3,075	1,198	519	9,982	294	(10,793)	46,159
Interest expense*	(9,910)	(4,644)	(529)	(1)	-	(8,791)	(895)	17,131	(7,639)
Interest income**	1,479	113	21	2	194	5,467	5	(6,338)	943
Share of results of associates	1,597	-	-	-	-	-	-	-	1,597
Segment result	21,010	9,509	2,567	1,199	713	6,658	(596)	-	41,060
Tax expense									(11,047)
Profit for the period									30,013
Assets									
Segment assets	2,176,873	508,092	371,987	33,758	28,533	30,092	42,465	-	3,191,800
Investment in associates	20,848	-	-	-	-	-	-	-	20,848
Deferred tax assets									51,927
Tax recoverable									1,113
Current tax assets									20,774
Total assets									3,286,462
Liabilities									
Segment liabilities	1,082,141	266,720	45,770	12,312	3,986	167,042	1,129	-	1,579,100
Deferred tax liabilities									64,287
Current tax liabilities									8,144
Total liabilities									1,651,531
Other segment information									
Depreciation and amortisation	335	7,618	661	11	183	108	338	-	9,254
Additions to non-current assets other than financial instruments and deferred tax assets	8,402	5,509	656	-	-	-	-	-	14,567
* Included inter-company interest expense	7,836	2,023	40	-	-	6,338	895	(17,132)	-
** Included inter-company interest income	(971)	-	-	-	-	(5,367)	-	6,338	-
# Included unrealised foreign exchange gains	-	(9,387)	-	-	-	-	-	-	(9,387)
# Included realised foreign exchange gains	-	(1,231)	-	-	(48)	(53)	-	-	(1,332)

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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Malaysia	187,239	204,360	1,284,460	1,234,739
The Peoples' Republic of China	1,984	3,244	18,398	19,536
Republic of Indonesia	53,265	60,242	412,906	412,906
	<u>242,488</u>	<u>267,846</u>	<u>1,715,764</u>	<u>1,667,181</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.

A12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

- (a) As at 17 February 2020, 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 2019 recorded a decrease of approximately RM15.1 million. Total credit facilities granted to subsidiaries with corporate guarantees issued by the Company to the lenders and utilised by subsidiaries as at 17 February 2020 was approximately RM863.0 million and RM623.4 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. The objection letter has been rejected by tax appeal office in Balikpapan, Indonesia. On 19 December 2018, PTMKH filed an appeal to tax court in Jakarta, Indonesia.

Based on consultation with the local tax experts, the directors of PTMKH are of the opinion that PTMKH has a valid defense against DGT’s assessment for both years of assessment 2012 and 2013. Accordingly, PTMKH has not made any adjustments in respect of the tax assessments in the financial statements.

- (d) On 11 January 2019, the recipient of KTM Komuter Station, Perbadanan Aset Keretapi (“PAK”) has issued a certificate of non-completion (“CNC”) to Srijang Kemajuan Sdn Bhd (“SKSB”), a 99.99% owned subsidiary of the Company and stating that SKSB has failed to complete the construction of KTM Komuter Station (“Construction Works”) by 10 December 2016 and therefore PAK is entitled to impose liquidated ascertained damages (“LAD”) pursuant to the Development cum Lease Agreement (“DCLA”) dated 12 October 2012 entered between PAK and SKSB. The LAD will be calculated daily at a rate of RM4,438.36 from the revised completion date on 10 December 2016 (extension of time number 1) until the completion of the Construction Works.

On 28 February 2019, SKSB has written to dispute the validity of the CNC on the grounds that SKSB had on 10 January 2017 submitted extension of time (“EOT”) number 2 of which PAK has yet to assess SKSB’s application for EOT number 2 and on the same day, SKSB submitted EOT number 3 in view of the delay by relevant authorities in approving the change of building design and use of building materials. On 19 August 2019, PAK granted SKSB’s EOT number 2, for a period of up to 8 January 2017 (“EOT 2”).

Based on legal opinion obtained, the directors of SKSB are of the opinion that SKSB’s LAD could not be estimated until and unless PAK has completed the assessment of EOT number 3 as the date by which SKSB is required to complete the Construction Works remains uncertain. In view of the uncertainty, there is no date from which the LAD could be computed and PAK’s right to impose LAD pursuant to DCLA cannot be triggered. Accordingly, SKSB has not made any provision in the financial statements and only disclosed as contingent liabilities. Based on EOT 2, the potential LAD as at 31 December 2019 will be approximately RM4.8 million.

On 13 January 2020, SKSB has written to appeal for the EOT 2 to be extended to 30 December 2017 instead of 8 January 2017.

A13. CAPITAL COMMITMENTS

The capital commitment of the Group is as follows:

	As at 31.12.2019 RM'000
Approved, contracted but not provided for:	
- Intangible asset for property development division	25,430
Approved but not contracted and not provided for:	
- Property, plant and equipment for plantation division	4,907
	<u>30,337</u>

A14. RELATED PARTY TRANSACTIONS

There were no related party transactions in the current quarter and the financial year-to-date.

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
	31.12.2019 RM'000	31.12.2018 RM'000	RM'000	31.12.2019 RM'000	31.12.2018 RM'000	RM'000
Revenue	242,488	267,846	(25,358)	242,488	267,846	(25,358)
Operating profit	51,633	46,160	5,473	51,633	46,160	5,473
Profit before interest and tax	49,213	47,757	1,456	49,213	47,757	1,456
Profit before tax	43,944	41,060	2,884	43,944	41,060	2,884
Profit after tax	30,904	30,013	891	30,904	30,013	891
Profit attributable to ordinary equity holders of the Parent	26,678	26,400	278	26,678	26,400	278

(i) First quarter ended 31 December 2019

Despite the lower revenue of RM242.5 million in the current quarter as compared to the preceding year corresponding quarter of RM267.8 million, the Group achieved higher profit before tax of RM43.9 million in the current quarter as compared to the preceding year corresponding quarter of RM41.1 million.

The increase in the Group's profit before tax by 6.8% was mainly due to higher gross profit from the plantation division as a result of higher average selling price of crude palm oil ("CPO") and contribution from the ongoing projects by the property and construction division.

The performance commentary by Segments as follows:

Property and construction

Despite the lower revenue of RM161.1 million for the current quarter as compared to the preceding year correspondence quarter of RM170.9 million, the division achieved higher profit before tax of RM24.4 million for the current quarter as compared to the preceding year correspondence quarter of RM21.0 million mainly due to lower sales and marketing expenses, following the adoption of MFRS 15 Revenue from Contract with Customers ("MFRS15"), with lower charged out of legal fees and sales commission expenses to income statement as mentioned in the immediate preceding quarter.

As at 31.12.2019, the Group has locked-in unbilled sales value of RM1.0 billion 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 (RM35.0 million), Kajang 2 Precinct 2 (RM34.0 million), Hillpark Residence (RM24.9 million), TR Residence (RM179.8 million), Inspirasi @ Mont Kiara (RM308.9 million), Kajang East Precinct 1 (RM94.4 million), MKH Boulevard II (RM95.8 million), NEXUS @ Kajang Station (RM239.4 million) and Bandar Teknologi Kajang (RM2.9 million).

Plantation

This division recorded lower revenue of RM53.3 million in the current quarter as compared to the preceding year correspondence quarter of RM60.2 million mainly due to lower CPO sales volume of 23,500MT (included CPO trading sales volume of 500MT) in the current quarter as compared to the preceding correspondence quarter of 29,300MT (included CPO trading sales volume of 2,800MT).

The profit before tax of RM9.6 million (included unrealised foreign exchange gains of RM3.0 million) in the current quarter was similar to the preceding year correspondence quarter of RM9.5 million (included unrealised foreign exchange gains of RM9.4 million). Excluding the unrealised foreign exchange gains, this division recorded profit before tax of RM6.6 million in the current quarter as compared to RM0.1 million in the preceding year correspondence quarter due to higher average selling price of CPO as mentioned below.

Palm oil plantation's production key indicators:

As at 31 December 2019	Q1	YTD 2020
Total land area (hectares)		18,388
Planted area (hectares)		16,408
Mature area (hectares)		15,873
Fresh Fruit Bunches produced by (MT)		
Own estates	114,780	114,780
External	5,165	5,165
	119,945	119,945
Crude Palm Oil (MT)	25,112	25,112
Palm Kernel (MT)	4,932	4,932
Average CPO price/MT	2,069	2,069
Average PK price/MT	998	998

As at 30 September 2019	Q1	Q2	Q3	Q4	Year 2019
Total land area (hectares)					18,388
Planted area (hectares)					16,408
Mature area (hectares)					15,623
Fresh Fruit Bunches produced by (MT)					
Own estates	115,029	107,053	120,751	116,389	459,222
External	4,281	4,325	3,726	5,390	17,722
	119,310	111,378	124,477	121,779	476,944
Crude Palm Oil (MT)	21,751	24,503	27,101	26,366	99,721
Palm Kernel (MT)	3,972	4,448	5,187	5,292	18,899
CPO average price RM/MT	1,879	1,777	1,870	1,876	1,856
PK average price RM/MT	1,293	1,254	982	972	1,102

Hotel and property investment

This division recorded lower revenue and profit before tax of RM7.4 million and RM2.0 million for the current quarter as compared to the preceding year correspondence quarter of RM7.8 million and RM2.6 million respectively due to reduction in average rental rates for certain tenants in order to sustain the occupancy rates and the newly refurbished 3-star hotel namely RHR Hotel @ Kajang has yet to achieve its breakeven occupancy rates.

Trading

This division recorded lower revenue and profit before tax of RM18.1 million and RM0.6 million for the current quarter as compared to the preceding year correspondence quarter of RM24.9 million and RM1.2 million respectively mainly due to higher product mixed of low profit margin building materials.

Manufacturing

This division recorded lower revenue of RM2.0 million in the current quarter as compared to the preceding correspondence quarter of RM3.2 million mainly due to lower sales orders. The shortfall in gross profit from the lower sales orders was mitigated by higher income from rental of land and buildings, consequently, this division's profit before tax was maintained at RM0.7 million.

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 2019 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

	Current Quarter 31.12.2019 RM'000	Immediate Preceding Quarter 30.9.2019 RM'000	Changes RM'000
Revenue	242,488	307,133	(64,645)
Operating profit	51,633	48,385	3,248
Profit before interest and tax	49,213	46,360	2,853
Profit before tax	43,944	38,666	5,278
Profit after tax	30,904	13,105	17,799
Profit attributable to ordinary equity holders of the parent	26,678	10,154	16,524

The Group recorded lower revenue of RM242.5 million in the current quarter as compared to the preceding quarter of RM307.1 million, representing a decrease by 21.1% was mainly due to lower revenue contribution from the property and construction division following the handing over vacant possession of The Palm in Hill Park Shah Alam and Saville @ D' Lake Puchong in the preceding quarter. Consequently, the profit before tax from this division also lower coupled with absence of the effect on adoption of MFRS15 as mentioned in the preceding quarter. The lower profit before tax by RM14.7 million from the property and construction division was mitigated by the contribution from the plantation division and the hotel & property investment division.

The plantation division recorded a turnaround from a loss before tax of RM2.7 million (included unrealised foreign exchange losses of RM0.9 million) in the preceding quarter to a profit before tax of RM9.6 million (included unrealised foreign exchange gains of RM3.0 million) in the current quarter due to higher average selling price for CPO of RM2,069 per MT in the current quarter as compared to the preceding quarter of RM1,876 per MT and lower average production cost.

The hotel & property investment division recorded a turnaround from a loss before tax of RM4.1 million in the preceding quarter to a profit before tax of RM2.0 million in the current quarter mainly due to inclusion of loss on changes in fair value of investment properties totaling RM6.2 million in the preceding quarter.

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 2020 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 RM1.0 billion. 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 (CPO) prices have been rebounded and is currently trading above RM2,400 per MT (active month) at the Malaysia Derivatives Exchange which augurs well for the Plantation Division. The CPO price is expected to be well supported following the expected tightness in CPO supply in 2020 and adoption of B20 and B30 biodiesel mandate in Malaysia and Indonesia respectively which further contribute to the increase in the demand for CPO. We would continue to focus on the estate management to further increase the production efficiencies including oil extraction rate and maximising the utilisation of the CPO mill to further capitalise on the higher CPO price.
- 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 2019.

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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 31.12.2019 RM'000	Financial year-to-date 31.12.2019 RM'000
Amortisation of prepaid lease payments	(378)	(378)
Depreciation of property, plant and equipment	(9,500)	(9,500)
Interest expenses	(7,810)	(7,810)
<i>Other expenses</i>		
Property, plant and equipment written off	(202)	(202)
Inventories written off	(4)	(4)
Net gain on foreign exchange - realised	(261)	(261)
<i>Other income</i>		
Net gain on foreign exchange - unrealised	3,148	3,148
Interest income	2,541	2,541
Reversal of impairment loss on trade and loan receivables	3	3
Gain arising from changes in biological assets	287	287
Gain on disposal of property, plant and equipment	18	18

(ii) CASH AND CASH EQUIVALENTS

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

	(Unaudited) 31.12.2019 RM'000	(Unaudited) 31.12.2018 RM'000
Cash and bank balances	149,751	92,865
Cash held under housing development accounts	227,036	126,547
Cash held under sinking fund accounts	10	7
Deposits with licensed banks	9,545	6,738
Short term funds	41,676	25,892
Bank overdrafts	(6,226)	(5,904)
	<u>421,792</u>	<u>246,145</u>
Less: Non short term and highly liquid fixed deposits	(7,334)	(3,851)
Less: Deposits and bank balances pledged for credit facilities	(15,747)	(18,296)
	<u>398,711</u>	<u>223,998</u>

B6. TAX EXPENSE

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current	Preceding
	Quarter	Corresponding Quarter	Year-to-Date	Year-to-Date
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Current tax				
- Current financial year	10,967	13,361	10,967	13,361
- Prior financial year	734	-	734	-
Deferred tax				
- Current financial year	1,511	(2,098)	1,511	(2,098)
- Prior financial year	(172)	(216)	(172)	(216)
	13,040	11,047	13,040	11,047

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 and non-recognition of certain tax benefits from unabsorbed tax losses incurred prior to launch of projects.

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 31 December 2019 are as follows:

	Proposed Utilisation	Actual Utilisation	Deviation	Intended Time Frame
	RM'000	RM'000	RM'000	
Infrastructure and property development	37,190	31,570	5,620	Within 40 months [^]
Payment of land owners' entitlements	20,000	20,000	-	Completed
Construction of KTM Komuter station	21,400	8,935	12,465	Within 40 months [#]
Working capital	372	372	-	Completed
Estimated expenses for the rights with bonus issue	1,600	1,600	-	Completed
	80,562	62,477	18,085	

[^] Construction works completed and pending finalisation of claims.

[#] Construction works in progress.

The Board has resolved to extend further the time frame for the utilisation of the proceeds raised from the rights with bonus issue for another 10 months period from 30 November 2019 (1st revised time frame) up to 30 September 2020.

B8. GROUP BORROWINGS AND DEBT SECURITIES

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

	Long term		Short term		Total borrowings	
	Foreign currency 000	RM Equivalent RM'000	Foreign currency 000	RM Equivalent RM'000	Foreign currency 000	RM Equivalent RM'000
As at 31 December 2019						
<u>Secured</u>						
<u>Denominated in USD</u>						
Term loans	19,690	80,351	5,960	24,441	25,650	104,792
Revolving credits	-	-	15,000	61,512	15,000	61,512
<u>Denominated in RM</u>						
Term loans	-	48,457	-	1,538	-	49,995
Revolving credits	-	140,944	-	118,000	-	258,944
Bank overdraft	-	-	-	4,418	-	4,418
<u>Unsecured</u>						
<u>Denominated in USD</u>						
Term loans	-	-	3,200	13,123	3,200	13,123
Revolving credits	-	-	2,100	8,603	2,100	8,603
<u>Denominated in RM</u>						
Revolving credits	-	-	-	143,000	-	143,000
Bank overdraft	-	-	-	1,808	-	1,808
<u>Finance lease liabilities</u>						
<u>Denominated in RM</u>	-	626	-	446	-	1,072
Total		270,378		376,889		647,267

	Long term		Short term		Total borrowings	
	Foreign currency 000	RM Equivalent RM'000	Foreign currency 000	RM Equivalent RM'000	Foreign currency 000	RM Equivalent RM'000
As at 31 December 2018						
<u>Secured</u>						
<u>Denominated in USD</u>						
Term loans	32,850	125,514	5,060	30,896	37,910	156,410
Revolving credits	-	-	12,614	52,241	12,614	52,241
<u>Denominated in RM</u>						
Term loans	-	61,267	-	32,730	-	93,997
Revolving credits	-	166,068	-	99,000	-	265,068
Bank overdraft	-	-	-	5,904	-	5,904
<u>Unsecured</u>						
<u>Denominated in USD</u>						
Term loans	-	-	2,000	8,283	2,000	8,283
<u>Denominated in RM</u>						
Revolving credits	-	-	-	100,100	-	100,100
<u>Finance lease liabilities</u>						
<u>Denominated in RM</u>	-	798	-	684	-	1,482
Total		353,647		329,838		683,485

B9. MATERIAL LITIGATION

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

B10. DIVIDEND

The Board of Directors has approved a first interim single tier dividend of 4.0 sen per ordinary share on 27 November 2019 for the financial year ended 30 September 2019 amounting to RM23,161,383 was declared on 27 November 2019 and paid on 3 January 2020.

B11. EARNINGS PER SHARE ("EPS")

	Current Year	Preceding Year	Current	Preceding
	Quarter	Corresponding	Year-to-Date	Year-to-Date
	31.12.2019	Quarter	31.12.2019	31.12.2018
		(restated)		(restated)
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
BASIC EPS				
Profit attributable to Owners of the parent (RM'000)	26,678	26,400	26,678	26,400
Weighted average number of ordinary shares ('000)				
At 1 October 2019/2018	586,548	586,548	586,548	586,548
Treasury shares	(7,514)	(7,495)	(7,514)	(7,495)
At 31 December 2019/2018	579,034	579,053	579,034	579,053
BASIC EPS (sen)	4.61	4.56	4.61	4.56

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 26 February 2020.