



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
INTERIM REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 JUNE 2023**

	(Unaudited) INDIVIDUAL QUARTER Current Year Quarter 30.06.2023 RM'000	(Unaudited) Preceding Year Corresponding Quarter 30.06.2022 RM'000	(Unaudited) CUMULATIVE QUARTER Current Year-to-Date 30.06.2023 RM'000	(Unaudited) Preceding Year-to-Date 30.06.2022 RM'000
Revenue	273,686	256,482	750,832	708,720
Cost of sales	(211,242)	(167,969)	(577,244)	(474,093)
Gross profit	62,444	88,513	173,588	234,627
Other income	9,857	3,144	13,406	14,008
Sales and marketing expenses	(4,629)	(4,601)	(13,455)	(13,233)
Administrative expenses	(21,078)	(24,248)	(64,838)	(63,694)
Other expenses	(3,299)	(4,138)	(9,923)	(11,297)
Profit from operations	43,295	58,670	98,778	160,411
Share of results of associates	29	(196)	2,908	1,085
Interest expenses	(4,879)	(4,454)	(15,150)	(14,548)
Profit before tax	38,445	54,020	86,536	146,948
Tax expense	(13,792)	(14,350)	(25,868)	(37,793)
Profit for the period	24,653	39,670	60,668	109,155
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign exchange translation differences	14,321	1,794	7,855	2,651
	14,321	1,794	7,855	2,651
<i>Items that will not reclassified subsequently to profit or loss:</i>				
Remeasurement losses on defined benefit plans	(697)	-	(697)	-
Income tax relating to components of other comprehensive expense	153	-	153	-
	(544)	-	(544)	-
Other comprehensive income for the period	13,777	1,794	7,311	2,651
Total comprehensive income for the period	38,430	41,464	67,979	111,806
Profit attributable to:				
Owners of the parent	21,635	32,637	55,870	97,720
Non-controlling interests	3,018	7,033	4,798	11,435
	24,653	39,670	60,668	109,155
Total comprehensive income attributable to:				
Owners of the parent	34,763	34,335	62,864	100,272
Non-controlling interests	3,667	7,129	5,115	11,534
	38,430	41,464	67,979	111,806
Earnings per share				
Basic Earnings per ordinary share (sen)	3.75	5.65	9.68	16.92
Proposed/Declared Dividend per share (sen)	-	-	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 2022 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 2023

	(Unaudited) 30.06.2023	(Audited) 30.09.2022
Assets	RM'000	RM'000
Property, plant and equipment	391,817	395,407
Right-of-use asset	17,203	17,444
Intangible assets	69,303	62,442
Prepaid lease payments	38,257	39,334
Investment properties	367,376	367,376
Investment in associates	25,243	25,935
Other investment	1,170	776
Land held for property development	850,031	878,683
Deferred tax assets	24,363	31,473
Receivables, deposits and prepayments	32,022	27,296
Total Non-Current Assets	1,816,785	1,846,166
Property development costs	418,815	474,365
Inventories	131,445	151,282
Contract assets	368,128	305,449
Contract cost assets	29,347	28,237
Biological assets	6,124	5,917
Receivables, deposits and prepayments	201,999	203,463
Current tax assets	17,349	12,382
Cash, bank balances, term deposits and short-term placements	328,944	391,251
	1,502,151	1,572,346
Non-current assets classified as held for sale	-	346
Total Current Assets	1,502,151	1,572,692
TOTAL ASSETS	3,318,936	3,418,858
Equity		
Share capital	654,459	654,459
Treasury shares	(11,112)	(11,112)
Translation reserve	15,150	7,641
Revaluation reserve	27,359	27,359
Retained earnings	1,161,452	1,129,194
Equity attributable to owners of the parent	1,847,308	1,807,541
Non-Controlling Interests	93,378	132,803
Total Equity	1,940,686	1,940,344
Liabilities		
Deferred tax liabilities	50,854	53,851
Provisions	18,723	15,706
Payables and accruals	297,444	292,444
Lease liability	19,127	18,902
Loans and borrowings	105,435	102,957
Total Non-Current Liabilities	491,583	483,860
Provisions	20,587	20,587
Contract liabilities	8,160	6,071
Payables and accruals	619,903	664,152
Lease liability	482	482
Loans and borrowings	233,367	298,342
Current tax liabilities	4,168	5,020
Total Current Liabilities	886,667	994,654
Total Liabilities	1,378,250	1,478,514
TOTAL EQUITY AND LIABILITIES	3,318,936	3,418,858
Net Assets per share attributable to shareholders of the Company (RM)*	3.20	3.13

* 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 2022 and the accompanying explanatory notes attached to the interim Financial Report.



MKH BERHAD (Registration No. 197901006663 (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 2023

	< ----- Attributable to owners of the parent ----- >						Non-Controlling Interests	Total Equity
	< -----Non-distributable ----- >			Distributable		Total		
Group	Share Capital	Treasury Shares	Translation Reserve	Revaluation Reserve	Retained Earnings		RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Financial period ended 30 June 2023								
At 1.10.2022 (audited)	654,459	(11,112)	7,641	27,359	1,129,194	1,807,541	132,803	1,940,344
Total comprehensive income for the period	-	-	7,509	-	55,355	62,864	5,115	67,979
Transactions with owners								
Dividends	-	-	-	-	(23,097)	(23,097)	-	(23,097)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(33,786)	(33,786)
Issuance of shares by subsidiary to non-controlling shareholder	-	-	-	-	-	-	87	87
Redeemable preference shares redeem to non-controlling shareholder	-	-	-	-	-	-	(5,250)	(5,250)
Realisation of bonus shares to non-controlling shareholder	-	-	-	-	-	-	(5,591)	(5,591)
At 30.06.2023 (unaudited)	654,459	(11,112)	15,150	27,359	1,161,452	1,847,308	93,378	1,940,686
Financial period ended 30 June 2022								
At 1.10.2021 (audited)	654,459	(11,112)	(678)	27,359	1,036,041	1,706,069	138,702	1,844,771
Total comprehensive income for the period	-	-	2,552	-	97,720	100,272	11,534	111,806
Transactions with owners								
Dividends	-	-	-	-	(20,210)	(20,210)	-	(20,210)
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	(25,541)	(25,541)
Issuance of shares by subsidiary to non-controlling shareholder	-	-	-	-	-	-	5,125	5,125
At 30.06.2022 (unaudited)	654,459	(11,112)	1,874	27,359	1,113,551	1,786,131	129,820	1,915,951

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 2022 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 2023**

	(Unaudited) 30.06.2023 RM'000	(Unaudited) 30.06.2022 RM'000
Cash Flows From/(Used In) Operating Activities		
Profit before tax	86,536	146,948
Adjustments for non-cash items	37,244	36,402
Operating profit before changes in working capital	123,780	183,350
Change in property development costs	87,340	15,492
Change in inventories	23,705	(12,706)
Change in contract assets	(62,679)	(16,350)
Change in contract cost assets	(1,111)	(1,432)
Change in receivables, deposits and prepayments	(3,132)	32,340
Change in contract liabilities	2,089	5,229
Change in payables and accruals	(40,089)	(11,865)
Cash generated from operations	129,903	194,058
Interest received	4,447	2,512
Interest paid	(14,494)	(13,902)
Tax paid	(27,422)	(52,773)
Retirement benefits obligations paid	(1,260)	(1,847)
Net cash from operating activities	91,174	128,048
Cash Flows From/(Used In) Investing Activities		
Acquisition of other investment	(118)	(1,987)
Acquisition of property, plant and equipment	(16,853)	(10,028)
Acquisition of non-controlling interests in subsidiaries	-	(1)
Additions to intangible assets	(6,000)	-
Additions to land held for property development	(7,178)	(39,829)
Withdrawal of deposits with licensed banks	1,249	7,488
Proceeds from disposal of other investment	115	1,219
Subscription of shares in associates	-	(12,049)
Proceeds from disposal of property, plant and equipment	451	242
Dividend received	10	4
Proceeds from capital reduction in an associate	3,600	-
Deposit and consideration paid for the acquisition and joint venture of development lands	-	(15,000)
Proceeds from disposal of subsidiary	-	229
Proceeds from disposal of non-current assets classified as held for sale	367	1,730
Net cash used in investing activities	(24,357)	(67,982)
Cash Flows From/(Used In) Financing Activities		
Dividend paid	(23,097)	(20,210)
Dividend paid to non-controlling interests	(33,785)	(25,541)
Net repayment of bank borrowings	(63,639)	(101,436)
Payments of hire purchase liabilities	(889)	(228)
Payments of lease liability	(431)	(419)
Proceeds from issuance of shares by a subsidiary to non-controlling shareholders	87	5,125
Realisation of bonus shares to non-controlling shareholder	(5,591)	-
Redemption of redeemable preference shares by subsidiary to non-controlling shareholders	(5,250)	-
Net cash used in financing activities	(132,595)	(142,709)
Net decrease in cash and cash equivalents	(65,778)	(82,643)
Effect of exchange rate fluctuations	4,700	(1,764)
Cash and cash equivalents at beginning of the period	389,960	412,111
Cash and cash equivalents at end of the period	328,882	327,704

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 2022 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 2022.

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 2022 (“Annual Report 2022”) as well as amendments to MFRSs that take effects on annual financial year commencing on or after 1 October 2022. Adoption of amendments to MFRSs are as follows:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds Before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020

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

MFRS 17	Insurance Contracts ¹
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to MFRS 17	Insurance Contracts ¹
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information ¹
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ²
Amendments to MFRS 101	Disclosure of Accounting Policies ¹
Amendments to MFRS 101	Non-current Liabilities with Covenants ²
Amendments to MFRS 107	Supplier Financing Arrangements ²
Amendments to MFRS 107 and MFRS 7	International Tax Reform – Pillar Two Model Rulers ³
Amendments to MFRS 108	Definition of Accounting Estimates ¹
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2024.

³ Immediately for Para 4A and 88A and effective for annual period beginnings on or after 1 January 2023 for Para 88B – 88D

⁴ Effective date deferred to a date to be announced by MASB.

The directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group when they become effective. The adoption of these Standards and amendments may have an impact on the financial statements of the Group in the period of initial application. However, it is not practicable to provide a reasonable estimate of these effect from the adoption of the said MFRSs and amendments to MFRSs until the Group undertake a detailed review.

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 2022 in their report dated 22 December 2022.

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 30 June 2023 is 9,132,300 ordinary shares, representing a cumulative 1.56% of total paid up share capital in accordance with Section 127 of the Companies Act 2016. Since the end of the current quarter ended 30 June 2023, 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 2022 amounting to RM23,096,635 was declared on 29 November 2022 and paid on 6 January 2023.

A8. OPERATING SEGMENTS

(a) Segment Analysis – Business Segments

Financial period ended 30 June 2023

	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	406,464	244,784	24,334	70,975	2,171	-	2,104	-	750,832
Inter-segment revenue	-	10,817	2,287	1	-	129,986	-	(143,091)	-
Total segment revenue	406,464	255,601	26,621	70,976	2,171	129,986	2,104	(143,091)	750,832
Results									
Operating result [#]	48,887	32,616	8,777	2,721	1,381	12,350	1,021	(13,546)	94,207
Interest expense*	(17,334)	(3,573)	(801)	(16)	-	(9,336)	(1,221)	17,131	(15,150)
Interest income**	6,041	557	61	111	323	1,048	15	(3,585)	4,571
Share of results of associates	2,904	-	-	4	-	-	-	-	2,908
Segment result	40,498	29,600	8,037	2,820	1,704	4,062	(185)	-	86,536
Tax expense									(25,868)
Profit for the period									60,668
Assets									
Segment assets	2,133,186	519,168	414,590	44,613	41,371	50,413	48,640	-	3,251,981
Investment in associates	25,192	-	-	51	-	-	-	-	25,243
Deferred tax assets									24,363
Current tax assets									17,349
Total assets									3,318,936
Liabilities									
Segment liabilities	1,015,017	63,544	29,189	15,258	3,118	195,994	1,108	-	1,323,228
Deferred tax liabilities									50,854
Current tax liabilities									4,168
Total liabilities									1,378,250
Other segment information									
Depreciation and amortisation	983	25,635	1,871	34	716	65	69	-	29,373
Additions to non-current assets other than financial instruments and deferred tax assets	14,256	16,518	1,002	242	3	-	4	-	32,025
* Included inter-company interest expense	9,236	3,418	77	16	-	3,163	1,221	(17,131)	-
** Included inter-company interest income	(2,997)	-	-	-	-	(588)	-	3,585	-
# Included unrealised foreign exchange gains	-	(2,518)	-	-	-	-	-	-	(2,518)
# Included realised foreign exchange losses/(gains)	-	426	(1)	-	(9)	7	-	-	423

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 2022

	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	370,339	251,265	21,698	59,790	3,424	-	2,204	-	708,720
Inter-segment revenue	9,270	12,967	1,966	30	-	96,435	-	(120,668)	-
Total segment revenue	379,609	264,232	23,664	59,820	3,424	96,435	2,204	(120,668)	708,720
Results									
Operating result [#]	67,225	76,892	7,463	2,123	2,182	20,248	756	(18,991)	157,898
Interest expense*	(22,030)	(4,578)	(790)	(7)	-	(13,959)	(1,697)	28,513	(14,548)
Interest income**	3,788	519	38	35	276	7,367	12	(9,522)	2,513
Share of results of associates	1,087	-	-	(2)	-	-	-	-	1,085
Segment result	50,070	72,833	6,711	2,149	2,458	13,656	(929)	-	146,948
Tax expense									(37,793)
Profit for the period									109,155
Assets									
Segment assets	2,219,012	522,935	402,273	34,825	40,980	18,896	47,936	-	3,286,857
Investment in associates	25,573	-	-	47				-	25,620
Deferred tax assets									27,915
Current tax assets									8,933
Total assets									3,349,325
Liabilities									
Segment liabilities	1,015,018	93,579	32,705	8,357	3,103	222,313	1,122	-	1,376,197
Deferred tax liabilities									51,246
Current tax liabilities									5,931
Total liabilities									1,433,374
Other segment information									
Depreciation and amortisation	879	24,273	2,021	20	532	56	97		27,878
Additions to non-current assets other than financial instruments and deferred tax assets	12,371	8,998	230	2	33	-	-	-	21,634
* Included inter-company interest expense	13,745	3,430	106	7	-	9,528	1,697	(28,513)	-
** Included inter-company interest income	(2,316)	-	-	-	-	(7,206)	-	9,522	-
# Included unrealised foreign exchange losses	-	(1,233)	-	-	-	-	-	-	(1,233)
# Included realised foreign exchange (gains)/losses	-	222	(8)	-	(91)	84	-	-	207

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	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Malaysia	503,877	454,031	1,349,077	1,370,917
The Peoples' Republic of China	2,171	3,424	19,252	20,533
Republic of Indonesia	244,784	251,265	365,658	361,952
	<u>750,832</u>	<u>708,720</u>	<u>1,733,987</u>	<u>1,753,402</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 18 August 2023, 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 2022 recorded a decrease of approximately RM24.9 million. Total credit facilities granted to subsidiaries with corporate guarantees issued by the Company to the lenders and utilised by subsidiaries as at 18 August 2023 was approximately RM733.1 million and RM321.3 million respectively.

A12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS (CONT'D)

- (b) 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 (“EOT 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”).

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.

On 15 June 2020, SKSB submitted EOT number 4 (“EOT 4”), for period from 11 April 2020 to 1 July 2020 together with the above mentioned EOT 2 (period from 11 December 2016 to 30 December 2017) and EOT 3 (period from 31 December 2017 to 10 April 2020).

On 23 November 2021, SKSB submitted EOT number 5 (“EOT 5”), or period from 10 June 2020 to 17 October 2021 together with the above mentioned EOT 2, EOT 3 and EOT 4.

On 13 March 2023, SKSB has handed over vacant possession of the KTM Komuter Station to PAK. SKSB will submit EOT number 6 in due course.

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 3, EOT 4 and EOT 5 as the date by which SKSB is required to complete the Construction Works remains uncertain.

In view of the uncertainty, there is no revised completion 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.

A13. CAPITAL COMMITMENTS

The capital commitment of the Group is as follows:

	As at 30.06.2023 RM'000
Approved, contracted but not provided for:	
- Property, plant and equipment for plantation division	12,770
Approved but not contracted and not provided for:	
- Property, plant and equipment for plantation division	<u>12,743</u>
	<u><u>25,513</u></u>

A14. RELATED PARTY TRANSACTIONS

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

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

B1. REVIEW OF PERFORMANCE OF THE GROUP FOR:

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current	Preceding Year	Changes	Current	Preceding	Changes
	Year	Corresponding		Year-to-Date	Year-to-Date	
	Quarter	Quarter		30.06.2023	30.06.2022	
	30.06.2023	30.06.2022				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	273,686	256,482	17,204	750,832	708,720	42,112
Operating profit	41,508	57,968	(16,460)	93,145	157,899	(64,754)
Profit before interest and tax	41,537	57,772	(16,235)	96,053	158,984	(62,931)
Profit before tax	38,445	54,020	(15,575)	86,536	146,948	(60,412)
Profit after tax	24,653	39,670	(15,017)	60,668	109,155	(48,487)
Profit attributable to ordinary equity holders of the Parent	21,635	32,637	(11,002)	55,870	97,720	(41,850)

(i) Third quarter ended 30 June 2023

The Group recorded higher revenue of RM273.7 million for the current quarter as compared to the preceding year corresponding quarter of RM256.5 million but lower profit before tax of RM38.4 million for the current quarter as compared to the preceding year corresponding quarter of RM54.0 million mainly due to lower gross profit from the property and construction division following the completion of Inspirasi @ Mont Kiara in July 2022 and absent of sale of land held for property development.

(ii) Financial year-to-date (“YTD”) ended 30 June 2023 by Segments

Property and construction

Despite the higher revenue of RM406.5million for the current YTD as compared to the preceding YTD of RM370.3 million, this division recorded lower profit before tax of RM40.5 million for the current YTD as compared to the preceding YTD of RM50.1 million mainly due absent of sale of land held for property development.

As at 30.6.2023, the Group has locked-in unbilled sales value of RM910.4 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 development projects namely Hill Park Shah Alam (RM79.4 million), Nexus @ Kajang Station (RM32.6 million), Kajang East Avenue 1 shops (RM4.4 million), MIRAI Residences @ Kajang 2 Precinct 1 (RM218.4 million), Nexus @ Taman Pertama (RM93.8 million), TR2 Residence @ Jalan Tun Razak (RM344.9 million), Akina @ Kajang 2 Precinct 3 phase 1 (RM95.3 million) and Kajang East Avenue 2 shops (RM41.6 million).

Plantation

The division recorded lower revenue and profit before tax of RM244.8 million and RM29.6 million for the current YTD as compared to the preceding YTD of RM251.3 million and RM72.8 million respectively.

Excluding unrealised foreign exchange gains of RM2.6 million (preceding YTD: RM1.2 million), this division recorded profit before tax of RM27.0 million for the current YTD as compared to the preceding YTD of RM71.6 million. The decrease in revenue and profit before tax excluding unrealised foreign exchange gains was mainly due to lower sales of PK which resulted from lower average selling prices of RM1,651 per MT with PK sales volume of 12,534MT (preceding YTD: RM2,975 per MT with PK sales volume of 11,474MT) and higher average production cost. The lower sales from PK were mitigated by higher sales of CPO. The global inflationary pressure, energy price shock, rise in interest rates and Russia-Ukraine conflict also impacted the cost of production and resulted in the increase in energy and fertiliser costs.

Palm oil plantation's production key indicators:

As at 30 June 2023	Q1	Q2	Q3	YTD 2023
Total land area (hectares) ⁽¹⁾				18,205
Planted area (hectares)				17,009
Mature area (hectares)				17,009
Fresh Fruit Bunches produced by (MT)				
Own estates	105,446	88,933	107,645	302,024
External	5,608	4,076	6,367	16,051
	111,054	93,009	114,012	318,075
Crude Palm Oil (MT)	20,434	18,598	24,349	63,382
Palm Kernel (MT)	3,826	3,269	4,632	11,727
Average CPO price/MT	3,394	3,445	3,252	3,362
Average PK price/MT	1,663	1,562	1,705	1,651

⁽¹⁾ The land area has decreased by 182.8 hectares, which earmarked for transfer in the form of Hak Guna Usaha to Koperasi Perkebunan Sawit Seguntung Jaya, Puan Cepak Village. The transfer of the plantation land area was to fulfill the obligation of PT Maju Kalimantan Hadapan ("PTMKH"), a subsidiary of the Company under the Plasma Programme, whereby PTMKH is obligated to amongst others, provide the plantation facilities and assist in the management of the plantation land.

As at 30 September 2022	Q1	Q2	Q3	Q4	Year 2022
Total land area (hectares)					18,388
Planted area (hectares)					17,175
Mature area (hectares)					17,175
Fresh Fruit Bunches produced by (MT)					
Own estates	91,646	90,561	100,543	100,002	382,752
External	5,501	4,904	5,616	6,188	22,210
	97,147	95,465	106,159	106,190	404,962
Crude Palm Oil (MT)	18,315	17,716	19,709	19,202	74,942
Palm Kernel (MT)	3,913	3,815	4,254	4,263	16,245
CPO average price RM/MT	4,001	4,358	4,544	2,804	3,847
PK average price RM/MT	2,376	3,331	3,154	1,584	2,627

Hotel and property investment

This division recorded increase in revenue of RM24.3 million and profit before tax of RM8.0 million for the current YTD as compared to the preceding YTD revenue of RM21.7 million and profit before tax of RM6.7 million following the resumption of economic activities.

Trading

The division recorded increase in revenue of RM71.0 million and profit before tax of RM2.8 million for the current YTD as compared to the preceding YTD revenue of RM59.8 million and profit before tax of RM2.1 million, mainly due to lower product mixed of high profit margin building materials and approximately 73% of sales were mainly derived from the Group's development projects.

Manufacturing

The division recorded lower of revenue and profit before tax of RM2.2 million and RM1.7 million in the current YTD as compared to the preceding YTD of RM3.4 million and RM2.5 million respectively mainly due to slow down in furniture sales orders from existing customers following the Russia-Ukraine conflicts.

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 30.06.2023 RM'000	Immediate Preceding Quarter 31.03.2023 RM'000	Changes RM'000
Revenue	273,686	255,636	18,050
Operating profit	41,508	35,796	5,712
Profit before interest and tax	41,537	38,205	3,332
Profit before tax	38,445	34,712	3,733
Profit after tax	24,653	27,453	(2,800)
Profit attributable to ordinary equity holders of the parent	21,635	25,057	(3,422)

The Group recorded higher revenue and profit before tax of RM273.7 million and RM38.4 million for the current quarter as compared to the preceding quarter of RM255.6 million and RM34.7 million respectively due to inclusion of unrealised foreign exchange gains of RM6.6 million in the current quarter as compared to RM5.0 million in the preceding quarter.

Excluding unrealised foreign exchange gains, the Group recorded profit before tax of RM31.8 million for the current quarter as compared to the preceding quarter of RM29.7 million. The increase in profit before tax excluding unrealised foreign exchange gains was mainly due to higher gross profit from plantation division following the increase in fresh fruit bunches production as disclosed in paragraph B(ii).

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

This is not applicable to the Group.

B4. CURRENT YEAR PROSPECTS

The Group's three (3) business segments in Malaysia comprising property development and construction, trading, hotel and property investment remained resilient amid the current challenging business environment.

Property development and construction, and trading segments:

The outlook for property development and construction, and trading segment for the financial year ending 30 September 2023 ("FY2023") is expected to expand at a more moderate pace amid a challenging business environment. Bank Negara Malaysia ("BNM") has raised the overnight policy rate ("OPR") on 3 May 2023 from 2.75% to current OPR at 3.00%, which is back to pre-crisis levels. While this will increase borrowing costs and impact consumer spending sentiment for the purchase of big-ticket items, we expect the continued recovery in the Malaysian economy and labour market to drive growth in the property sector.

As at 30.6.2023, the Group achieved take up rates for the launched development projects as follows:

- 46% for Nexus @ Taman Pertama (507 units of apartments) with GDV of approximately RM256.4 million which was launched in November 2020;
- 75% for MIRAI Residences @ Kajang 2 Precinct 1 (phase 1 & 2 totaling 1,496 units of apartments) with GDV of approximately RM473.2 million which was launched in September 2020 and in February 2021;
- 100% for Iris @ Hillpark Shah Alam (241 units of double-storey terrace) with GDV of approximately RM127.1 million which was launched in September 2021;
- 80% for TR2 Residence @ Jalan Tun Razak (Block A & B totaling 918 units of apartments) with GDV of approximately RM507.5 million which was launched in November 2021 and in June 2022; and
- 64% for Akina @ Kajang 2 Precinct 3 phase 1 (276 units double-storey terrace) with GDV of approximately RM198.4 million which was launched in September 2022.
- 89% for Kajang East Avenue 2 (32 units retail shops) with GDV of approximately RM46.5 million which was launched in March 2023.

The Group launched Akina @ Kajang 2 Precinct 3 phase 2 (171 units double-storey terrace) with GDV of approximately RM128.6 million in July 2023 and will launch the remaining landed residential development known as Kajang East Precinct 1 phase 3B (final phase) with estimated GDV of approximately RM19.0 million by end December 2023.

B4. CURRENT YEAR PROSPECTS (CONT'D)

Property development and construction, and trading segments: (cont'd)

The Group will continue to leverage on its available properties from the ongoing development projects with sales value of approximately RM551.8 million and monetise its inventories totaling RM72.9 million through virtual/digital marketing, rolling out more competitive rebates and timely completion of ongoing development projects.

The Group's unbilled sales of RM910.4 million would be able to sustain this division for the next two (2) years and the above new planned transit-oriented development launches which are strategically located in Kuala Lumpur, Cheras and Kajang will further strengthen the Group's future unbilled sales.

For the trading division, approximately 73% of the sales of building materials are contributed from the Group's development projects and it will continue to supply building materials to the Group's ongoing and future development projects.

Hotel and property investment segment:

Our retail properties namely Plaza Metro Kajang and Metro Point Complex, and RHR hotel continue to record better performances through increased business activities as people adapt to the endemic phase of Covid-19. Rental yield from this division is expected to average between 3% to 4% based on fair value as at 30 September 2022.

Our 3-star hotel namely RHR Hotel @ Kajang features 102 guest rooms, 1 ballroom, 2 meeting rooms, and 1 cafe has achieved average occupancy rate of 55% for the current YTD (YTD 2022: 53%) and continue to be supported by domestic business travelers and agencies.

Plantation segment:

Our plantation segment in Indonesia recorded higher fresh fruit bunches ("FFB") of 114,012MT in the current quarter, representing an increase of 22.6% from the preceding quarter of 93,009MT. For the 4th quarter ending 30 September 2023, we are expecting a 3% to 5% increase in FFB from the current quarter. The composition of the FFB produced by own estates and purchased from external estates can be referred to paragraph B(ii), Plantation segment,

As with other commercial crops, prolong drier or wetter weather will result in lower crop production. The Kalimantan region in Indonesia including at our plantation has been experiencing relatively heavier rainfall resulting in lower FFB production in the first and second quarter. Our plantation division continuously take proactive steps such as enhancing our water management system and also fine tuning the harvesting Standard Operating Procedures to mitigate the effect of higher average rain fall complimented with our on-going mechanisation of FFB collection and the use of software apps to track FFB evacuation from fields to the mill. The weather has started normalizing since March 2023 onwards and our FFB production has also increased.

This division is exposed to foreign exchange risk on its United States Dollar ("USD") and Ringgit Malaysia ("RM") denominated loans. For the current quarter ended 30 June 2023, this division recorded unrealised foreign exchange gains of RM6.6 million as compared to the immediate preceding quarter of RM5.0 million based on exchange rate of USD1:IDR15,026 and RM1:IDR3,213 as at 30 June 2023 due to the strengthening of the Indonesia Rupiah ("IDR") against RM and USD. The exchange rates movement is analysed as below:

As at 30.6.2023, USD1: IDR15,026 and RM1; IDR3,213

As at 31.3.2023, USD1: IDR15,062 and RM1; IDR3,407

As at 31.12.2022, USD1: IDR15,731 and RM1: IDR3,556

As at 30.9.2022, USD1: IDR15,247 and RM1: IDR3,281

B4. CURRENT YEAR PROSPECTS (CONT'D)**Plantation segment: (cont'd)**

The crude palm oil ("CPO") prices remain well supported due to good demand and tighter supply with current CPO price trading at approximately RM3,300/MT (net of export levy and duty) in Indonesia which augurs well for the Plantation Division. For the current quarter, the average CPO price achieved was at RM3,252 per MT as compared to the immediate preceding quarter of RM3,445 per MT. For the 4th quarter ending 30 September 2023, we are expecting an average CPO price at a range of between RM3,200 to RM3,400 per MT. We expect the CPO price to continue to be well supported as there are several international meteorological organisations that are predicting El-Nino dry weather effect by the second half of 2023 which may result in tighter global CPO supply. We will 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.

Given the above, the Board of Directors expect the Group to achieve satisfactory results for the financial year ending 30 September 2023.

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 30.06.2023 RM'000	Financial year-to-date 30.06.2023 RM'000
Amortisation of prepaid lease payments	(385)	(1,145)
Depreciation of right-of-use asset	(79)	(241)
Depreciation of property, plant and equipment	(9,663)	(27,987)
Interest expenses - loan and borrowings	(4,528)	(14,088)
- lease liability	(212)	(656)
- non-controlling interests	(139)	(406)
Other expenses		
Property, plant and equipment written off	(10)	(43)
Net loss on foreign exchange - realised	(159)	(423)
Other income		
Bad debts recovered	-	17
Changes in fair value of biological assets	(371)	42
Net gains on foreign exchange - unrealised	6,625	2,518
Interest income	1,786	4,571
Reversal of impairment loss on other receivables	-	6
Fair value gain arising from other investment	-	391
Gain on disposal of property, plant and equipment	-	126
Gain on disposal of other investment	-	8
Dividend income from other investment	6	10

(ii) CASH AND CASH EQUIVALENTS

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

	(Unaudited) 30.06.2023 RM'000	(Unaudited) 30.06.2022 RM'000
Cash and bank balances	164,585	158,057
Cash held under housing development accounts	94,676	107,838
Cash held under sinking fund accounts	7	5
Deposits with licensed banks	5,493	16,169
Short term funds	64,183	53,582
Bank overdrafts	(19)	-
	<u>328,925</u>	<u>335,651</u>
Less: Non short term and highly liquid fixed deposits	-	(6,657)
Less: Deposits and bank balances pledged for credit facilities	(43)	(1,290)
	<u><u>328,882</u></u>	<u><u>327,704</u></u>

B6. TAX EXPENSE

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2023 RM'000	Preceding Year Corresponding Quarter 30.06.2022 RM'000	Current Year-to-Date 30.06.2023 RM'000	Preceding Year-to-Date 30.06.2022 RM'000
Current tax				
- Current financial year	14,642	11,744	23,411	34,405
- Prior financial year	(98)	706	(1,808)	706
Deferred tax				
- Current financial year	(1,047)	2,973	3,970	3,755
- Prior financial year	295	(1,073)	295	(1,073)
	<u><u>13,792</u></u>	<u><u>14,350</u></u>	<u><u>25,868</u></u>	<u><u>37,793</u></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, non-recognition of certain tax benefits from unabsorbed tax losses and other temporary difference incurred prior to launch of projects.

B7. CORPORATE PROPOSALS

On 29 March 2023, the Company has proposed to list MKH Oil Palm (East Kalimantan) Berhad ("MKH Oil Palm"), a wholly-owned subsidiary of the Company, on the Main Market of Bursa Malaysia Securities Berhad "Proposed Listing". On 30 March 2023, MKH Oil Palm has submitted an application in relation to the Proposed Listing to Securities Commission. Subsequently on 12 July 2023, Securities Commission has approved the Proposed Listing under section 214(1) of the Capital Markets and Services Act 2007, subject to the terms and condition as stipulated therein.

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 30 June 2023						
<u>Secured</u>						
<u>Denominated in RM</u>						
Term loans	-	34,829	-	760	-	35,589
Revolving credits	-	68,444	-	100,773	-	169,217
Bank overdraft	-	-	-	19	-	19
<u>Unsecured</u>						
<u>Denominated in USD</u>						
Term loans	-	-	500	2,337	500	2,337
<u>Denominated in RM</u>						
Revolving credits	-	-	-	128,800	-	128,800
<u>Finance lease liabilities</u>						
<u>Denominated in RM</u>	-	2,162	-	678	-	2,840
Total		105,435		233,367		338,802

	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 30 June 2022						
<u>Secured</u>						
<u>Denominated in USD</u>						
Revolving credits	-	-	3,000	13,185	3,000	13,185
<u>Denominated in RM</u>						
Term loans	-	20,276	-	26,784	-	47,060
Revolving credits	-	84,539	-	92,673	-	177,212
<u>Unsecured</u>						
<u>Denominated in RM</u>						
Revolving credits	-	-	-	190,800	-	190,800
<u>Finance lease liabilities</u>						
<u>Denominated in RM</u>	-	548	-	354	-	902
Total		105,363		323,796		429,159

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 29 November 2022 for the financial year ended 30 September 2022 amounting to RM23,096,635 was declared on 29 November 2022 and paid on 6 January 2023.

B11. EARNINGS PER SHARE ("EPS")

	Current Year Quarter 30.06.2023 (unaudited)	Preceding Year Corresponding Quarter 30.06.2022 (unaudited)	Current Year-to-Date 30.06.2023 (unaudited)	Preceding Year-to-Date 30.06.2022 (unaudited)
BASIC EPS				
Profit attributable to Owners of the parent (RM'000)	21,635	32,637	55,870	97,720
Weighted average number of ordinary shares ('000)				
At 1 October 2022/2021	586,548	586,548	586,548	586,548
Treasury shares	(9,132)	(9,132)	(9,132)	(9,132)
At 30 June 2023/2022	577,416	577,416	577,416	577,416
BASIC EPS (sen)	3.75	5.65	9.68	16.92

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 2023.