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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME INTERIM REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2018

	(Unaudited) INDIVIDUAL QUARTER Current Year Quarter 31.12.2018 RM'000	(Restated) (Unaudited) INDIVIDUAL QUARTER Preceding Year Corresponding Quarter 31.12.2017 RM'000	(Unaudited) CUMULATIVE QUARTER Current Year-to-Date 31.12.2018 RM'000	(Restated) (Unaudited) CUMULATIVE QUARTER Preceding Year-to-Date 31.12.2017 RM'000
Revenue	**267,846**	194,291	**267,846**	194,291
Cost of sales	**(205,360)**	(126,008)	**(205,360)**	(126,008)
Gross profit	**62,486**	68,283	**62,486**	68,283
Other income	**16,862**	3,820	**16,862**	3,820
Sales and marketing expenses	**(12,512)**	(7,876)	**(12,512)**	(7,876)
Administrative expenses	**(16,740)**	(18,379)	**(16,740)**	(18,379)
Other expenses	**(2,994)**	(9,284)	**(2,994)**	(9,284)
Profit from operations	**47,102**	36,564	**47,102**	36,564
Share of results of associates	**1,597**	(208)	**1,597**	(208)
Interest expenses	**(7,639)**	(8,332)	**(7,639)**	(8,332)
Profit before tax	**41,060**	28,024	**41,060**	28,024
Tax expense	**(11,047)**	(10,524)	**(11,047)**	(10,524)
Profit for the period	**30,013**	17,500	**30,013**	17,500
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Foreign exchange translation differences	**421**	(731)	**421**	(731)
Other comprehensive income for the period	**421**	(731)	**421**	(731)
Total comprehensive income for the period	**30,434**	16,769	**30,434**	16,769
Profit attributable to:				
Owners of the parent	**26,400**	17,189	**26,400**	17,189
Non-controlling interests	**3,613**	311	**3,613**	311
	30,013	17,500	**30,013**	17,500
Total comprehensive income attributable to:				
Owners of the parent	**27,069**	16,332	**27,069**	16,332
Non-controlling interests	**3,365**	437	**3,365**	437
	30,434	16,769	**30,434**	16,769
Earnings per share				
Basic Earnings per ordinary share (sen)	**4.50**	2.95	**4.50**	2.95
Proposed/Declared Dividend per share (sen)	**3.50**	5.00	**3.50**	**5.00**

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 2018 and the accompanying explanatory notes attached to the interim Financial Report.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
INTERIM FINANCIAL REPORT AS AT 31 DECEMBER 2018

	(Unaudited)	(Restated)
	31.12.2018	30.09.2018
Assets	**RM'000**	RM'000
Property, plant and equipment	**444,226**	436,253
Intangible assets	**26,991**	26,354
Prepaid lease payments	**44,444**	44,676
Investment properties	**318,620**	318,620
Investment in associates	**20,848**	14,250
Land held for property development	**835,147**	866,759
Deferred tax assets	**51,927**	49,603
Tax recoverable	**1,113**	1,082
Receivables, deposits and prepayments	**32,685**	31,355
Total Non-Current Assets	**1,776,001**	1,788,952
Property development costs	**487,576**	466,714
Inventories	**259,515**	273,585
Biological assets	**4,151**	3,409
Accrued billings	**233,275**	198,705
Receivables, deposits and prepayments	**250,570**	263,861
Current tax assets	**20,774**	19,886
Cash, bank balances, term deposits and fixed income funds	**252,049**	227,726
Total Current Assets	**1,507,910**	1,453,886
TOTAL ASSETS	**3,283,911**	3,242,838
Equity		
Share capital	**654,459**	654,459
Treasury shares	**(9,615)**	(5,438)
Translation reserve	**(6,184)**	(6,853)
Revaluation reserve	**23,402**	23,402
Retained earnings	**911,042**	884,642
Equity attributable to owners of the parent	**1,573,104**	1,550,212
Non-Controlling Interests	**59,276**	55,911
Total Equity	**1,632,380**	1,606,123
Liabilities		
Deferred tax liabilities	**64,287**	64,124
Provisions	**8,463**	8,733
Loans and borrowings - long-term	**353,647**	350,491
Payables, deposits received and accruals	**289,229**	289,307
Total Non-Current Liabilities	**715,626**	712,655
Provisions	**20,183**	20,183
Progress billings	**615**	-
Payables, deposits received and accruals	**577,125**	573,304
Loans and borrowings - short-term	**329,838**	322,265
Current tax liabilities	**8,144**	8,308
Total Current Liabilities	**935,905**	924,060
Total Liabilities	**1,651,531**	1,636,715
TOTAL EQUITY AND LIABILITIES	**3,283,911**	3,242,838
Net Assets per share attributable to shareholders of the Company (RM)	**2.72**	2.66

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 2018 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 2018

	< ---------------------------------- Attributable to owners of the parent					-------------------------------- >			
			< --------------- Non-distributable		------------- >	Distributable			
	Share Capital	Treasury Shares	Warrant Reserve	Translation Reserve	Revaluation Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial period ended 31 December 2018									
At 1.10.2018 (restated)	654,459	(5,438)	-	(6,853)	23,402	884,642	1,550,212	55,911	1,606,123
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 (unaudited)	654,459	(9,615)	-	(6,184)	23,402	911,042	1,573,104	59,276	1,632,380
Financial period ended 31 December 2017									
At 1.10.2017 (restated)	613,315	-	4,761	(3,429)	23,534	843,849	1,482,030	31,117	1,513,147
Total comprehensive income for the period	-	-	-	(857)	-	17,189	16,332	437	16,769
Transactions with owners									
Issuance of shares pursuant to warrants	40,076	-	(4,375)	-	-	-	35,701	-	35,701
At 31.12.2017 (unaudited)	653,391	-	386	(4,286)	23,534	861,038	1,534,063	31,554	1,565,617

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 2018 and the accompanying explanatory notes attached to the interim Financial Report.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
INTERIM REPORT FOR THE FIRST QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2018

	(Unaudited) 31.12.2018 RM'000	(Restated) (Unaudited) 31.12.2017 RM'000
Cash Flows From/(Used In) Operating Activities		
Profit before tax	41,060	28,024
Adjustments for non-cash items	3,155	23,882
Operating profit before changes in working capital	44,215	51,906
Change in property development costs	19,480	(38,715)
Change in inventories	14,314	2,492
Change in accrued billings in respect of property development	(33,956)	124,669
Change in receivables, deposits and prepayments	11,932	(44,880)
Change in payables and accruals	3,104	(31,780)
Cash generated from operations	59,089	63,692
Interest paid	(8,822)	(9,118)
Interest received	943	1,352
Tax paid	(13,301)	(17,556)
Retirement benefits obligations paid	(556)	(574)
Net cash from operating activities	37,353	37,796
Cash Flows From/(Used In) Investing Activities		
Additions to land held for property development	(7,791)	(3,601)
Acquisition of property, plant and equipment	(4,070)	(1,765)
Additions to biological assets	(2,209)	(1,411)
Additions to intangible assets	(497)	(362)
Acquisition of investment in an associate	(5,000)	-
Proceeds from disposal of property, plant and equipment	124	8
Withdrawal/(Placement) of deposits with licensed banks	6,128	(215)
Net cash used in investing activities	(13,315)	(7,346)
Cash Flows From/(Used In) Financing Activities		
Shares buy back	(4,175)	-
Net drawdown/(repayment) of bank borrowings	9,909	(31,023)
Payments of finance lease liabilities	(205)	(207)
Proceeds from issuance of shares	-	35,701
Net cash from financing activities	5,529	4,471
Net increase in cash and cash equivalents	29,567	34,921
Effect of exchange rate fluctuations	(230)	(1,492)
Cash and cash equivalents at beginning of the period	194,661	239,297
Cash and cash equivalents at end of the period	223,998	272,726

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 2018 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 2018, which have been prepared in accordance with Financial Reporting Standards ("FRS") and the Companies Act 2016.

The interim financial statements of the Group for the period ended 31 December 2018 are the first set of interim financial statements prepared in accordance with the MFRS Framework issued by the Malaysian Accounting Standard Board ("MASB").

At the transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1 *First-time adoption of Malaysian Financial Reporting Standards*.

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 2018 ("Annual Report 2018") as well as those new and revised standards that take effects on annual financial period commencing on or after 1 October 2018. Adoption of new and revised Standards, Amendments and IC Interpretation are as follows:

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers (and the related Clarrification)
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transaction
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140	Transfer of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to MFRSs 2014 - 2016 cycle	

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 for the adoption of the following accounting standards:

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 *Construction Contracts* and the related interpretation when it becomes effective.

A1. BASIS OF PREPARATION (continued)

CHANGES IN ACCOUNTING POLICIES (continued)

MFRS 15 *Revenue from Contracts with Customers* (continued)

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition.

Step 1	: Identify the contract(s) with a customer
Step 2	: Identify the performance obligations in the contract
Step 3	: Determine the transaction price
Step 4	: Allocate the transaction price to the performance obligations in the contract
Step 5	: Recognise revenue when (or as) the entity satisfies a performance obligation

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

In June 2016, the MASB issued Clarifications to MFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors have specifically considered MFRS 15's guidance on contract modification arising from variation orders, identifying performance obligations, and the assessment of whether there is a significant financing component in the contracts, particularly taking into account the reason for the difference in timing between the transfer of control of service to the customer and the timing of the related payments.

MFRS 9 *Financial Instruments*

MFRS 9 (IFRS 9 issued by International Accounting Standard Board ("IASB") in November 2009) introduced new requirements for the classification and measurement of financial assets. MFRS 9 (IFRS 9 issued by IASB in October 2010) includes requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013, the new requirements for general hedge accounting was issued by MASB. Another revised version of MFRS 9 was issued by MASB - MFRS 9 (IFRS 9 issued by IASB in July 2014) mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of MFRS 9:

All recognised financial assets that are within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or at fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods.

A1. BASIS OF PREPARATION (continued)

CHANGES IN ACCOUNTING POLICIES (continued)

MFRS 9 *Financial Instruments* (continued)

Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at fair values at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of equity instruments (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effect of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at end of each reporting period to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

MFRS 141 *Agriculture*

MFRS 141 prescribes the accounting treatment, financial statement presentation and disclosures related to agricultural activity. It requires measurement of fair value less costs to sell, from initial recognition of biological assets up to the point of harvest.

On 2 September 2014, the amendments to MFRS 116 *Property, Plant and Equipment* and MFRS 141 *Agriculture: Bearer Plants* introduce a new category of biological assets i.e. bearer plants. A bearer plant is a living plant that is used in the production and supply of agricultural produce, is expected to bear produce for more than one period, and has remote likelihood of being sold as agriculture produce. Bearer plants are accounted for under MFRS 116 as an item of property, plant and equipment. Agricultural produce growing on bearer plants continue to be measured at fair value less costs to sell under MFRS 141, with fair value changes recognised in profit or loss as the produce grows.

The Group's bearer plants consist of oil palm trees which the cost includes development expenditure and the plantation infrastructure from land clearing to the point of harvesting. Any replanting costs incurred are capitalised. These costs are currently in biological assets accounts and are measured at cost less accumulated amortisation based on estimated productive years of the plantation of 20 years from the date of maturity. Upon adoption of MFRS framework, the net carrying amount of the biological assets accounts will be reclassified to bearer plants as part of the Group's property, plant and equipment.

A1. BASIS OF PREPARATION (continued)

CHANGES IN ACCOUNTING POLICIES (continued)

MFRS 141 *Agriculture* (continued)

Produce growing on bearer plants of the Group comprise fresh fruit bunches ("FFB") prior to harvest. The valuation to be adopted by the Group considers the present value of the net cash flows expected to be generated from the sale of FFB. To arrive at the fair value of FFB, the management has considered the quantity of the unripe FFB on bearer plant prior to harvest when there is formation of oil content and the quantity will be based on yield per harvest per metric tonne. The estimated ripe FFB is based on actual oil extraction rate and kernel extraction rate of the unripe FFB from the laboratory tests. Cost to sell includes the costs in producing the FFB which are direct costs from the upkeep, harvesting cost and transportation cost.

The effects to the financial statements from the adoption of MFRS framework are as follows:

	As previously stated RM'000	Effect of adoption of MFRS framework RM'000	As restated RM'000
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018			
Non-current assets			
Property, plant and equipment	192,936	243,317	436,253
Biological assets	243,317	(243,317)	-
Current assets			
Biological assets	-	3,409	3,409
Equity			
Translation reserve	(6,241)	(612)	(6,853)
Retained earnings	880,820	3,822	884,642
Non-Controlling Interests	55,712	199	55,911
STATEMENT OF CHANGES IN EQUITY AT 1.10.2017			
Retained earnings	838,813	5,036	843,849
Non-Controlling Interests	30,826	291	31,117
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR PERIOD ENDED 31 DECEMBER 2017			
Other income	3,197	623	3,820
STATEMENT OF CASH FLOWS FOR PERIOD ENDED 31 DECEMBER 2017			
Profit before tax	27,401	623	28,024
Adjustments for non-cash items	24,505	(623)	23,882

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:

MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards[2]
MFRS 16	Leases[1]
MFRS 17	Insurance Contracts[3]
Amendments to MFRS 3	Definition of a Business[2]
Amendments to MFRS 9	Prepayments Features with Negative Compensation[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 101 and MFRS 108	Definition of Material[2]
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement[1]
Amendments to MFRS 128	Long Term Interest in Associates and Joint Venture[1]
IC Interpretation 23	Uncertainty Over Income Tax Treatments[1]
Annual Improvements to MFRSs 2015 - 2017 cycle[1]	

[1] Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2020, with earlier application permitted
[3] Effective for annual period beginning on or after 1 January 2021
[4] 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 2018 in their report dated 28 December 2018.

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

During the financial period, the Company repurchased 3,456,100 of its issued ordinary shares from the open market at an average price of RM1.21 per share. The total consideration paid for the repurchase including transaction costs was RM4,177,147 and this was financed by internally generated funds. Total treasury shares repurchased as at 31 December 2018 is 7,494,700 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 2018, there is no repurchase of treasury share.

A7. DIVIDEND PAID

A first interim single tier dividend of 3.5 sen per ordinary share in respect of financial year ended 30 September 2018 amounting to RM20,268,891 was declared on 30 November 2018 and paid on 10 January 2019.

A8. OPERATING SEGMENTS

(a) Segment Analysis – Business Segments

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	505,541	371,987	33,758	28,533	30,092	42,465	-	3,189,249
Investment in associates	20,848	-	-	-	-	-	-	-	20,848
Deferred tax assets									51,927
Tax recoverable									1,113
Current tax assets									20,774
Total assets									3,283,911
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)

(a) Segment Analysis – Business Segments (continued)

Financial period ended 31 December 2017 (restated)

	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	104,300	59,112	8,499	18,611	3,183	-	586	-	194,291
Inter-segment revenue	10,377	1,111	-	63	-	12,976	-	(24,527)	-
Total segment revenue	114,677	60,223	8,499	18,674	3,183	12,976	586	(24,527)	194,291
Results									
Operating result#	24,971	5,786	3,487	1,248	250	8,357	222	(9,109)	35,212
Interest expense*	(9,190)	(5,743)	(533)	(1)	-	(6,995)	(608)	14,738	(8,332)
Interest income**	2,117	176	4	34	6	4,642	2	(5,629)	1,352
Share of results of associates	(208)	-	-	-	-	-	-	-	(208)
Segment result	17,690	219	2,958	1,281	256	6,004	(384)	-	28,024
Tax expense									(10,524)
Profit for the period									17,500
Assets									
Segment assets	2,117,999	377,589	29,945	33,795	510,165	58,053	39,291	-	3,166,837
Investment in associates	13,682	-	-	-	-	-	-	-	13,682
Deferred tax assets									37,786
Current tax assets									15,851
Total assets									3,234,156
Liabilities									
Segment liabilities	1,092,163	52,958	10,221	3,801	298,963	142,289	1,110	-	1,601,505
Deferred tax liabilities									61,889
Current tax liabilities									5,146
Total liabilities									1,668,540
Other segment information									
Depreciation and amortisation	289	7,916	618	8	277	106	269	-	9,483
Additions to non-current assets other than financial instruments and deferred tax assets	4,607	2,598	596	-	52	-	12	-	7,865
* Included inter-company interest expense	5,550	2,894	36	-	-	5,650	608	(14,738)	-
** Included inter-company interest income	(1,143)	-	-	-	-	(4,486)	-	5,629	-
# Included unrealised foreign exchange losses	-	7,833	-	-	-	-	-	-	7,833
# Included realised foreign exchange losses/(gains)	1	(136)	-	-	-	540	-	-	405

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	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Continuing operations				
Malaysia	204,360	131,996	1,234,739	1,295,474
The Peoples' Republic of China	3,244	3,183	19,536	20,947
Republic of Indonesia	60,242	59,112	415,153	442,386
	267,846	194,291	1,669,428	1,758,807

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 26 October 2018, Perkasa Bernas (M) Sdn Bhd ("PBSB"), a wholly-owned subsidiary of the Company has acquired 4 ordinary shares representing 40% of the equity interest of Daksina Harta Sdn Bhd ("DHSB"), for a cash consideration of RM5,000,000. The Group has on 9 November completed the acquisition. As a result, DHSB became an associate of PBSB and the Company;

(b) On 19 December 2018, the Company acquired 1 share representing 100% of the equity interest of Nexus Starship Sdn Bhd ("NSSB"), for a cash consideration of RM1. As a result, NSSB became a wholly-owned subsidiary of the Company; and

(c) On 20 December 2018, NSSB, a wholly-owned subsidiary of the Company acquired 1 ordinary shares representing 100% of the equity interest of Quantum Density Sdn Bhd ("QDSB"), for a cash consideration of RM1. Subsequently, on 26 December 2018, NSSB entered into a Subscription and Shareholders' Agreement ("SSA") with Usaha Nusantara Sdn Bhd for the subscription of shares in QDSB.Upon completion of the SSA, QDSB will become a 50.0004% owned subsidiary of NSSB and the Company.

A12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

(a) As at 19 February 2019, 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 2018 recorded an increase of approximately RM46.4 million. Total credit facilities granted to subsidiaries with corporate guarantees issued by the Company to the lenders and utilised by subsidiaries as at 19 February 2019 was approximately RM1.0 billion and RM692.7 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 Less: Net realised and unrealised foreign exchange losses allowed by DGT	97,700 (7,414)	30.7 (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 Less: Net realised and unrealised foreign exchange losses allowed by DGT	188,875 (44,405)	59.3 (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.

A13. CAPITAL COMMITMENTS

The capital commitment of the Group is as follows:

	As at 31.12.2018 RM'000
Approved, contracted but not provided for:	
- Intangible asset for property development division	16,345
Approved but not contracted and not provided for:	
- Property, plant and equipment for plantation division	17,501
- Intangible asset for property development division	3,295
	37,141

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 31.12.2018 RM'000	Preceding Year Corresponding Quarter 31.12.2017 RM'000	Changes RM'000	Current Year-to-Date 31.12.2018 RM'000	Preceding Year-to-Date 31.12.2017 RM'000	Changes RM'000
Revenue	267,846	194,291	73,555	267,846	194,291	73,555
Operating profit	46,160	35,213	10,947	46,160	35,213	10,947
Profit before interest and tax	47,757	35,005	12,752	47,757	35,005	12,752
Profit before tax	41,060	28,024	13,036	41,060	28,024	13,036
Profit after tax	30,013	17,500	12,513	30,013	17,500	12,513
Profit attributable to ordinary equity holders of the Parent	26,400	17,189	9,211	26,400	17,189	9,211

(i) First quarter ended 31 December 2018

The Group recorded higher revenue and profit before tax of RM267.8 million and RM41.1 million for the current quarter as compared to the preceding year correspondence quarter of RM194.3 million and RM28.0 million respectively. The increase in the Group's revenue by 37.8% and the profit before tax by 46.8% was mainly due to recognition of revenue and profit contribution from a new project namely, Inspirasi @ Mont Kiara and other ongoing projects by the property and construction division and inclusion of unrealised foreign exchange gains of RM9.4 million in the current quarter as compared to unrealised foreign exchange losses of RM7.8 million in the preceding year correspondence quarter.

Excluding unrealised foreign exchange gains/(losses), the Group's profit before tax was lower by 11.5% to RM31.7 million in the current quarter as compared to the preceding year correspondence quarter of RM35.8 million mainly due to lower gross profit from the plantation division as a result of lower average selling prices of crude palm oil ("CPO") and lower oil extraction rates ("OER") achieved coupled with the lower gross profit from the property and construction division as a result of competitive sales rebates offered to purchasers.

Segments' performance can be referred to the following paragraph mentioned below.

The performance commentary by Segments as follows:
Property and construction

This division recorded higher revenue and profit before tax of RM170.9 million and RM21.0 million for the current quarter as compared to the preceding year correspondence quarter of RM104.3 million and RM17.7 million respectively was mainly due to recognition of revenue and profit from Inspirasi @ Mont Kiara and other ongoing projects namely Pinang and The Palm in Hill Park Shah Alam. The reduction in profit before tax margin from 17% to 12% was mainly due to competitive sales rebates offered to purchasers.

As at 31.12.2018, 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 (RM175.9 million), Saville @ D'Lake Puchong (RM25.3 million), Hillpark Residence (RM81.8 million), TR Residence (RM270.3 million), Kajang 2 Precinct 2 (RM73.2 million), Inspirasi @Mont Kiara (RM297.0 million), Kajang East Precinct 1 (RM69.0 million) and MKH Boulevard II (RM45.3 million).

Plantation
The division recorded revenue and profit before tax of RM60.2 million and RM9.5 million for the current quarter as compared to the preceding year correspondence quarter of RM59.1 million and RM219,000 respectively was mainly due to inclusion of unrealised foreign exchange gains of RM9.4 million in the current quarter as compared to unrealised foreign exchange losses of RM7.8 million in the preceding year correspondence quarter. The unrealised foreign exchange gains were mainly due to strengthening of Indonesia Rupiah against its USD and RM borrowings.

Excluding unrealised foreign exchange gains/(losses), this division's recorded profit before tax of RM122,000 in the current quarter as compared to RM8.1 million in the preceding year correspondence quarter due to lower average selling prices of CPO and lower OER.

Palm oil plantation's production key indicators:

As at 31 December 2018	**Q1**	**YTD 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	115,029
External	4,281	4,281
	119,310	119,310
Crude Palm Oil (MT)	21,751	21,751
Palm Kernel (MT)	3,972	3,972
Average CPO price/MT	1,879	1,879
Average PK price/MT	1,293	1,293

As at 30 September 2018	**Q1**	**Q2**	**Q3**	**Q4**	**Year 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	117,677	464,774
External	3,039	2,963	3,689	4,194	13,885
	91,233	120,057	145,498	121,871	478,659
Crude Palm Oil (MT)	20,169	26,309	30,699	24,215	101,392
Palm Kernel (MT)	3,952	4,986	5,844	4,827	19,609
CPO average price RM/MT	2,449	2,210	2,173	1,872	2,163
PK average price RM/MT	2,352	1,987	1,627	1,455	1,771

Hotel and property investment
This division recorded lower revenue and profit before tax of RM7.8 million and RM2.6 million for the current quarter as compared to the preceding year correspondence quarter of RM8.5 million and RM3.0 million respectively mainly due to reduction in average rental rates for certain tenants in order to sustain the occupancy rates.

Trading
This division achieved higher revenue in the current quarter of RM24.9 million as compared to the preceding year correspondence quarter of RM18.6 million but with slight decrease in profit before tax to RM1.2 million as compared to the preceding year correspondence quarter of RM1.3 million mainly due to higher product mixed of low profit margin building materials.

Manufacturing
This division maintained its revenue at RM3.2 million in the current quarter and the preceding year correspondence quarter but profit before tax increase to RM0.7 million as compared to the preceding year correspondence quarter of RM0.3 million mainly due to full recognition of rental following the successful conversion of 75% of the land and factory buildings for rental purposes that gives better returns on investment.

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 2018 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 31.12.2018 RM'000	(Restated) **Immediate Preceding Quarter 30.9.2018 RM'000**	**Changes RM'000**
Revenue	267,846	333,490	(65,644)
Operating profit	46,160	34,589	11,571
Profit before interest and tax	47,757	34,578	13,179
Profit before tax	41,060	25,219	15,841
Profit after tax	30,013	8,020	21,993
Profit attributable to ordinary equity holders of the parent	26,400	4,379	22,021

Despite the decrease in revenue by RM65.7 million, the profit before tax for the current quarter of RM41.1 million was higher as compared to the preceding quarter of RM25.2 million mainly due to inclusion of unrealised foreign exchange gains of RM9.4 million in the current quarter as compared to unrealised foreign exchange losses of RM9.5 million in the preceding quarter.

Excluding unrealised foreign exchange gains/(losses), the profit before tax is lower in the current quarter of RM31.7 million as compared to the preceding quarter of RM34.7 million mainly due to lower profit contribution from both the property and construction and the plantation division as a result of lower gross profit.

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 2019 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 is expected to remain under pressure for the short term to medium term due to relatively high palm oil inventories. Nevertheless, we expect demand to pick up in 2019 following the reduced CPO levy by India as one of the main buyers of CPO, implementation of B10 and B20 biodiesel in Malaysia and Indonesia respectively, and due to seasonal factors such as festive demand. In addition, the abolishment of Indonesia export levy on CPO if market price is below USD570 per MT augers well for our plantation as we are also exporting our 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.

- 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 2018.

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 31.12.2018 RM'000	Financial year-to-date 31.12.2018 RM'000
Amortisation of prepaid lease payments	(377)	(377)
Depreciation of property, plant and equipment	(8,877)	(8,877)
Interest expenses	(7,639)	(7,639)
Other expenses		
Net gain/(loss) on foreign exchange:		
- realised	(1,332)	(1,332)
- unrealised	(9,387)	(9,387)
Property, plant and equipment written off	28	28
Other income		
Interest income	943	943
Reversal of impairment loss on receivables	13	13
Gain arising from changes in biological assets	652	652
Gain on disposal of property, plant and equipment	111	111

(ii) CASH AND CASH EQUIVALENTS

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

	(Unaudited) 31.12.2018 RM'000	(Unaudited) 31.12.2017 RM'000
Cash and bank balances	92,865	93,859
Cash held under housing development accounts	126,547	147,324
Cash held under sinking fund accounts	7	3
Deposits with licensed banks	6,738	39,413
Short term funds	25,892	22,567
Bank overdrafts	(5,904)	(7,408)
	246,145	295,758
Less: Non short term and highly liquid fixed deposits	(3,851)	(5,116)
Less: Deposits and bank balances pledged for credit facilities	(18,296)	(17,916)
	223,998	272,726

B6. TAX EXPENSE

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2018 RM'000	Preceding Year Corresponding Quarter 31.12.2017 RM'000	Current Year-to-Date 31.12.2018 RM'000	Preceding Year-to-Date 31.12.2017 RM'000
Current tax				
- Current financial year	13,361	10,315	13,361	10,315
- Prior financial year	-	957	-	957
Deferred tax				
- Current financial year	(2,098)	(544)	(2,098)	(544)
- Prior financial year	(216)	(204)	(216)	(204)
	11,047	10,524	11,047	10,524

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 31 December 2018 are as follows:

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Intended Time Frame
Infrastructure and property development	37,190	18,420	18,770	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
	80,562	44,167	36,395	

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: -

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

As at 31 December 2017	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
Secured						
Denominated in USD						
Term loans	45,400	183,911	4,400	17,665	49,800	201,576
Revolving credits	-	-	12,614	51,268	12,614	51,268
Denominated in RM						
Term loans	-	100,583	-	53,854	-	154,437
Bridging loans	-	-	-	4,688	-	4,688
Revolving credits	-	129,253	-	117,401	-	246,654
Bank overdraft	-	-	-	7,402	-	7,402
Unsecured						
Denominated in RM						
Revolving credits	-	-	-	67,300	-	67,300
Bank overdraft	-	-	-	8	-	8
Finance lease liabilities						
Denominated in RM	-	961	-	806	-	1,767
Total		414,708		320,392		735,100

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 3.5 sen per ordinary share on 30 November 2018 for the financial year ended 30 September 2018 amounting to RM20,268,891 was declared on 30 November 2018 and paid on 10 January 2019.

B11. EARNINGS PER SHARE ("EPS")

	Current Year Quarter 31.12.2018 (unaudited)	Preceding Year Corresponding Quarter 31.12.2017 (unaudited)	Current Year-to-Date 31.12.2018 (unaudited)	Preceding Year-to-Date 31.12.2017 (unaudited)
BASIC EPS				
Profit attributable to Owners of the parent (RM'000)	**26,400**	17,189	**26,400**	17,189
Weighted average number of ordinary shares ('000)				
At 1 October 2018/2017	**586,548**	562,902	**586,548**	562,902
Effect of exercise of warrants	**-**	18,811	-	18,811
At 31 December 2018/2017	**586,548**	581,713	**586,548**	581,713
BASIC EPS (sen)	**4.50**	2.95	**4.50**	2.95

B13. AUTHORISATION FOR ISSUE

The interim Financial Report were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 February 2019.