



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
INTERIM REPORT FOR THE FOURTH QUARTER  
AND FINANCIAL YEAR ENDED 30 SEPTEMBER 2020**

|  | (Unaudited)<br>INDIVIDUAL QUARTER<br>Current<br>Year<br>Quarter<br>30.09.2020<br>RM'000 | (Unaudited)<br>Preceding Year<br>Corresponding<br>Quarter<br>30.09.2019<br>RM'000 | (Unaudited)<br>CUMULATIVE QUARTER<br>Current<br>Year-to-Date<br>30.09.2020<br>RM'000 | (Audited)<br>Preceding<br>Year-to-Date<br>30.09.2019<br>RM'000 |
|--|---|---|--|--|
| <b>Revenue</b>   | <b>288,406</b>  | 307,133   | <b>911,926</b>   | 1,121,657  |
| Cost of sales  | (186,232)   | (215,348)   | (600,468)  | (807,162)  |
| <b>Gross profit</b>  | <b>102,174</b>  | 91,785  | <b>311,458</b>   | 314,495  |
| Other income   | 2,593   | 5,372   | 23,549   | 37,338   |
| Sales and marketing expenses   | (2,120)   | (313)   | (16,556)   | (34,654)   |
| Administrative expenses  | (29,285)  | (26,464)  | (94,824)   | (92,618)   |
| Other expenses   | (36,090)  | (20,092)  | (50,937)   | (24,913)   |
| <b>Profit from operations</b>  | <b>37,272</b>   | 50,288  | <b>172,690</b>   | 199,648  |
| Share of results of associates   | 689   | (2,025)   | (5,114)  | (885)  |
| Interest expenses  | (24,600)  | (10,508)  | (50,156)   | (40,390)   |
| <b>Profit before tax</b>   | <b>13,361</b>   | 37,755  | <b>117,420</b>   | 158,373  |
| Tax expense  | (12,495)  | (24,784)  | (49,552)   | (60,896)   |
| <b>Profit for the period/year</b>  | <b>866</b>  | 12,971  | <b>67,868</b>  | 97,477   |
| <b>Other comprehensive income</b>  |   |   |  |  |
| <i>Items that may be reclassified subsequently to profit or loss:</i>      |   |   |  |  |
| Foreign exchange translation differences                                   | (8,231)   | (213)   | (4,297)  | 2,234  |
| Revaluation surplus on land & buildings                                    | 1,687   | -   | 1,687  | -  |
|  | (6,544)   | (213)   | (2,610)  | 2,234  |
| <i>Items that will not be reclassified subsequently to profit or loss:</i> |   |   |  |  |
| Remeasurement gains on defined benefit plans                               | (145)   | 4,091   | (145)  | 4,091  |
| Income tax relating to components of other comprehensive income            | 32  | (998)   | 32   | (998)  |
|  | (113)   | 3,093   | (113)  | 3,093  |
| <b>Total comprehensive income for the period/year</b>                      | <b>(5,791)</b>  | 15,851  | <b>65,145</b>  | 102,804  |
| <b>Profit attributable to:</b>   |   |   |  |  |
| Owners of the parent   | (6,476)   | 10,003  | 42,715   | 82,561   |
| Non-controlling interests  | 7,342   | 2,968   | 25,153   | 14,916   |
|  | 866   | 12,971  | 67,868   | 97,477   |
| <b>Total comprehensive income attributable to:</b>                         |   |   |  |  |
| Owners of the parent   | (12,923)  | 12,489  | 40,075   | 87,719   |
| Non-controlling interests  | 7,132   | 3,362   | 25,070   | 15,085   |
|  | (5,791)   | 15,851  | 65,145   | 102,804  |
| <b>Earnings per share</b>  |   |   |  |  |
| <b>Basic Earnings per ordinary share (sen)</b>                             | <b>(1.12)</b>   | 1.73  | <b>7.40</b>  | 14.26  |
| <b>Proposed/Declared Dividend per share (sen)</b>                          | -   | -   | <b>4.00</b>  | 3.50   |

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Report for the financial year ended 30 September 2019 and the accompanying explanatory notes attached to the interim Financial Report.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
INTERIM FINANCIAL REPORT AS AT 30 SEPTEMBER 2020**

|   | (Unaudited)<br>30.09.2020<br>RM'000 | (Audited)<br>30.09.2019<br>RM'000 |
|---|-------------------------------------|-----------------------------------|
| <b>Assets</b>   |                                     |                                   |
| Property, plant and equipment   | 406,295                             | 447,612                           |
| Intangible assets   | 50,669                              | 30,449                            |
| Right-of-use asset  | 18,088                              | -                                 |
| Prepaid lease payments  | 41,722                              | 43,397                            |
| Investment properties   | 349,256                             | 312,440                           |
| Investment in associates  | 9,977                               | 14,990                            |
| Other investment  | 132                                 | -                                 |
| Land held for property development  | 903,716                             | 873,950                           |
| Deferred tax assets   | 40,366                              | 47,383                            |
| Tax recoverable   | -                                   | 1,148                             |
| Receivables, deposits and prepayments   | 41,555                              | 36,162                            |
| <b>Total Non-Current Assets</b>   | <b>1,861,776</b>                    | <b>1,807,531</b>                  |
| Property development costs  | 393,737                             | 416,740                           |
| Inventories   | 137,037                             | 193,850                           |
| Contract assets   | 345,871                             | 281,298                           |
| Biological assets   | 4,538                               | 5,182                             |
| Receivables, deposits and prepayments   | 214,721                             | 229,730                           |
| Current tax assets  | 10,586                              | 19,491                            |
| Cash, bank balances, term deposits and fixed income funds                     | 374,653                             | 405,156                           |
|   | 1,481,143                           | 1,551,447                         |
| Non-current assets classified as held for sale                                | 4,534                               | 1,544                             |
| <b>Total Current Assets</b>   | <b>1,485,677</b>                    | <b>1,552,991</b>                  |
| <b>TOTAL ASSETS</b>   | <b>3,347,453</b>                    | <b>3,360,522</b>                  |
| <b>Equity</b>   |                                     |                                   |
| Share capital   | 654,459                             | 654,459                           |
| Treasury shares   | (11,112)                            | (9,637)                           |
| Translation reserve   | (8,756)                             | (4,551)                           |
| Revaluation reserve   | 25,089                              | 23,402                            |
| Retained earnings   | 971,645                             | 952,213                           |
| <b>Equity attributable to owners of the parent</b>                            | <b>1,631,325</b>                    | <b>1,615,886</b>                  |
| <b>Non-Controlling Interests</b>  | <b>92,269</b>                       | <b>71,249</b>                     |
| <b>Total Equity</b>   | <b>1,723,594</b>                    | <b>1,687,135</b>                  |
| <b>Liabilities</b>  |                                     |                                   |
| Deferred tax liabilities  | 55,464                              | 64,327                            |
| Provisions  | 16,655                              | 14,562                            |
| Payables and accruals   | 348,608                             | 309,712                           |
| Lease liability   | 18,283                              | -                                 |
| Loans and borrowings  | 255,927                             | 313,683                           |
| <b>Total Non-Current Liabilities</b>  | <b>694,937</b>                      | <b>702,284</b>                    |
| Provisions  | 20,587                              | 20,183                            |
| Contract liabilities  | -                                   | 2,141                             |
| Payables and accruals   | 521,140                             | 566,680                           |
| Lease liability   | 458                                 | -                                 |
| Loans and borrowings  | 377,696                             | 371,081                           |
| Current tax liabilities   | 9,041                               | 11,018                            |
| <b>Total Current Liabilities</b>  | <b>928,922</b>                      | <b>971,103</b>                    |
| <b>Total Liabilities</b>  | <b>1,623,859</b>                    | <b>1,673,387</b>                  |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <b>3,347,453</b>                    | <b>3,360,522</b>                  |
| <b>Net Assets per share attributable to shareholders of the Company (RM)*</b> | <b>2.83</b>                         | <b>2.79</b>                       |

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

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Report for the financial year ended 30 September 2019 and the accompanying explanatory notes attached to the interim Financial Report.



**MKH BERHAD** (Registration No. 197901006663 (50948-T))  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**INTERIM REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 SEPTEMBER 2020**

|   | < ----- Attributable to owners of the parent ----- > |                 |                     |                     |                   |           |                           |              |
|---|--|-----------------|---------------------|---------------------|-------------------|-----------|---------------------------|--------------|
|   | ----- Non-distributable -----                        |                 |                     | Distributable       |                   |           |                           |              |
| Group   | Share Capital  | Treasury Shares | Translation Reserve | Revaluation Reserve | Retained Earnings | Total     | Non-Controlling Interests | Total Equity |
|   | RM'000   | RM'000          | RM'000              | RM'000              | RM'000            | RM'000    | RM'000                    | RM'000       |
| Financial period ended 30 September 2020                          |  |                 |                     |                     |                   |           |                           |              |
| At 1.10.2019 (audited)  | 654,459  | (9,637)         | (4,551)             | 23,402              | 952,213           | 1,615,886 | 71,249                    | 1,687,135    |
| Total comprehensive income for the year                           | -  | -               | (4,205)             | 1,687               | 42,593            | 40,075    | 25,070                    | 65,145       |
| Transactions with owners  |  |                 |                     |                     |                   |           |                           |              |
| Dividend paid to non-controlling interests                        | -  | -               | -                   | -                   | -                 | -         | (4,050)                   | (4,050)      |
| Share buy back  | -  | (1,475)         | -                   | -                   | -                 | (1,475)   | -                         | (1,475)      |
| Dividends   | -  | -               | -                   | -                   | (23,161)          | (23,161)  | -                         | (23,161)     |
| At 30.09.2020 (unaudited)   | 654,459  | (11,112)        | (8,756)             | 25,089              | 971,645           | 1,631,325 | 92,269                    | 1,723,594    |
| Financial period ended 30 September 2019                          |  |                 |                     |                     |                   |           |                           |              |
| At 1.10.2018 (restated)   | 654,459  | (5,438)         | (6,790)             | 23,402              | 887,002           | 1,552,635 | 56,039                    | 1,608,674    |
| Total comprehensive income for the year                           | -  | -               | 2,239               | -                   | 85,480            | 87,719    | 15,085                    | 102,804      |
| Transactions with owners  |  |                 |                     |                     |                   |           |                           |              |
| Issuance of shares by subsidiaries to non-controlling shareholder | -  | -               | -                   | -                   | -                 | -         | 125                       | 125          |
| Share buy back  | -  | (4,199)         | -                   | -                   | -                 | (4,199)   | -                         | (4,199)      |
| Dividends   | -  | -               | -                   | -                   | (20,269)          | (20,269)  | -                         | (20,269)     |
| At 30.09.2019 (audited)   | 654,459  | (9,637)         | (4,551)             | 23,402              | 952,213           | 1,615,886 | 71,249                    | 1,687,135    |

The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Report for the financial year ended 30 September 2019 and the accompanying explanatory notes attached to the interim Financial Report.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
INTERIM REPORT FOR THE FOURTH QUARTER  
AND FINANCIAL YEAR ENDED 30 SEPTEMBER 2020**

|  | (Unaudited)<br>30.09.2020<br>RM'000 | (Audited)<br>30.09.2019<br>RM'000 |
|--|-------------------------------------|-----------------------------------|
| <b>Cash Flows From/(Used In) Operating Activities</b>                            |                                     |                                   |
| Profit before tax  | 117,420                             | 158,373                           |
| Adjustments for non-cash items   | 122,373                             | 80,855                            |
| Operating profit before changes in working capital                               | 239,793                             | 239,228                           |
| Change in property development costs   | 54,656                              | 131,922                           |
| Change in inventories  | 14,360                              | 60,905                            |
| Change in contract assets  | (66,714)                            | (80,452)                          |
| Change in receivables, deposits and prepayments                                  | (1,044)                             | 25,998                            |
| Change in payables and accruals  | (54,149)                            | (35,882)                          |
| Cash generated from operations   | 186,902                             | 341,719                           |
| Interest paid  | (30,386)                            | (39,889)                          |
| Interest received  | 6,550                               | 6,204                             |
| Tax paid   | (48,049)                            | (65,927)                          |
| Tax refunded   | 4,629                               | 9,259                             |
| Retirement benefits obligations paid   | (500)                               | (786)                             |
| <b>Net cash from operating activities</b>  | 119,146                             | 250,580                           |
| <b>Cash Flows From/(Used In) Investing Activities</b>                            |                                     |                                   |
| Additions to land held for property development                                  | (37,437)                            | (30,903)                          |
| Acquisition of property, plant and equipment                                     | (9,385)                             | (26,713)                          |
| Additions to intangible assets   | (20,501)                            | (3,796)                           |
| Additions to other investment  | (129)                               | -                                 |
| Subscription of shares in an associate   | (100)                               | (5,000)                           |
| Proceeds from disposal of property, plant and equipment                          | 132                                 | 126                               |
| Dividend received  | 1                                   | -                                 |
| Withdrawal of deposits with licensed banks                                       | 9,845                               | 4,480                             |
| <b>Net cash used in investing activities</b>                                     | (57,574)                            | (58,431)                          |
| <b>Cash Flows From/(Used In) Financing Activities</b>                            |                                     |                                   |
| Dividend paid  | (23,161)                            | (20,269)                          |
| Dividend paid to non-controlling shareholders                                    | (4,050)                             | -                                 |
| Shares buy back  | (1,475)                             | (4,199)                           |
| Net (repayment)/drawdown of bank borrowings                                      | (41,631)                            | 11,769                            |
| Payments of finance lease liabilities  | (1,012)                             | (735)                             |
| Payments of lease liabilities  | (500)                               | -                                 |
| Proceeds from issuance of shares by a subsidiary to non-controlling shareholders | -                                   | 125                               |
| <b>Net cash used in financing activities</b>                                     | (71,829)                            | (13,309)                          |
| <b>Net (decrease)/ increase in cash and cash equivalents</b>                     | (10,257)                            | 178,840                           |
| Effect of exchange rate fluctuations   | (4,309)                             | 565                               |
| <b>Cash and cash equivalents at beginning of the year</b>                        | 374,066                             | 194,661                           |
| <b>Cash and cash equivalents at end of the year</b>                              | 359,500                             | 374,066                           |

The notes on cash and cash equivalents can be referred to paragraph B5 (ii).

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Report for the financial year ended 30 September 2019 and the accompanying explanatory notes attached to the interim Financial Report.



## EXPLANATORY NOTES

### A1. BASIS OF PREPARATION

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

### CHANGES IN ACCOUNTING POLICIES

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

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

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

#### **MFRS 16 Leases**

MFRS 16 changes how the Group account for leases previously classified as operating leases under MFRS 117 *Leases*, which were off balance sheet. MFRS 16 introduces a single lessee accounting model and required a lessee to recognize assets and liabilities, except for short-term leases and leases of low-value assets. A lessee is required to recognise a right-of-use (“ROU”) asset representing its rights to use the underlying leased asset and a lease liability representing its obligation to make lease payments. In contrast to the lessee accounting, the requirements for lessor accounting have remained largely unchanged.

#### **The Group as Lessee**

On transition to MFRS 16, the Group elected to apply the practical expedient on not to reassess whether the contract is, or contains a lease at the date of initial application. MFRS 16 is only applied to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 *Leases* and IC Interpretation 4 *Determining whether an Arrangements contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after the date of initial application, 1 October 2019.

## **A1. BASIS OF PREPARATION (CONT'D)**

The Group adopted the simplified transition approach and without restating the comparative amounts for the financial year prior to first adoption. The reclassifications and adjustment arising from the new leasing rules are therefore recognised in the opening balance of statement of financial position as at 1 October 2019.

As 1 October 2019, for leases that were classified as operating leases under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the lessee's incremental borrowings rate as at 1 October 2019. The incremental borrowing rate of the Group applied to the lease liability as at 1 October 2019 at 4.51%. ROU asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying MFRS 117:

- (a) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (b) The accounting for operating leases with a remaining lease term of less than 23 months as at 1 October 2019 as short-term leases;
- (c) The exclusion of initial direct costs for the measurement of the ROU asset at the date of initial application; and
- (d) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

### **The Group as Lessor**

MFRS 16 does not change substantially how a lessor accounts for lease. Under MFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, MFRS 16 has expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Under MFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under MFRS 117).

The Group did not need any adjustment to the accounting for assets held as lessor under operating leases as a result of adoption of MFRS 16.

## A1. BASIS OF PREPARATION (CONT'D)

The table below shows the impact of changes to the statement of financial position of the Group resulting from the adoption of MFRS 16 as at 1 October 2019.

| Note                           | As at 30<br>September<br>2019<br>RM | Effect of<br>MFRS 16<br>RM | As at 1<br>October<br>2019<br>RM |
|--------------------------------|-------------------------------------|----------------------------|----------------------------------|
| <b>The Group</b>               |                                     |                            |                                  |
| <u>Non-current assets</u>      |                                     |                            |                                  |
| Right-of-use asset             | -                                   | 18,410,370                 | 18,410,370                       |
| <u>Non-current liabilities</u> |                                     |                            |                                  |
| Lease liability                | -                                   | 17,952,592                 | 17,952,592                       |
| <u>Current liabilities</u>     |                                     |                            |                                  |
| Lease liability                | -                                   | 457,778                    | 457,778                          |

### 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 statement but are not yet effective for the Group:

| MFRSs   | Amendments to References to the Conceptual Framework in MFRS Standards <sup>1</sup>                |
|---|--|
| MFRS 17   | Insurance Contracts <sup>5</sup>   |
| Amendments to MFRS 3  | Definition of a Business <sup>1</sup>  |
| Amendments to MFRS 3  | Reference to the Conceptual Framework <sup>4</sup>   |
| Amendments to MFRS 10 and MFRS 128                            | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>6</sup> |
| Amendments to MFRS 101  | Classification of Liabilities as Current or Non-current <sup>5</sup>                               |
| Amendments to MFRS 101 and MFRS 108                           | Definition of Material <sup>1</sup>  |
| Amendments to MFRS 9, MFRS 139 and MFRS 7                     | Interest Rate Benchmark Reform <sup>1</sup>  |
| Amendments to MFRS 16   | Covid-19 – Related Rent Concessions <sup>2</sup>   |
| Amendments to MFRS 9, MFRS 139 and MFRS 7, MFRS 4 and MFRS 16 | Interest Rate Benchmark Reform – Phase 2 <sup>3</sup>  |
| Amendments to MFRS 116  | Property, Plant and Equipment – Proceeds Before Intended Use <sup>4</sup>                          |
| Amendments to MFRS 137  | Onerous Contracts – Cost of Fulfilling a Contract <sup>4</sup>                                     |
| Amendments to MFRS 4  | Extension of Temporary Exemption from Applying MFRS 9 <sup>5</sup>                                 |
| Annual Improvements to MFRS 2018 – 2020 Cycle <sup>4</sup>    |  |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020, with earlier application permitted

<sup>2</sup> Effective for annual periods beginning on or after 1 June 2020, with earlier application permitted

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted

## **A1. BASIS OF PREPARATION (CONT'D)**

- <sup>4</sup> Effective for annual periods beginning on or after 1 January 2022, with earlier application permitted
- <sup>5</sup> Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted
- <sup>6</sup> Effective date deferred to a date to be determined and announced

The directors anticipate that the abovementioned Standards, Amendments and IC Interpretation will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards will have no material impact on the financial statements of the Group in the period of initial application.

## **A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors have expressed an unqualified opinion on the Company's statutory financial statements for the financial year ended 30 September 2019 in their report dated 26 December 2019.

## **A3. SEASONAL OR CYCLICAL FACTORS**

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

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

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

## **A5. CHANGES IN ESTIMATES**

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

## **A6. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES**

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

### **Treasury Shares**

During the financial year, the Company repurchased 1,618,700 of its issued ordinary shares from the open market at an average price of RM0.91 per share. The total consideration paid for the repurchase including transaction costs was RM1,475,201 and this was financed by internally generated funds. Total treasury shares repurchased as at 30 September 2020 is 9,132,300 ordinary shares, representing a cumulative 1.56% of total paid up share capital in accordance with Section 127 of the Companies Act 2016. Since the end of the current quarter ended 30 September 2020, there is no repurchase of treasury share.

## **A7. DIVIDEND PAID**

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



## A8. OPERATING SEGMENTS

### (a) Segment Analysis – Business Segments

Financial year ended 30 September 2020

|  | Property<br>development<br>& construction<br>RM'000 | Plantation<br>RM'000 | Hotel<br>& property<br>investment<br>RM'000 | Trading<br>RM'000 | Manu-<br>facturing<br>RM'000 | Investment<br>holding<br>RM'000 | Non-reportable<br>segment<br>RM'000 | Eliminations<br>RM'000 | Consolidated<br>RM'000 |
|--|---|----------------------|---|-------------------|------------------------------|---------------------------------|-------------------------------------|------------------------|------------------------|
| <b>Revenue</b>   |   |                      |   |                   |                              |                                 |                                     |                        |                        |
| Total external revenue   | 561,833   | 250,487              | 25,036                                      | 64,366            | 7,897                        | -                               | 2,307                               | -                      | 911,926                |
| Inter-segment revenue  | 45,000  | 11,225               | 470   | 1,412             | -                            | 113,548                         | -                                   | (171,655)              | -                      |
| Total segment revenue  | 606,833   | 261,712              | 25,506                                      | 65,778            | 7,897                        | 113,548                         | 2,307                               | (171,655)              | 911,926                |
| <b>Results</b>   |   |                      |   |                   |                              |                                 |                                     |                        |                        |
| Operating result <sup>#</sup>  | 128,866   | 39,004               | (6,432)                                     | 1,363             | 3,152                        | 37,392                          | 482                                 | (37,687)               | 166,140                |
| Interest expense*  | (59,271)  | (12,372)             | (1,565)                                     | (7)               | -                            | (33,409)                        | (4,880)                             | 61,348                 | (50,156)               |
| Interest income**  | 9,343   | 524                  | -   | 127               | 281                          | 19,807                          | 20                                  | (23,552)               | 6,550                  |
| Share of results of associates   | (5,114)   | -                    | -   | -                 | -                            | -                               | -                                   | -                      | (5,114)                |
| Segment result   | 73,824  | 27,156               | (7,997)                                     | 1,483             | 3,433                        | 23,790                          | (4,378)                             | 109                    | 117,420                |
| Tax expense  |   |                      |   |                   |                              |                                 |                                     |                        | (49,552)               |
| Profit for the period  |   |                      |   |                   |                              |                                 |                                     |                        | 67,868                 |
| <b>Assets</b>  |   |                      |   |                   |                              |                                 |                                     |                        |                        |
| Segment assets   | 2,293,818   | 465,677              | 400,023                                     | 36,648            | 33,884                       | 7,680                           | 48,794                              | -                      | 3,286,524              |
| Investment in associates   | 9,977   | -                    | -   | -                 | -                            | -                               | -                                   | -                      | 9,977                  |
| Deferred tax assets  |   |                      |   |                   |                              |                                 |                                     |                        | 40,366                 |
| Current tax assets   |   |                      |   |                   |                              |                                 |                                     |                        | 10,586                 |
| Total assets   |   |                      |   |                   |                              |                                 |                                     |                        | 3,347,453              |
| <b>Liabilities</b>   |   |                      |   |                   |                              |                                 |                                     |                        |                        |
| Segment liabilities  | 1,091,067   | 177,726              | 37,480                                      | 13,350            | 2,887                        | 235,683                         | 1,161                               | -                      | 1,559,354              |
| Deferred tax liabilities   |   |                      |   |                   |                              |                                 |                                     |                        | 55,464                 |
| Current tax liabilities  |   |                      |   |                   |                              |                                 |                                     |                        | 9,041                  |
| Total liabilities  |   |                      |   |                   |                              |                                 |                                     |                        | 1,623,859              |
| <b>Other segment information</b>   |   |                      |   |                   |                              |                                 |                                     |                        |                        |
| Depreciation and amortisation  | 1,280   | 32,819               | 2,986                                       | 44                | 729                          | 234                             | 137                                 | -                      | 38,229                 |
| Additions to non-current assets other than financial instruments and deferred tax assets | 58,663  | 9,078                | 294   | -                 | 5                            | -                               | 102                                 | -                      | 68,142                 |
| * Included unwinding of discount   | 18,940  | -                    | -   | -                 | -                            | -                               | -                                   | -                      | 18,940                 |
| * Included inter-company interest expense  | 26,913  | 5,404                | 256   | 5                 | -                            | 23,781                          | 4,880                               | (61,239)               | -                      |
| ** Included inter-company interest income  | (4,216)   | -                    | -   | -                 | -                            | (19,336)                        | -                                   | 23,552                 | -                      |
| # Included unrealised foreign exchange losses/(gains)                                    | -   | 14,110               | -   | -                 | -                            | (170)                           | -                                   | -                      | 13,940                 |
| # Included realised foreign exchange losses/(gains)                                      | -   | 3,366                | -   | -                 | 97                           | (16)                            | -                                   | -                      | 3,447                  |

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 year ended 30 September 2019

|  | Property<br>development<br>& construction<br>RM'000 | Plantation<br>RM'000 | Hotel<br>& property<br>investment<br>RM'000 | Trading<br>RM'000 | Manu-<br>facturing<br>RM'000 | Investment<br>holding<br>RM'000 | Non-reportable<br>segment<br>RM'000 | Eliminations<br>RM'000 | Consolidated<br>RM'000 |
|--|---|----------------------|---|-------------------|------------------------------|---------------------------------|-------------------------------------|------------------------|------------------------|
| <b>Revenue</b>   |   |                      |   |                   |                              |                                 |                                     |                        |                        |
| Total external revenue   | 775,923   | 229,762              | 31,193                                      | 72,999            | 9,287                        | -                               | 2,493                               | -                      | 1,121,657              |
| Inter-segment revenue  | -   | 6,517                | 1,748                                       | 479               | -                            | 101,156                         | -                                   | (109,900)              | -                      |
| Total segment revenue  | 775,923   | 236,279              | 32,941                                      | 73,478            | 9,287                        | 101,156                         | 2,493                               | (109,900)              | 1,121,657              |
| <b>Results</b>   |   |                      |   |                   |                              |                                 |                                     |                        |                        |
| Operating result <sup>#</sup>  | 161,547   | 23,691               | 3,743                                       | 2,193             | 2,925                        | 39,083                          | 476                                 | (40,946)               | 192,712                |
| Interest expense*  | (47,450)  | (18,095)             | (1,971)                                     | (3)               | -                            | (33,849)                        | (3,933)                             | 64,911                 | (40,390)               |
| Interest income**  | 9,028   | 340                  | 12  | 66                | 435                          | 21,007                          | 13                                  | (23,965)               | 6,936                  |
| Share of results of associates   | (885)   | -                    | -   | -                 | -                            | -                               | -                                   | -                      | (885)                  |
| Segment result   | 122,240   | 5,936                | 1,784                                       | 2,256             | 3,360                        | 26,241                          | (3,444)                             | -                      | 158,373                |
| Tax expense  |   |                      |   |                   |                              |                                 |                                     |                        | (60,896)               |
| Profit for the period  |   |                      |   |                   |                              |                                 |                                     |                        | 97,477                 |
| <b>Assets</b>  |   |                      |   |                   |                              |                                 |                                     |                        |                        |
| Segment assets   | 2,281,916   | 508,990              | 365,470                                     | 27,322            | 29,114                       | 21,742                          | 42,956                              | -                      | 3,277,510              |
| Investment in associates   | 14,990  | -                    | -   | -                 | -                            | -                               | -                                   | -                      | 14,990                 |
| Deferred tax assets  |   |                      |   |                   |                              |                                 |                                     |                        | 47,383                 |
| Tax recoverable  |   |                      |   |                   |                              |                                 |                                     |                        | 1,148                  |
| Current tax assets   |   |                      |   |                   |                              |                                 |                                     |                        | 19,491                 |
| Total assets   |   |                      |   |                   |                              |                                 |                                     |                        | 3,360,522              |
| <b>Liabilities</b>   |   |                      |   |                   |                              |                                 |                                     |                        |                        |
| Segment liabilities  | 1,079,303   | 254,465              | 40,179                                      | 6,485             | 3,292                        | 213,189                         | 1,129                               | -                      | 1,598,042              |
| Deferred tax liabilities   |   |                      |   |                   |                              |                                 |                                     |                        | 64,327                 |
| Current tax liabilities  |   |                      |   |                   |                              |                                 |                                     |                        | 11,018                 |
| Total liabilities  |   |                      |   |                   |                              |                                 |                                     |                        | 1,673,387              |
| <b>Other segment information</b>   |   |                      |   |                   |                              |                                 |                                     |                        |                        |
| Depreciation and amortisation  | 1,172   | 32,880               | 2,876                                       | 45                | 733                          | 377                             | 128                                 | -                      | 38,211                 |
| Additions to non-current assets other than financial instruments and deferred tax assets | 80,720  | 23,991               | 3,006                                       | 10                | 183                          | -                               | -                                   | -                      | 107,910                |
| * Included unwinding of discount   | 1,146   | -                    | -   | -                 | -                            | -                               | -                                   | -                      | 1,146                  |
| * Included inter-company interest expense  | 30,419  | 6,330                | 203   | -                 | -                            | 24,026                          | 3,933                               | (64,911)               | -                      |
| ** Included inter-company interest income  | (3,162)   | -                    | -   | -                 | -                            | (20,803)                        | -                                   | 23,965                 | -                      |
| # Included unrealised foreign exchange gains   | -   | (14,009)             | -   | -                 | -                            | 42                              | -                                   | -                      | (13,967)               |
| # Included realised foreign exchange (gains)/losses                                      | -   | (3,854)              | -   | -                 | (71)                         | (97)                            | -                                   | -                      | (4,022)                |

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

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

|                                | Revenue        |                  | Non-current assets |                  |
|--------------------------------|----------------|------------------|--------------------|------------------|
|                                | 30.09.2020     | 30.09.2019       | 30.09.2020         | 30.09.2019       |
|                                | RM'000         | RM'000           | RM'000             | RM'000           |
| <b>Continuing operations</b>   |                |                  |                    |                  |
| Malaysia                       | 653,542        | 882,608          | 1,372,369          | 1,269,872        |
| The Peoples' Republic of China | 7,897          | 9,287            | 20,113             | 18,612           |
| Republic of Indonesia          | 250,487        | 229,762          | 377,264            | 419,364          |
|                                | <u>911,926</u> | <u>1,121,657</u> | <u>1,769,746</u>   | <u>1,707,848</u> |

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

**A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

During the current quarter, the Directors have revalued the Group's freehold land, leasehold land and building based on independent professional valuations on the open market value basis.

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

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

**A11. CHANGES IN THE COMPOSITION OF THE GROUP**

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

**A12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

- (a) As at 18 November 2020, the latest practicable date which is not earlier than 7 days from the date of issuance of this interim Financial Report, the net changes in the contingent liabilities of the Company to financial institutions and suppliers for banking and trade credit facilities granted to subsidiary companies since the preceding financial year ended 30 September 2019 recorded a decrease of approximately RM51.9 million. Total credit facilities granted to subsidiaries with corporate guarantees issued by the Company to the lenders and utilised by subsidiaries as at 18 November 2020 was approximately RM897.8 million and RM586.7 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").

Based on legal opinion obtained, the directors of SKSB are of the opinion that SKSB's LAD could not be estimated until and unless PAK has completed the assessment of EOT number 3 as the date by which SKSB is required to complete the Construction Works remains uncertain. In view of the uncertainty, there is no date from which the LAD could be computed and PAK's right to impose LAD pursuant to DCLA cannot be triggered. Accordingly, SKSB has not made any provision in the financial statements and only disclosed as contingent liabilities. Based on EOT 2, the potential LAD as at 30 September 2020 will be approximately RM6.0 million.

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

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).

## **A13. CAPITAL COMMITMENTS**

The capital commitment of the Group is as follows:

|   | <b>As at<br/>30.09.2020<br/>RM'000</b> |
|---|--|
| Approved, contracted but not provided for:              |  |
| - Intangible asset for property development division    | 16,987                                 |
| Approved but not contracted and not provided for:       |  |
| - Property, plant and equipment for plantation division | 10,576                                 |
|   | <u>27,563</u>                          |

**A14. RELATED PARTY TRANSACTIONS**

There were no related party transactions in the current quarter and the financial year-to-date except for the following:

|   | <b>Current<br/>Quarter<br/>30.09.2020<br/>RM'000</b> | <b>Financial<br/>Year-to-Date<br/>30.09.2020<br/>RM'000</b> |
|---|--|---|
| Sales of development properties to:             |  |   |
| - A director of the Company                     | 1,158  | 1,158   |
| - Certain key management personnel of the Group | 2,025  | 2,743   |
|   | <u>3,183</u>   | <u>3,901</u>  |

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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   |
|  | 30.09.2020<br>RM'000 | 30.09.2019<br>RM'000                 | RM'000   | 30.09.2020<br>RM'000 | 30.09.2019<br>RM'000   | RM'000    |
| Revenue  | 288,406              | 307,133                              | (18,727) | 911,926              | 1,121,657              | (209,731) |
| Operating profit   | 36,577               | 47,474                               | (10,897) | 146,370              | 192,711                | (46,341)  |
| Profit before interest and tax                               | 37,266               | 45,449                               | (8,183)  | 141,256              | 191,826                | (50,570)  |
| Profit before tax  | 13,361               | 37,755                               | (24,394) | 117,420              | 158,373                | (40,953)  |
| Profit after tax   | 866                  | 12,971                               | (12,105) | 67,868               | 97,477                 | (29,609)  |
| Profit attributable to ordinary equity holders of the Parent | (6,476)              | 10,003                               | (16,479) | 42,715               | 82,561                 | (39,846)  |

**(i) Fourth quarter ended 30 September 2020**

The Group recorded lower revenue and profit before tax of RM288.4 million and RM13.4 million for the current quarter as compared to the preceding year correspondence quarter of RM307.1 million and RM37.8 million respectively. The decrease in the Group's revenue by 6.1% and the profit before tax by 64.6% mainly due to lower revenue and profit recognition in the current quarter following the completion of The Palm @ Hill Park Shah Alam and Saville @ D'Lake Puchong in the preceding correspondence quarter, higher interest expense from unwinding of discount on landowners' entitlements totaling RM18.2 million (preceding year correspondence quarter: RM1.1 million), higher unrealised foreign exchange losses of RM15.0 million (preceding year correspondence quarter: RM1.0 million), higher loss on changes in fair value of investment properties totaling RM12.2 million (preceding year correspondence quarter: RM6.2 million) and fair value loss on transfer of inventories to investment properties totaling RM5.2 million (preceding year correspondence quarter: RMNil).

The unrealised foreign exchange losses recorded by the plantation division was mainly due to weakening of Indonesia Rupiah ("IDR") against its United States Dollar ("USD") and Ringgit Malaysia ("RM") borrowings.

Excluding the unrealised foreign exchange losses from the plantation division, the Group's adjusted profit before tax ("adjusted PBT") increased to RM28.4 million in the current quarter as compared to the preceding year correspondence quarter of RM38.8 million.

The plantation division recorded a turnaround from an adjusted loss before tax of RM2.7 million in the preceding correspondence quarter to an adjusted profit before tax of RM4.9 million in the current quarter mainly due to higher average selling price of crude palm oil ("CPO").

**B1. REVIEW OF PERFORMANCE OF THE GROUP FOR (CONT'D):****(ii) Financial year ended 30 September 2020 by Segments****Property development and construction**

The division recorded lower revenue and profit before tax of RM561.8 million and RM73.8 million for the current year as compared to the preceding year of RM775.9 million and RM122.2 million respectively mainly due to lower revenue and profit recognition in the 3<sup>rd</sup> quarter ended 30 June 2020 as a result of the suspension and disruption of the physical construction work on ongoing development projects during the Movement Control Order (“MCO”) and Conditional MCO (“CMCO”) from 18 March 2020 to 9 June 2020 and higher share of losses of associated companies of RM5.1 million in the current year as compared to the preceding year of RM0.9 million.

As at 30.9.2020, 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 development projects namely Hill Park Shah Alam (RM59.3 million), Kajang 2 Precinct 2 (RM18.3 million), TR Residence (RM55.5 million), Inspirasi @ Mont Kiara (RM265.0 million), Kajang East Precinct 1 (RM64.4 million), MKH Boulevard II (RM96.1 million), NEXUS @ Kajang Station (RM287.8 million), Bandar Teknologi Kajang shop (RM2.0 million), Hillpark 3 Phase 1B Shop (RM0.9 million), Kajang East Avenue Shop (RM9.0 million) and MIRAI Residences @ Kajang 2 (RM160.5 million).

**Plantation**

The division recorded higher revenue and profit before tax of RM250.5 million and RM27.2 million for the current year as compared to the preceding year of RM229.8 million and RM5.9 million respectively.

The profit before tax included unrealised foreign exchange losses of RM14.1 million in the current year as compared to the preceding year’s unrealised foreign exchange gains of RM14.0 million. The unrealised foreign exchange losses/gains were mainly due to weakening/strengthening of Indonesia Rupiah (“IDR”) against its United States Dollar (“USD”) and Ringgit Malaysia (“RM”) borrowings.

Excluding unrealised foreign exchange losses/gains, this division recorded profit before tax of RM41.3 million for the current year as compared to the preceding year’s loss before tax of RM8.1 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 and higher production of fresh fruit bunches as disclosed below.

Palm oil plantation’s production key indicators:

| As at 30 September 2020              | Q1      | Q2      | Q3      | Q4      | Year 2020 |
|--------------------------------------|---------|---------|---------|---------|-----------|
| Total land area (hectares)           |         |         |         |         | 18,388    |
| Planted area (hectares)              |         |         |         |         | 16,408    |
| Mature area (hectares)               |         |         |         |         | 16,081    |
| Fresh Fruit Bunches produced by (MT) |         |         |         |         |           |
| Own estates                          | 114,780 | 131,386 | 131,426 | 99,566  | 477,158   |
| External                             | 5,165   | 5,055   | 5,893   | 4,486   | 20,599    |
|                                      | 119,945 | 136,441 | 137,319 | 104,052 | 497,757   |
| Crude Palm Oil (MT)                  | 25,112  | 26,950  | 27,023  | 20,926  | 100,010   |
| Palm Kernel (MT)                     | 4,932   | 5,351   | 5,463   | 4,584   | 20,331    |
| CPO average price RM/MT              | 2,069   | 2,493   | 2,054   | 2,256   | 2,227     |
| PK average price RM/MT               | 998     | 1,344   | 1,153   | 1,096   | 1,141     |

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

### Hotel and property investment

This division recorded lower revenue of RM25.0 million and loss before tax of RM8.0 million for the current year as compared to the preceding year's revenue of RM31.2 million and profit before tax of RM1.8 million mainly due to reduction in average rental rates for certain tenants in order to sustain the occupancy rates and the newly refurbished 3-star hotel namely RHR Hotel @ Kajang has yet to achieve its breakeven occupancy rates.

This division's performance was impacted by the COVID-19 pandemic. Our RHR Hotel @ Kajang was closed from 19 March 2020 to 3 May 2020 except the food and beverage section which was doing delivery services during the MCO and CMCO. As at 30 September 2020, the property investment division has granted approximately RM3.1 million rent free and rental rebate of up to 30% during the MCO and the CMCO to certain non-essential services tenants/retailers such as fashion, telecommunication, home furnishing, entertainment and leisure outlets to ease their financial burdens. The property investment division also suffered higher losses from the changes in fair value of investment properties totaling RM12.2 million in the current year as compared to the preceding year of RM6.2 million.

### Trading

This division recorded lower revenue and profit before tax of RM64.4 million and RM1.5 million for the current year as compared to the preceding year of RM73.0 million and RM2.3 million respectively due to lower building materials sales to external subcontractors for the Group's development projects following the completion of the Group's development projects and higher product mixed of low profit margin building materials. This division was impacted by the COVID-19 pandemic as approximately 65% of sales were mainly derived from the Group's development projects.

### Manufacturing

Despite the lower revenue of RM7.9 million in the current year as compared to the preceding year of RM9.3 million, this division maintained its profit before tax at RM3.4 million. The lower revenue was mainly due to lower furniture sales in the 2<sup>nd</sup> quarter ended 31 March 2020 following the imposition of lockdown by the China Government to curb the spread of COVID-19 across the nations including our furniture factory that located in Kunshan City, Jiangsu Province. Consequently, all sales orders cannot be shipped out during the lockdown period. Our manufacturing of furniture operation was re-opened on 3 March 2020.

### 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.



**B2. COMMENT ON MATERIAL CHANGES IN THE PROFIT BEFORE TAX OF THE CURRENT QUARTER COMPARED WITH PRECEDING QUARTER**

|  | <b>Current<br/>Quarter<br/>30.09.2020<br/>RM'000</b> | <b>Immediate<br/>Preceding<br/>Quarter<br/>30.06.2020<br/>RM'000</b> | <b>Changes<br/>RM'000</b> |
|--|--|--|---------------------------|
| Revenue  | 288,406  | 137,752  | 150,654                   |
| Operating profit   | 36,577   | 58,581   | (22,004)                  |
| Profit before interest and tax                               | 37,266   | 57,789   | (20,523)                  |
| Profit before tax  | 13,361   | 51,555   | (38,194)                  |
| Profit after tax   | 866  | 33,091   | (32,225)                  |
| Profit attributable to ordinary equity holders of the parent | (6,476)  | 32,268   | (38,744)                  |

Despite the higher revenue of RM288.4 million in the current quarter as compared to the preceding quarter of RM137.8 million, the Group recorded lower profit before tax of RM13.4 million as compared to the preceding quarter of RM51.6 million mainly due to inclusion of unrealised foreign exchange losses of RM15.0 million (immediate preceding quarter: unrealised foreign exchange gains of RM39.7 million), loss on changes in fair value of investment properties totaling RM12.2 million, fair value loss on transfer of inventories to investment properties totaling RM5.2 million and unwinding of discount on landowners' entitlements totaling RM18.2 million in the current quarter.

Excluding the unrealised foreign exchange losses/gains, the adjusted profit before tax was increase to RM28.4 million in the current quarter as compared to the preceding quarter's adjusted profit before tax of RM11.9 million primarily due to higher revenue and profit from the property development and construction division following the resumption of property development and construction activities after the MCO and the CMCO as mentioned in paragraph B1 (ii).

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

This is not applicable to the Group.

#### **B4. CURRENT YEAR PROSPECTS**

The COVID-19 pandemic continues to impact the economy and businesses in Malaysia and globally. The Group's three (3) business segments in Malaysia included the property development and construction and trading, and 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 2021 ("FY2021") remain challenging but we anticipate the latest Home Ownership Campaign ("HOC") introduced in Budget 2021 by Government on the new exemptions on stamp duty for memorandum of transfer and loan agreement might improve the property market sentiment. The Group achieved good take up rate of 73% and 68% respectively for the newly launched Hillpark Aspirasi @ Hillpark Shah Alam with GDV of RM40.0 million and MIRAI Residences @ Kajang 2 Precinct 1 phase 1 with GDV of RM236.0 million in September 2020 and will continue to roll out MIRAI Residences @ Kajang 2 Precinct 1 phase 2 with GDV of RM254.4 million in FY2021.

The Group's planned launches in FY2021 comprising of the transit-oriented high-rise residential development known as Nexus @ Taman Pertama Cheras and TR2 Residence @ Jalan Tun Razak, and the landed residential development known as Iris @ Hillpark Shah Alam and Kajang 2 Precinct 3 with a total estimated GDV of RM1.0 billion 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 RM465.0 million and monetize its inventories totaling RM110.7 million through digital marketing, rolling out more competitive rebates and timely completion of ongoing development projects.

The Group's unbilled sales of RM1.0 billion 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 65% 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 newly refurbished 3-star hotel namely RHR Hotel @ Kajang features 102 guest rooms, 1 ballroom, 2 meeting rooms, and 1 cafe is expecting to prolong its breakeven occupancy rates until the full recovery of the tourism activities and consumer sentiments.

Our Plaza Metro Kajang and Metro Point Complex were also impacted. As a caring and responsible corporate citizen, our Group extended support to our tenants during this difficult period and we will continue to review the rental rebates for eligible tenants to ease their financial burdens. Rental yield from this division is expected to be lower averaging from 3% to 4% based on fair value as at 30 September 2020.

#### **B4. CURRENT YEAR PROSPECTS (CONT'D)**

##### **Hotel and property investment segment (Cont'd):**

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

The retail activities have since picked up after the MCO which augurs well for this division amid the challenges in the retail sector.

##### **Plantation segment:**

The plantation segment is operating in Indonesia as usual albeit with enhanced biosecurity measures and with minimal impact from the movement control implemented by the Indonesian Government. Our plantation management continue to conduct anti-COVID-19 program which included educating our workers on COVID-19 prevention, social distancing, cleanliness, sanitization, quarantine procedures and implementation of controlled entry and exit at our plantation checkpoints. The above initiative has enabled our plantation division to carry out its day to day operations well without any COVID-19 cases. This is further complimented with our ongoing mechanization of fresh fruit bunches ("FFB") collection and the use of software apps to track FFB evacuation from the field to the mill.

This division is exposed to foreign exchange risk on its United States Dollar ("USD") and Ringgit Malaysia ("RM") denominated loans. For the current quarter ended 30 September 2020, this division recorded unrealised foreign exchange losses of RM15.0 million as compared to the preceding quarter of unrealised foreign exchange gains of RM39.7 million based on exchange rate of USD1:IDR14,918 and RM1:IDR3,590 as at 30 September 2020 due to the weakening of the Indonesia Rupiah ("IDR") against USD and RM. The exchange rates movement is analysed as below:

As at 30.9.2020, USD:IDR14,918 and RM1:IDR3,590  
As at 30.6.2020, USD1:IDR14,302 and RM1:IDR3,340  
As at 31.3.2020, USD1:IDR16,367 and RM1:IDR3,791  
As at 31.12.2019, USD1:IDR13,901 and RM1:IDR3,397  
As at 30.9.2019, USD1:IDR14,174 and RM1:IDR3,385

The IDR has since stabilized and strengthen against the USD and RM with an exchange rate of USD1:IDR14,228 and RM1:IDR3,477 as at 20 November 2020. The crude palm oil ("CPO") prices remain well supported due to good demand with CPO prices charting all-time high for the year. For the current quarter, the average CPO price achieved was at RM2,256 per MT as compared to the preceding quarter of RM2,054 per MT. For the 1<sup>st</sup> quarter ending 31 December 2020, we are expecting an average CPO price at a range between RM2,600 to RM2,750 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 2021.

**B5. (i) PROFIT BEFORE TAX FROM CONTINUING OPERATIONS**

The profit before tax of the Group from continuing operations is arrived at after (charging)/crediting:

|  | <b>Current<br/>Quarter<br/>30.09.2020<br/>RM'000</b> | <b>Financial<br/>year-to-date<br/>30.09.2020<br/>RM'000</b> |
|--|--|---|
| Amortisation of prepaid lease payments   | (372)  | (1,508)   |
| Depreciation of right-of-use asset   | (322)  | (322)   |
| Depreciation of property, plant and equipment                                    | (8,670)  | (36,399)  |
| Interest expenses - loan and borrowings  | (5,545)  | (30,386)  |
| - lease liability  | (830)  | (830)   |
| - unwinding of discount  | (18,225)   | (18,940)  |
| <b><i>Other expenses</i></b>   |  |   |
| Changes in fair value of investment properties                                   | (12,165)   | (12,165)  |
| Changes in fair value of biological assets                                       | 342  | (606)   |
| Fair value losses arising on transfer of inventories<br>to investment properties | (5,181)  | (5,181)   |
| Impairment loss on trade and loan receivables                                    | (6)  | (6)   |
| Property, plant and equipment written off  | (138)  | (366)   |
| Bad debts written off  | (42)   | (42)  |
| Inventories written off  | (175)  | (175)   |
| Land held for property development written off                                   | (234)  | (234)   |
| Revaluation loss on property, plant and equipment                                | (65)   | (65)  |
| Net loss on foreign exchange - realised  | (479)  | (3,447)   |
| - unrealised   | (14,964)   | (13,940)  |
| <b><i>Other income</i></b>   |  |   |
| Interest income  | 695  | 6,550   |
| Changes in fair value of other investment  | 3  | 3   |
| Reversal of impairment loss on trade and loan<br>receivables                     | 104  | 138   |
| Gain on disposal of property, plant and equipment                                | 1  | 131   |

**(ii) CASH AND CASH EQUIVALENTS**

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

|   | (Unaudited)<br>30.09.2020<br>RM'000 | (Audited)<br>30.09.2019<br>RM'000 |
|---|-------------------------------------|-----------------------------------|
| Cash and bank balances  | 105,887                             | 128,378                           |
| Cash held under housing development accounts                      | 247,110                             | 241,678                           |
| Cash held under sinking fund accounts                             | 1                                   | 10                                |
| Deposits with licensed banks                                      | 6,872                               | 10,325                            |
| Short term funds  | 14,783                              | 24,765                            |
| Bank overdrafts   | (1,202)                             | (7,294)                           |
|   | <u>373,451</u>                      | <u>397,862</u>                    |
| Less: Non short term and highly liquid<br>fixed deposits          | -                                   | (8,113)                           |
| Less: Deposits and bank balances pledged<br>for credit facilities | (13,951)                            | (15,683)                          |
|   | <u>359,500</u>                      | <u>374,066</u>                    |

**B6. TAX EXPENSE**

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

|                          | (Unaudited)<br>INDIVIDUAL QUARTER<br>Current<br>Year<br>Quarter<br>30.09.2020<br>RM'000 | (Unaudited)<br>Preceding Year<br>Corresponding<br>Quarter<br>30.09.2019<br>RM'000 | (Unaudited)<br>CUMULATIVE QUARTER<br>Current<br>Year-to-Date<br>30.09.2020<br>RM'000 | (Audited)<br>Preceding<br>Year-to-Date<br>30.09.2019<br>RM'000 |
|--------------------------|---|---|--|--|
| <b>Current tax</b>       |   |   |  |  |
| - Current financial year | 14,055  | 17,926  | 50,709   | 54,999   |
| - Prior financial year   | 46  | 2,389   | 788  | 4,773  |
| <b>Deferred tax</b>      |   |   |  |  |
| - Current financial year | (1,842)   | 4,483   | (2,009)  | 879  |
| - Prior financial year   | 236   | (14)  | 64   | 245  |
|                          | <u>12,495</u>   | <u>24,784</u>   | <u>49,552</u>  | <u>60,896</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 and derecognition of certain tax benefits that future taxable profits may not probable be available.

## **B7. STATUS OF CORPORATE PROPOSALS ANNOUNCED**

On 1 June 2017, the Company has completed the renounceable rights issue of 42,625,187 new ordinary shares on the basis of one (1) rights share for every ten (10) existing MKH Shares held and bonus issue of 85,250,374 new ordinary shares on the basis of two (2) bonus shares for every one (1) rights share subscribed for at an issue price of RM1.89 for each rights share.

The utilisation of right issue proceeds as at 30 September 2020 are as follows:

|  | <b>Proposed<br/>Utilisation<br/>RM'000</b> | <b>Actual<br/>Utilisation<br/>RM'000</b> | <b>Deviation<br/>RM'000</b> | <b>Intended<br/>Time Frame</b> |
|--|--|--|-----------------------------|--------------------------------|
| Infrastructure and property development            | 37,190                                     | 37,190                                   | -                           | Completed                      |
| Payment of land owners' entitlements               | 20,000                                     | 20,000                                   | -                           | Completed                      |
| Construction of KTM Komuter station                | 21,400                                     | 20,179                                   | 1,221                       | Within 46 months <sup>#</sup>  |
| Working capital                                    | 372  | 372                                      | -                           | Completed                      |
| Estimated expenses for the rights with bonus issue | 1,600                                      | 1,600                                    | -                           | Completed                      |
|  | <u>80,562</u>                              | <u>79,341</u>                            | <u>1,221</u>                |                                |

*# Construction works in progress.*

*The Board has resolved to extend further the time frame for the utilisation of the proceeds raised from the rights with bonus issue for another 6 months period from 30 September 2020 (2nd revised time frame) up to 31 March 2021.*

## B8. GROUP BORROWINGS AND DEBT SECURITIES

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

|   | Long term                  |                            | Short term                 |                            | Total borrowings           |                            |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|   | Foreign<br>currency<br>000 | RM<br>Equivalent<br>RM'000 | Foreign<br>currency<br>000 | RM<br>Equivalent<br>RM'000 | Foreign<br>currency<br>000 | RM<br>Equivalent<br>RM'000 |
| <b>As at 30 Sept 2020</b>               |                            |                            |                            |                            |                            |                            |
| <b><u>Secured</u></b>                   |                            |                            |                            |                            |                            |                            |
| <b><u>Denominated in USD</u></b>        |                            |                            |                            |                            |                            |                            |
| Term loans                              | 11,600                     | 47,909                     | 5,980                      | 24,889                     | 17,580                     | 72,798                     |
| Revolving credits                       | -                          | -                          | 12,500                     | 52,027                     | 12,500                     | 52,027                     |
| <b><u>Denominated in RM</u></b>         |                            |                            |                            |                            |                            |                            |
| Term loans                              | -                          | 44,557                     | -                          | 16,506                     | -                          | 61,063                     |
| Revolving credits                       | -                          | 156,428                    | -                          | 107,060                    | -                          | 263,488                    |
| Bank overdraft                          | -                          | -                          | -                          | 1,202                      | -                          | 1,202                      |
| <b><u>Unsecured</u></b>                 |                            |                            |                            |                            |                            |                            |
| <b><u>Denominated in USD</u></b>        |                            |                            |                            |                            |                            |                            |
| Term loans                              | 1,500                      | 6,243                      | -                          | -                          | 1,500                      | 6,243                      |
| Revolving credits                       | -                          | -                          | 1,600                      | 6,654                      | 1,600                      | 6,654                      |
| <b><u>Denominated in RM</u></b>         |                            |                            |                            |                            |                            |                            |
| Revolving credits                       | -                          | -                          | -                          | 169,000                    | -                          | 169,000                    |
| <b><u>Finance lease liabilities</u></b> |                            |                            |                            |                            |                            |                            |
| <b><u>Denominated in RM</u></b>         | -                          | 790                        | -                          | 358                        | -                          | 1,148                      |
| <b>Total</b>                            |                            | 255,927                    |                            | 377,696                    |                            | 633,623                    |

|   | Long term                  |                            | Short term                 |                            | Total borrowings           |                            |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|   | Foreign<br>currency<br>000 | RM<br>Equivalent<br>RM'000 | Foreign<br>currency<br>000 | RM<br>Equivalent<br>RM'000 | Foreign<br>currency<br>000 | RM<br>Equivalent<br>RM'000 |
| <b>As at 30 Sept 2019</b>               |                            |                            |                            |                            |                            |                            |
| <b><u>Secured</u></b>                   |                            |                            |                            |                            |                            |                            |
| <b><u>Denominated in USD</u></b>        |                            |                            |                            |                            |                            |                            |
| Term loans                              | 22,380                     | 93,376                     | 5,960                      | 24,730                     | 28,340                     | 118,106                    |
| Revolving credits                       | -                          | -                          | 13,500                     | 56,448                     | 13,500                     | 56,448                     |
| <b><u>Denominated in RM</u></b>         |                            |                            |                            |                            |                            |                            |
| Term loans                              | -                          | 66,089                     | -                          | 5,557                      | -                          | 71,646                     |
| Revolving credits                       | -                          | 153,523                    | -                          | 113,000                    | -                          | 266,523                    |
| Bank overdraft                          | -                          | -                          | -                          | 3,315                      | -                          | 3,315                      |
| <b><u>Unsecured</u></b>                 |                            |                            |                            |                            |                            |                            |
| <b><u>Denominated in USD</u></b>        |                            |                            |                            |                            |                            |                            |
| Term loans                              | -                          | -                          | 4,000                      | 16,725                     | 4,000                      | 16,725                     |
| Revolving credits                       | -                          | -                          | 2,100                      | 8,790                      | 2,100                      | 8,790                      |
| <b><u>Denominated in RM</u></b>         |                            |                            |                            |                            |                            |                            |
| Revolving credits                       | -                          | -                          | -                          | 138,000                    | -                          | 138,000                    |
| Bank overdraft                          | -                          | -                          | -                          | 3,979                      | -                          | 3,979                      |
| <b><u>Finance lease liabilities</u></b> |                            |                            |                            |                            |                            |                            |
| <b><u>Denominated in RM</u></b>         | -                          | 695                        | -                          | 537                        | -                          | 1,232                      |
| <b>Total</b>                            |                            | 313,683                    |                            | 371,081                    |                            | 684,764                    |

**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 3.0 sen per ordinary share on 27 November 2020 for the financial year ended 30 September 2020 and will be payable on 8 January 2021 to shareholders whose name appear on the Company's Record of Depositors on 23 December 2020.

**B11. EARNINGS PER SHARE ("EPS")**

|  | <b>Current Year</b> | <b>Preceding Year</b> | <b>Current</b>      | <b>Preceding</b>    |
|--|---------------------|-----------------------|---------------------|---------------------|
|  | <b>Quarter</b>      | <b>Corresponding</b>  | <b>Year-to-Date</b> | <b>Year-to-Date</b> |
|  | <b>30.09.2020</b>   | <b>Quarter</b>        | <b>30.09.2020</b>   | <b>30.09.2019</b>   |
|  | <b>(unaudited)</b>  | <b>(unaudited)</b>    | <b>(unaudited)</b>  | <b>(audited)</b>    |
| <b>BASIC EPS</b>                                     |                     |                       |                     |                     |
| Profit attributable to Owners of the parent (RM'000) | <b>(6,476)</b>      | 10,003                | <b>42,715</b>       | 82,561              |
| Weighted average number of ordinary shares ('000)    |                     |                       |                     |                     |
| At 1 October 2019/2018                               | <b>586,548</b>      | 586,548               | <b>586,548</b>      | 586,548             |
| Treasury shares                                      | <b>(9,132)</b>      | (7,514)               | <b>(9,132)</b>      | (7,514)             |
| At 30 September 2020/2019                            | <b>577,416</b>      | 579,034               | <b>577,416</b>      | 579,034             |
| <b>BASIC EPS (sen)</b>                               | <b>(1.12)</b>       | 1.73                  | <b>7.40</b>         | 14.26               |

**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 November 2020.