



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
INTERIM REPORT FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 MARCH 2022**

	(Unaudited) INDIVIDUAL QUARTER		(Unaudited) CUMULATIVE QUARTER	
	Current Year Quarter 31.03.2022 RM'000	Preceding Year Corresponding Quarter 31.03.2021 RM'000	Current Year-to-Date 31.03.2022 RM'000	Preceding Year-to-Date 31.03.2021 RM'000
Revenue	247,970	264,680	452,238	492,138
Cost of sales	(168,948)	(187,555)	(306,124)	(344,967)
Gross profit	79,022	77,125	146,114	147,171
Other income	5,416	2,813	10,864	15,981
Sales and marketing expenses	(4,345)	(4,203)	(8,632)	(8,487)
Administrative expenses	(21,364)	(27,705)	(39,446)	(47,294)
Other expenses	(4,633)	(3,325)	(7,159)	(5,927)
Profit from operations	54,096	44,705	101,741	101,444
Share of results of associates	1,062	(2,152)	1,281	(2,243)
Interest expenses	(4,920)	(5,808)	(10,094)	(11,813)
Profit before tax	50,238	36,745	92,928	87,388
Tax expense	(12,276)	(13,799)	(23,443)	(26,830)
Profit for the period	37,962	22,946	69,485	60,558
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign exchange translation differences	1,298	1,717	857	3,449
Other comprehensive income for the period	1,298	1,717	857	3,449
Total comprehensive income for the period	39,260	24,663	70,342	64,007
Profit attributable to:				
Owners of the parent	33,767	16,387	65,083	46,740
Non-controlling interests	4,195	6,559	4,402	13,818
	37,962	22,946	69,485	60,558
Total comprehensive income attributable to:				
Owners of the parent	35,033	18,046	65,937	50,143
Non-controlling interests	4,227	6,617	4,405	13,864
	39,260	24,663	70,342	64,007
Earnings per share				
Basic Earnings per ordinary share (sen)	5.85	2.84	11.27	8.09
Proposed/Declared Dividend per share (sen)	-	-	3.50	3.00

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 2021 and the accompanying explanatory notes attached to the interim Financial Report.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
INTERIM FINANCIAL REPORT AS AT 31 MARCH 2022**

	(Unaudited) 31.03.2022	(Audited) 30.09.2021
<i>Assets</i>	RM'000	RM'000
Property, plant and equipment	390,462	401,054
Right-of-use asset	17,605	17,766
Intangible assets	57,477	60,073
Prepaid lease payments	39,976	40,641
Investment properties	344,241	344,241
Investment in associates	25,815	12,485
Other investment	686	356
Land held for property development	893,342	883,037
Deferred tax assets	32,247	35,551
Receivables, deposits and prepayments	45,922	36,777
Total Non-Current Assets	1,847,773	1,831,981
Property development costs	529,218	539,809
Inventories	166,265	161,771
Contract assets	293,729	285,494
Biological assets	10,492	6,177
Receivables, deposits and prepayments	179,067	196,069
Current tax assets	11,621	9,896
Cash, bank balances, term deposits and fixed income funds	321,830	427,547
	1,512,222	1,626,763
Non-current assets classified as held for sale	346	737
Total Current Assets	1,512,568	1,627,500
TOTAL ASSETS	3,360,341	3,459,481
<i>Equity</i>		
Share capital	654,459	654,459
Treasury shares	(11,112)	(11,112)
Translation reserve	176	(678)
Revaluation reserve	27,359	27,359
Retained earnings	1,080,914	1,036,041
Equity attributable to owners of the parent	1,751,796	1,706,069
Non-Controlling Interests	143,282	138,702
Total Equity	1,895,078	1,844,771
<i>Liabilities</i>		
Deferred tax liabilities	53,667	56,123
Provisions	15,894	15,211
Payables and accruals	395,749	395,713
Lease liability	19,023	18,593
Loans and borrowings	123,759	175,879
Total Non-Current Liabilities	608,092	661,519
Provisions	20,587	20,587
Contract liabilities	7,941	15,374
Payables and accruals	478,389	538,251
Lease liability	493	493
Loans and borrowings	340,250	353,930
Current tax liabilities	9,511	24,556
Total Current Liabilities	857,171	953,191
Total Liabilities	1,465,263	1,614,710
TOTAL EQUITY AND LIABILITIES	3,360,341	3,459,481
Net Assets per share attributable to shareholders of the Company (RM)*	3.03	2.95

* 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 2021 and the accompanying explanatory notes attached to the interim Financial Report.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
INTERIM REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022**

Group	----- Attributable to owners of the parent -----						Non-Controlling Interests	Total Equity
	< -----Non-distributable ----- >			Distributable				
	Share Capital	Treasury Shares	Translation Reserve	Revaluation Reserve	Retained Earnings	Total	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
Financial period ended 31 March 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	-	-	854	-	65,083	65,937	4,405	70,342
Transactions with owners								
Issuance of shares by subsidiary to non-controlling shareholder	-	-	-	-	-	-	125	125
Non-controlling interests in respect of subsidiary acquired	-	-	-	-	-	-	50	50
Dividends	-	-	-	-	(20,210)	(20,210)	-	(20,210)
At 31.03.2022 (unaudited)	654,459	(11,112)	176	27,359	1,080,914	1,751,796	143,282	1,895,078
Financial period ended 31 March 2021								
At 1.10.2020 (audited)	654,459	(11,112)	(8,779)	27,359	970,682	1,632,609	91,811	1,724,420
Total comprehensive income for the period	-	-	3,403	-	46,740	50,143	13,864	64,007
Transactions with owners								
Issuance of shares by subsidiary to non-controlling interests	-	-	-	-	-	-	24,299	24,299
Dividends	-	-	-	-	(17,322)	(17,322)	-	(17,322)
At 31.03.2021 (unaudited)	654,459	(11,112)	(5,376)	27,359	1,000,100	1,665,430	129,974	1,795,404

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 2021 and the accompanying explanatory notes attached to the interim Financial Report.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
INTERIM REPORT FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 MARCH 2022**

	(Unaudited) 31.03.2022 RM'000	(Unaudited) 31.03.2021 RM'000
Cash Flows From/(Used In) Operating Activities		
Profit before tax	92,928	87,388
Adjustments for non-cash items	22,904	29,482
Operating profit before changes in working capital	<u>115,832</u>	<u>116,870</u>
Change in property development costs	8,084	4,138
Change in inventories	(4,494)	19,618
Change in contract assets	(15,668)	(27,461)
Change in receivables, deposits and prepayments	25,457	240
Change in payables and accruals	(44,490)	(31,366)
Cash generated from operations	<u>84,721</u>	<u>82,039</u>
Interest received	1,788	1,455
Interest paid	(9,664)	(10,250)
Tax paid	(39,432)	(17,140)
Tax refunded	-	1,150
Retirement benefits obligations paid	(1,180)	(1,383)
Net cash from operating activities	<u>36,233</u>	<u>55,871</u>
Cash Flows From/(Used In) Investing Activities		
Acquisition of subsidiaries, net of cash acquired	23	-
Acquisition of other investment	(1,507)	(52)
Acquisition of property, plant and equipment	(6,239)	(6,040)
Acquisition of non-controlling interests in subsidiaries	(1)	-
Additions to intangible assets	-	(3,147)
Additions to land held for property development	(23,306)	(24,007)
Deposits and consideration paid for the acquisition and joint venture of development lands	(15,000)	-
Withdrawal of deposits with licensed banks	7,489	109
Proceeds from disposal of other investment	1,219	185
Subscription of shares in associates	(12,049)	(4,900)
Proceeds from disposal of property, plant and equipment	184	3
Dividend received	1	-
Proceeds from disposal of non-current assets classified as held for sale	1,730	6,573
Net cash used in investing activities	<u>(47,456)</u>	<u>(31,276)</u>
Cash Flows From/(Used In) Financing Activities		
Dividend paid	(20,210)	(17,322)
Net repayment of bank borrowings	(73,772)	(20,276)
Payments of hire purchase liabilities	(152)	(188)
Payment of lease liability	-	(250)
Proceeds from issuance of shares by a subsidiary to non-controlling shareholders	125	24,299
Net cash used in financing activities	<u>(94,009)</u>	<u>(13,737)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(105,232)</u>	<u>10,858</u>
Effect of exchange rate fluctuations	(63)	182
Cash and cash equivalents at beginning of the period	<u>412,111</u>	<u>359,500</u>
Cash and cash equivalents at end of the period	<u>306,816</u>	<u>370,540</u>

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 2021 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 2021.

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 2021 (“Annual Report 2021”) as well as amendments to MFRSs that take effects on annual financial year commencing on or after 1 October 2021. Adoption of amendments to MFRSs are as follows:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to MFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021

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

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 ³
Amendments to MFRS 3	Reference to the Conceptual Framework ¹
Amendments to MFRS 4	Extension of Temporary Exemption from Applying MFRS 9 ²
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 17	Insurance Contracts ³
Amendments to MFRS 101	Disclosure of Accounting Policies ³
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ³
Amendments to MFRS 108	Definition of Accounting Estimates ³
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds Before Intended Use ¹
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to MFRSs	Annual Improvements to MFRS 2018 – 2020 Cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective immediately for annual periods beginning before 1 January 2023.

³ Effective for annual periods beginning on or after 1 January 2023.

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 and that the adoption of these Standards and Amendments 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 2021 in their report dated 29 December 2021.

A3. SEASONAL OR CYCLICAL FACTORS

The Group's operations were not materially affected by seasonal or cyclical factors other than the general effects of the prevailing economic conditions.

A4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and the financial year-to-date.

A5. CHANGES IN ESTIMATES

There were no material changes in estimates that have had material effect in the current quarter and the financial year-to-date.

A6. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities in the current quarter and the financial year-to-date.

Treasury Shares

There is no purchase of treasury shares during the current quarter and the financial year-to-date. Total treasury shares repurchased cumulatively as at 31 March 2022 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 31 March 2022, 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 2021 amounting to RM20,209,552 was declared on 29 November 2021 and paid on 7 January 2022.

A8. OPERATING SEGMENTS

(a) Segment Analysis – Business Segments

Financial period ended 31 March 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	222,568	169,759	13,986	41,218	3,177	-	1,530	-	452,238
Inter-segment revenue	-	7,835	1,281	22	-	34,282	-	(43,420)	-
Total segment revenue	222,568	177,594	15,267	41,240	3,177	34,282	1,530	(43,420)	452,238
Results									
Operating result [#]	27,779	62,584	4,530	1,469	1,346	16,073	748	(14,599)	99,930
Interest expense*	(16,741)	(3,302)	(535)	(4)	-	(11,556)	(1,226)	23,270	(10,094)
Interest income**	2,585	386	22	26	139	7,315	9	(8,671)	1,811
Share of results of associates	1,283	-	-	(2)	-	-	-	-	1,281
Segment result	14,906	59,668	4,017	1,489	1,485	11,832	(469)	-	92,928
Tax expense									(23,443)
Profit for the period									69,485
Assets									
Segment assets	2,243,404	516,877	393,640	35,494	40,655	12,636	47,952	-	3,290,658
Investment in associates	25,768		-	47				-	25,815
Deferred tax assets									32,247
Current tax assets									11,621
Total assets									3,360,341
Liabilities									
Segment liabilities	1,048,320	97,251	33,564	9,560	3,331	208,903	1,156	-	1,402,085
Deferred tax liabilities									53,667
Current tax liabilities									9,511
Total liabilities									1,465,263
Other segment information									
Depreciation and amortisation	568	16,937	1,360	15	297	39	65		19,281
Additions to non-current assets other than financial instruments and deferred tax assets	8,444	5,665	177	2	-	-	-	-	14,288
* Included inter-company interest expense	10,950	2,345	74	4	-	8,671	1,226	(23,270)	-
** Included inter-company interest income	(1,515)	-	-	-	-	(7,156)	-	8,671	-
# Included unrealised foreign exchange losses	-	373	-	-	-	10	-	-	383
# Included realised foreign exchange (gains)/losses	-	(591)	(3)	-	98	20	-	-	(476)

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 March 2021

	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	289,000	136,973	12,529	47,649	4,658	-	1,329	-	492,138
Inter-segment revenue	-	4,723	1,246	78	-	99,519	-	(105,566)	-
Total segment revenue	289,000	141,696	13,775	47,727	4,658	99,519	1,329	(105,566)	492,138
Results									
Operating result [#]	49,951	43,405	3,579	1,672	1,682	14,983	524	(15,807)	99,989
Interest expense*	(16,897)	(4,131)	(603)	(4)	-	(13,468)	(2,150)	25,440	(11,813)
Interest income**	3,008	239	-	18	69	7,718	36	(9,633)	1,455
Share of results of associates	(2,243)	-	-	-	-	-	-	-	(2,243)
Segment result	33,819	39,513	2,976	1,686	1,751	9,233	(1,590)	-	87,388
Tax expense									(26,830)
Profit for the period									60,558
Assets									
Segment assets	2,308,851	490,917	398,657	37,840	36,021	6,160	51,932	-	3,330,378
Investment in associates	12,633	-	-	-	-	-	-	-	12,633
Deferred tax assets									40,521
Current tax assets									5,000
Total assets									3,388,532
Liabilities									
Segment liabilities	1,072,043	149,081	35,370	17,322	2,935	238,142	1,108	-	1,516,001
Deferred tax liabilities									60,676
Current tax liabilities									16,451
Total liabilities									1,593,128
Other segment information									
Depreciation and amortisation	619	16,858	1,428	21	330	40	65	-	19,361
Additions to non-current assets other than financial instruments and deferred tax assets	27,192	5,783	215	4	-	-	-	-	33,194
* Included inter-company interest expense	11,080	2,413	95	4	-	9,699	2,150	(25,441)	-
** Included inter-company interest income	(1,952)	-	-	-	-	(7,681)	-	9,633	-
# Included unrealised foreign exchange gains	-	(4,855)	-	-	-	(29)	-	-	(4,884)
# Included realised foreign exchange (gains)/losses	-	(1,466)	5	-	187	13	-	-	(1,261)

Note: The construction division has been combined with property development division to form a reportable segment as major part of its revenue is derived from internal property development projects.

A8. OPERATING SEGMENTS (continued)
 (b) Segment Analysis – Geographical Segments

	Revenue		Non-current assets	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Malaysia	279,302	350,507	1,358,723	1,355,288
The Peoples' Republic of China	3,177	4,658	20,999	20,541
Republic of Indonesia	169,759	136,973	363,381	376,910
	<u>452,238</u>	<u>492,138</u>	<u>1,743,103</u>	<u>1,752,739</u>

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

A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

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

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

A11. CHANGES IN THE COMPOSITION OF THE GROUP

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

- (a) On 3 November 2021, the Company acquired 300,000 shares representing 60% of the equity interest of Juda Universe Sdn Bhd (“JUDA”), for a cash consideration of RM300,000. As a result, JUDA became a 60% owned subsidiary of the Company; and
- (b) On 16 February 2022, MKH Oil Palm (East Kalimantan) Sdn Bhd (formerly known as MKH Global Plantation Sdn Bhd) (“MKHOP”), a wholly owned subsidiary of the Company has acquired 1 ordinary share representing 100% of equity interest of Restu Mesra Sdn Bhd (“RMSB”) for a cash consideration of RM1. As a result, RMSB become a 100% owned subsidiary of MKHOP and the Company.

A12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

- (a) As at 19 May 2022, 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 2021 recorded a decrease of approximately RM97.5 million. Total credit facilities granted to subsidiaries with corporate guarantees issued by the Company to the lenders and utilised by subsidiaries as at 19 May 2022 was approximately RM792.3 million and RM406.8 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 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, 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 number 5, or period from 10 June 2020 to 17 October 2021 together with the above mentioned EOT 2, EOT 3 and EOT 4.

Based on legal opinion obtained, the directors of SKSB are of the opinion that SKSB’s LAD could not be estimated until and unless PAK has completed the assessment of EOT number 3 as the date by which SKSB is required to complete the Construction Works remains uncertain.

In view of the uncertainty, there is no 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.

- (c) On 4 January 2021, PT Maju Kalimantan Hadapan (“PTMKH”), a subsidiary of the Company, received a tax assessment letter from Indonesia’s Director General of Tax (“DGT”) for the year of assessment 2019, to restrict the claim on management fee incurred by PTMKH amounted to IDR21,855 million, equivalent to RM6.37 million. Based on applicable corporate tax of 25%, the restricted amount of the management fee will result in additional tax liability of IDR5,464 million, equivalent to RM1.59 million in the financial statements of the Group and PTMKH. The management fee was charged by MKH Resources Sdn Bhd, a subsidiary of the Company, in respect of management services rendered to PTMKH.

On 1 April 2021, PTMKH filed an objection letter in reply to above tax assessment letter. On 24 December 2021, the objection letter has been rejected by tax appeal office in Balikpapan, Indonesia. On 18 March 2022, PTMKH filed an appeal to tax court in Jakarta, Indonesia.

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

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. Accordingly, PTMKH has not made any adjustments in respect of the tax assessment in the financial statements of the Group and PTMKH.

A13. CAPITAL COMMITMENTS

The capital commitment of the Group is as follows:

	As at 31.03.2022 RM'000
Approved, contracted but not provided for:	
- Intangible asset for property development division	10,497
Approved but not contracted and not provided for:	
- Property, plant and equipment for plantation division	20,533
	<u>31,030</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 Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year-to-Date	Preceding Year-to-Date	Changes
	31.03.2022 RM'000	31.03.2021 RM'000	RM'000	31.03.2022 RM'000	31.03.2021 RM'000	RM'000
Revenue	247,970	264,680	(16,710)	452,238	492,138	(39,900)
Operating profit	53,471	44,029	9,442	99,931	99,989	(58)
Profit before interest and tax	54,533	41,877	12,656	101,212	97,746	3,466
Profit before tax	50,238	36,745	13,493	92,928	87,388	5,540
Profit after tax	37,962	22,946	15,016	69,485	60,558	8,927
Profit attributable to ordinary equity holders of the Parent	33,767	16,387	17,380	65,083	46,740	18,343

(i) Second quarter ended 31 March 2022

Despite the lower revenue of RM248.0 million in the current quarter as compared to the preceding year correspondence quarter of RM264.7 million, the Group recorded higher profit before tax of RM50.2 million in the current quarter as compared to the preceding year correspondence quarter of RM36.7 million mainly due to higher revenue and gross profit from the plantation division following the increase in average selling price of crude palm oil (“CPO”) in the current quarter of RM4,358 per MT as compared to the preceding correspondence quarter of RM2,747 per MT. The lower revenue and gross profit from the property and construction division as mentioned in the paragraph B1(ii) below was mitigated by the contribution from the plantation division.

(ii) Financial year-to-date (“YTD”) ended 31 March 2022 by Segments

Property and construction

The division recorded lower revenue and profit before tax of RM222.6 million and RM14.9 million for the current YTD as compared to the preceding YTD of RM289.0 million and RM33.8 million respectively due to lower revenue and gross profit following the completion of property development projects namely, Kajang East Precinct 1 (phase 2 & 4) and TR Residence couple with the development in Inspirasi @ Mont Kiara has reached its maturity stage of development, the newly launched property development projects namely MIRAI Residences @ Kajang 2 Precinct 1, Nexus @ Taman Pertama (launched in November 2020), Iris @ Hillpark Shah Alam (launched in September 2021) and TR2 Residence @ Jalan Tun Razak (launched in November 2021) still at the preliminary stage of development.

As at 31.3.2022, the Group has locked-in unbilled sales value of RM812.6 million from which attributed sales revenue and profits will be recognised progressively as their development percentage of completion progresses and were mainly contributed from the ongoing development projects namely Hill Park Shah Alam (RM95.9 million), Inspirasi @ Mont Kiara (RM48.4 million), Kajang East Precinct 1 (phase 1 & 3A) (RM6.5 million), MKH Boulevard II (RM54.4 million), Nexus @ Kajang Station (RM176.1 million), Bandar Teknologi Kajang shop (RM1.2 million), Hillpark 3 Phase 1B Shop (RM1.0 million), Kajang East Avenue Shop (RM13.5 million), MIRAI Residences @ Kajang 2 Precinct 1 (RM275.0 million), Nexus @ Taman Pertama (RM113.3 million) and TR2 Residence @ Jalan Tun Razak (RM27.3 million).

Plantation

The division recorded higher revenue and profit before tax of RM169.8 million and RM59.7 million for the current YTD as compared to the preceding YTD of RM137.0 million and RM39.5 million respectively.

The profit before tax included unrealised foreign exchange losses of RM0.4 million in the current YTD as compared to the unrealised foreign exchange gains of RM4.9 million in the preceding YTD. The unrealised foreign exchange losses were mainly due to weakening of Indonesia Rupiah (“IDR”) against the United States Dollar (“USD”) borrowings.

Excluding unrealised foreign exchange losses/gains, this division recorded profit before tax of RM60.1 million for the current YTD as compared to the preceding YTD of RM34.6 million. The increase in revenue and profit before tax excluding unrealised foreign exchange losses/gains was mainly due to higher average selling price of CPO in the current YTD of RM4,164 per MT as compared to the preceding YTD of RM2,698 per MT as disclosed below.

Palm oil plantation’s production key indicators:

As at 31 March 2022	Q1	Q2	YTD 2022
Total land area (hectares)			18,388
Planted area (hectares)			16,408
Mature area (hectares)			16,081
Fresh Fruit Bunches produced by (MT)			
Own estates	91,646	90,561	182,207
External	5,501	4,904	10,405
	97,147	95,465	192,612
Crude Palm Oil (MT)	18,315	17,716	36,031
Palm Kernel (MT)	3,913	3,815	7,727
Average CPO price/MT	4,001	4,358	4,164
Average PK price/MT	2,376	3,331	2,872

As at 30 September 2021	Q1	Q2	Q3	Q4	Year 2021
Total land area (hectares)					18,388
Planted area (hectares)					16,408
Mature area (hectares)					16,081
Fresh Fruit Bunches produced by (MT)					
Own estates	107,006	107,620	115,654	110,704	440,984
External	5,359	5,377	4,497	4,942	20,175
	112,365	112,997	120,151	115,646	461,159
Crude Palm Oil (MT)	22,682	21,446	23,497	21,812	89,438
Palm Kernel (MT)	4,339	4,021	4,836	4,766	17,963
CPO average price RM/MT	2,656	2,747	3,096	3,321	2,945
PK average price RM/MT	1,258	1,729	1,944	1,731	1,681

Hotel and property investment

This division recorded an increase in revenue of RM14.0 million and profit before tax of RM4.0 million for the current YTD as compared to the preceding YTD of RM12.5 million and RM3.0 million respectively due to increase in revenue and lower gross loss position from the hotel division with average occupancy rate of 52% in the current YTD as compared to 23% in the preceding YTD.

Trading

This division recorded lower revenue of RM41.2 million and profit before tax of RM1.5 million in the current YTD as compared to the preceding YTD of RM47.7 million and RM1.7 million respectively due to lower product mixed of higher profit margin building materials and approximately 73% of sales were mainly derived from the Group's development projects.

Manufacturing

This division recorded lower revenue and profit before tax of RM3.2 million and RM1.5 million in the current YTD as compared to the preceding YTD of RM4.7 million and RM1.8 million respectively due to imposition of lockdown by the China Government in February 2022 to curb the spread of COVID-19 Omicron variant cases. Our furniture factory's operation located in Jiangsu Province was disrupted by the raw material supply chain and logistics in month of March and April 2022, and is expecting to resume full operation from May 2022 onwards.

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 31.03.2022 RM'000	Immediate Preceding Quarter 31.12.2021 RM'000	Changes RM'000
Revenue	247,970	204,268	43,702
Operating profit	53,471	46,460	7,011
Profit before interest and tax	54,533	46,679	7,854
Profit before tax	50,238	42,690	7,548
Profit after tax	37,962	31,523	6,439
Profit attributable to ordinary equity holders of the parent	33,767	31,316	2,451

The Group recorded higher revenue and profit before tax of RM248.0 million and RM50.2 million in the current quarter as compared to the preceding quarter of RM204.3 million and RM42.7 million respectively due to higher profit recognition from the property and construction division's ongoing projects namely, Inspirasi @ Mont Kiara and Nexus @ Kajang Station.

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

This is not applicable to the Group.

B4. CURRENT YEAR PROSPECTS

Malaysia has entered into the transition to endemic phase on 1 April 2022 and relaxed the standard operating procedures for general public effective from 1 May 2022 and is expecting a firmer recovery despite global inflationary pressure, rise in interest rates and Russia-Ukraine conflict. 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 2022 ("FY2022") remain challenging as the Covid-19 pandemic continue to impact on the businesses and consumer spending sentiment and the tighter end financing for potential purchasers by the banks coupled with the recent increase in overnight policy rate by 25 basis point to 2.00 percent. The Malaysia Government announced in the Budget 2022 that it will provides guarantees of up to RM2 billion to banks through the Housing Credit Guarantee Scheme to provide gig workers, small entrepreneurs and farmers access to financing to purchase houses and reduce the current Real Property Gains Tax rate from 5% to 0% for individual who disposes property in the sixth year or thereafter. With the above catalyst from the Government and as Malaysia enter the endemic phase, we expect the property market sentiment to continue to improve.

As at 31.03.2022, the Group achieved take up rates for the newly launched development projects as follows:

- 44% for Nexus @ Taman Pertama (507 units of apartments) with GDV of approximately RM255.4 million which was launched in November 2020;
- 65% for MIRAI Residences @ Kajang 2 Precinct 1 (phase 1 & 2 totaling 1,496 units of apartments) with GDV of approximately RM481.0 million which was launched in September 2020 & February 2021;
- 43% for Iris @ Hillpark Shah Alam (241 units of double-storey terrace) with GDV of approximately RM126.1 million which was launched in September 2021; and
- 13% for TR2 Residence @ Jalan Tun Razak (Block A – 454 units of apartments) with GDV of approximately RM243.7 million which was launched in November 2021 and balance 464 units (Block B) with GDV of approximately RM243.7 million will be opened by September 2022.

The Group's revised planned launches in FY2022 comprising of retail shops development in MIRAI Residences @ Kajang 2 Precinct 2 phase 1, landed retail shops development known as Kajang East Avenue phase 2 and landed residential development known as Akina @ Kajang 2 Precinct 3 with a total estimated GDV of approximately RM307.4 million will be phased according to prevailing market sentiments.

The Group will continue to leverage on its available properties from the ongoing development projects with sales value of approximately RM861.8 million and monetize its inventories totaling RM102.2 million through virtual/digital marketing, rolling out more competitive rebates and timely completion of ongoing development projects.

B4. CURRENT YEAR PROSPECTS (CONT'D)

The Group's unbilled sales of RM812.6 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:

The COVID-19 pandemic continues to impact the tourism industry and the retail real estate market. 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 52% for the current YTD (1QFY2022: 50%).

Our Plaza Metro Kajang and Metro Point Complex retail activities remain supported and is expected to improve as Malaysia enter 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 2021.

This segment has also benefited from the stimulus packages announced by the Government from time to time such as wage subsidy programme and electricity bill discounts.

The retail activities have since picked up after the FMCO which augurs well for this division.

Plantation segment:

Our plantation segment in Indonesia is operating as usual albeit with enhanced biosecurity measures; which included educating our workers with regards to COVID-19 prevention procedures such as social distancing, cleanliness, sanitization, quarantine procedures, and implementation of controlled entry and exit at our plantation checkpoints. The above initiatives had enabled our plantation division to carry out its day-to-day operations smoothly without any COVID-19 cases todate.

Our plantation's healthcare frontliners have also received the COVID-19 vaccination so that they could be better protected in discharging their duties. Given our plantation's success in combating the pandemic todate, our management was invited into the authorities' think-tank to also advice on the district's anti COVID-19 initiative. Our plantation division continue to operate well with minimal impact from the movement control implemented by the Indonesian Government.

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 fresh fruit bunches ("FFB") production. 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 mechanization of FFB collection and the use of software apps to track FFB evacuation from fields to the mill. We expect the weather to improve in the coming months and as the weather normalise, the production of FFB will increase.

B4. CURRENT YEAR PROSPECTS (CONT'D)

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 31 March 2022, this division recorded unrealised foreign exchange losses of RM0.5 million as compared to the immediate preceding quarter of unrealised foreign exchange gains of RM0.2 million based on exchange rate of USD1:IDR14,349 and RM1:IDR3,413 as at 31 March 2022 due to the weakening of the Indonesia Rupiah (“IDR”) against USD. The exchange rates movement is analysed as below:

As at 31.3.2022, USD1: IDR14,349 and RM1: IDR3,413
As at 31.12.2021, USD1: IDR14,269 and RM1: IDR3,416
As at 30.9.2021, USD1: IDR14,307 and RM1: IDR3,419
As at 30.6.2021, USD1: IDR14,496 and RM1: IDR3,493
As at 31.3.2021, USD1: IDR14,572 and RM1: IDR3,508

The crude palm oil (“CPO”) prices remain well supported due to good demand and tighter supply with current CPO price trading at approximately RM4,400/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 RM4,358 per MT as compared to the immediate preceding quarter of RM4,001 per MT. For the 3rd quarter ending 30 June 2022, we are expecting an average CPO price at a range of between RM4,400 to RM4,800 per MT. 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 2022.

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 31.03.2022 RM'000	Financial year-to-date 31.03.2022 RM'000
Amortisation of prepaid lease payments	(370)	(751)
Depreciation of right-of-use asset	(81)	(162)
Depreciation of property, plant and equipment	(9,070)	(18,368)
Interest expenses - loan and borrowings	(4,705)	(9,664)
- lease liability	(215)	(430)
<i>Other expenses</i>		
Property, plant and equipment written off	(8)	(10)
Net loss on foreign exchange - unrealised	(566)	(383)
<i>Other income</i>		
Changes in fair value of biological assets	2,241	4,311
Net gain on foreign exchange - realised	485	476
Interest income	625	1,810
Fair value gain arising from other investment	-	36
Gain on disposal of property, plant and equipment	181	184
Gain on disposal of other investment	1	7
Dividend income from other investment	-	1
	=====	=====

(ii) CASH AND CASH EQUIVALENTS

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

	(Unaudited) 31.03.2022 RM'000	(Unaudited) 31.03.2021 RM'000
Cash and bank balances	142,546	111,140
Cash held under housing development accounts	136,487	232,557
Cash held under sinking fund accounts	4	2
Deposits with licensed banks	10,687	10,808
Short term funds	32,106	31,674
Bank overdrafts	(7,067)	(1,799)
	<u>314,763</u>	<u>384,382</u>
Less: Non short term and highly liquid fixed deposits	(6,657)	-
Less: Deposits and bank balances pledged for credit facilities	(1,290)	(13,842)
	<u><u>306,816</u></u>	<u><u>370,540</u></u>

B6. TAX EXPENSE

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current	Preceding Year	Current	Preceding
	Year	Corresponding	Year-to-Date	Year-to-Date
	Quarter	Quarter	31.03.2022	31.03.2021
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
Current tax				
- Current financial year	11,623	11,196	22,661	23,737
- Prior financial year	-	(1)	-	13
Deferred tax				
- Current financial year	653	2,609	782	3,082
- Prior financial year	-	(5)	-	(2)
	<u>12,276</u>	<u>13,799</u>	<u>23,443</u>	<u>26,830</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. GROUP BORROWINGS AND DEBT SECURITIES

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

	Long term		Short term		Total borrowings	
	Foreign currency 000	RM Equivalent RM'000	Foreign currency 000	RM Equivalent RM'000	Foreign currency 000	RM Equivalent RM'000
As at 31 March 2022						
<u>Secured</u>						
<u>Denominated in USD</u>						
Revolving credits	-	-	6,320	26,571	6,320	26,571
<u>Denominated in RM</u>						
Term loans	-	30,233	-	30,173	-	60,406
Revolving credits	-	88,444	-	128,834	-	217,278
<u>Unsecured</u>						
<u>Denominated in USD</u>						
Term loans	1,060	4,457	-	-	1,060	4,457
Revolving credits	-	-	250	1,052	250	1,052
<u>Denominated in RM</u>						
Revolving credits	-	-	-	146,200	-	146,200
Bank overdraft	-	-	-	7,067	-	7,067
<u>Finance lease liabilities</u>						
<u>Denominated in RM</u>	-	625	-	353	-	978
Total		123,759		340,250		464,009

	Long term		Short term		Total borrowings	
	Foreign currency 000	RM Equivalent RM'000	Foreign currency 000	RM Equivalent RM'000	Foreign currency 000	RM Equivalent RM'000
As at 31 March 2021						
<u>Secured</u>						
<u>Denominated in USD</u>						
Term loans	6,800	28,166	4,800	19,784	11,600	47,950
Revolving credits	-	-	8,500	35,301	8,500	35,301
<u>Denominated in RM</u>						
Term loans	-	59,486	-	10,900	-	70,386
Revolving credits	-	149,707	-	115,589	-	265,296
Bank overdraft	-	-	-	1,799	-	1,799
<u>Unsecured</u>						
<u>Denominated in USD</u>						
Term loans	5,000	20,765	-	-	5,000	20,765
Revolving credits	-	-	1,150	4,783	1,150	4,783
<u>Denominated in RM</u>						
Revolving credits	-	-	-	168,200	-	168,200
<u>Finance lease liabilities</u>						
<u>Denominated in RM</u>	-	643	-	317	-	960
Total		258,767		356,673		615,440

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 29 November 2021 for the financial year ended 30 September 2021 amounting to RM20,209,552 was declared on 29 November 2021 and paid on 7 January 2022.

B11. EARNINGS PER SHARE (“EPS”)

	Current Year Quarter 31.03.2022 (unaudited)	Preceding Year Corresponding Quarter 31.03.2021 (restated) (unaudited)	Current Year-to-Date 31.03.2022 (unaudited)	Preceding Year-to-Date 31.03.2021 (restated) (unaudited)
BASIC EPS				
Profit attributable to Owners of the parent (RM'000)	33,767	16,387	65,083	46,740
Weighted average number of ordinary shares ('000)				
At 1 October 2021/2020	586,548	586,548	586,548	586,548
Treasury shares	(9,132)	(9,132)	(9,132)	(9,132)
At 31 March 2022/2021	577,416	577,416	577,416	577,416
BASIC EPS (sen)	5.85	2.84	11.27	8.09

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 30 May 2022.