

OSK Ventures International Berhad (636117-K)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

		(Audited)	
	Note	As at 31.12.2018 RM'000	As at 31.12.2017 RM'000
ASSETS			
Equipment		599	48
Intangible assets		6	9
Investment in joint venture		338	-
Investment securities		137,717	175,948
Investment in fund		1,037	-
Notes receivable		2,481	2,033
Trade and other receivables		1,327	9,552
Prepayments		510	- *
Tax recoverable		2,612	2,572
Cash, bank balances and cash management fund	A8	36,730	27,202
TOTAL ASSETS		183,357	217,364
LIABILITIES			
Deferred tax liability		2,054	2,351
Trade and sundry payables		7,131	1,250
Tax payable		63	159
TOTAL LIABILITIES		9,248	3,760
EQUITY			
Contributed share capital		186,268	186,268
Treasury shares, at cost	A5	(647)	(647)
		185,621	185,621
Reserves		(11,512)	27,983
TOTAL EQUITY		174,109	213,604
TOTAL LIABILITIES AND EQUITY		183,357	217,364
Net assets per share (RM)		0.89	1.09

* Denotes amount less than RM1,000

(The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements)

OSK Ventures International Berhad (636117-K)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018 UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2018

		Current quarter ended 31.12.2018	Comparative quarter ended 31.12.2017	Current year to date ended 31.12.2018	Comparative year to date ended 31.12.2017
	Note	RM'000	RM'000	RM'000	RM'000
Income					
Net fair value (loss)/gain on financial assets	B6	(22,579)	2,805	(28,850)	32,864
Interest income		329	173	1,142	1,362
Dividend income		364	485	2,964	2,936
Other income		-	-	-	1
		<u>(21,886)</u>	3,463	<u>(24,744)</u>	37,163
Expense					
Staff expenses		(819)	(653)	(3,703)	(2,606)
Net foreign exchange gain/(loss)		149	(332)	631	(108)
Administrative expenses		(295)	(428)	(1,433)	(1,760)
		<u>(965)</u>	(1,413)	<u>(4,505)</u>	(4,474)
Operating (loss)/profit		(22,851)	2,050	(29,249)	32,689
Share of result of a joint venture		102	-	(65)	-
(Loss)/profit before tax	B7	(22,749)	2,050	(29,314)	32,689
Income tax benefit/(expense)	B8	232	(69)	(359)	(1,475)
(Loss)/profit after tax for the period		(22,517)	1,981	(29,673)	31,214
(Loss)/profit attributable to: Owners of the Company		<u>(22,517)</u>	1,981	<u>(29,673)</u>	31,214
(Loss)/earnings per share attributable to owners of the Company (sen):					
Basic	B13	(11.46)	1.00	(15.11)	15.82

(The above condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements)

OSK Ventures International Berhad (636117-K)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2018

	Current quarter ended 31.12.2018	Comparative quarter ended 31.12.2017	Current year to date ended 31.12.2018	Comparative year to date ended 31.12.2017
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit after tax for the period, representing total comprehensive (loss)/income for the period	(22,517)	1,981	(29,673)	31,214
Total comprehensive (loss)/income attributable to: Owners of the Company	(22,517)	1,981	(29,673)	31,214

(The above condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements)

OSK Ventures International Berhad (636117-K)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 DECEMBER 2018

	Attributable to owners of the Company					
	Contributed share capital	Treasury shares	Share premium	Capital redemption reserve	(Accumulated losses)/	Total equity
					retained profits	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 01.01.2018	186,268	(647)	-	-	27,983	213,604
Total comprehensive loss	-	-	-	-	(29,673)	(29,673)
Dividends paid to owners of the Company	-	-	-	-	(9,822)	(9,822)
Total transactions with owners	-	-	-	-	(9,822)	(9,822)
As at 31.12.2018	186,268	(647)	-	-	(11,512)	174,109
As at 01.01.2017	98,798	(66)	84,278	3,192	718	186,920
Total comprehensive income	-	-	-	-	31,214	31,214
Transferred pursuant to the Companies Act 2016 ⁽¹⁾	87,470	-	(84,278)	(3,192)	-	-
Dividends paid to owners of the Company	-	-	-	-	(3,949)	(3,949)
Share buybacks by the Company	-	(581)	-	-	-	(581)
Total transactions with owners	-	(581)	-	-	(3,949)	(4,530)
As at 31.12.2017	186,268	(647)	-	-	27,983	213,604

⁽¹⁾ In accordance with Section 618 of Companies Act 2016, any amount standing to the credit of the Group's share premium and capital redemption reserves has become part of the Group's contributed share capital.

(The above condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements)

OSK Ventures International Berhad (636117-K)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE QUARTER ENDED 31 DECEMBER 2018

	Year-To-Date ended	
	31.12.2018	31.12.2017
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(29,314)	32,689
Adjustments for:		
Amortisation of intangible assets	3	3
Depreciation of equipment	82	81
Equipment written off	-*	15
Loss on disposal of equipment	-	49
Net fair value loss/(gain) on financial assets	28,850	(32,864)
Effect on exchange rate changes	(284)	631
Share of result of a joint venture	65	-
Interest income	(1,142)	(1,362)
Dividend income	(2,964)	(2,936)
Operating loss before changes in working capital	(4,704)	(3,694)
Changes in working capital:		
Net changes in receivables	7,834	(7,442)
Net changes in payables	5,881	49
Proceeds from disposal of investment securities	174,445	91,061
Proceeds from notes receivable	2,023	-
Additions in investment securities	(165,064)	(141,038)
Additions in investment in fund	(1,037)	-
Additions in notes receivable	(2,383)	(2,023)
Net cash generated from/(used in) operations	16,995	(63,087)
Dividends received	2,974	2,906
Interest received	1,016	1,345
Income tax paid	(793)	(296)
Net cash generated from/(used in) operating activities	20,192	(59,132)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Addition in)/withdrawal from cash management fund	(1,349)	58,298
Acquisition of shares in a joint venture	(403)	-
Purchase of equipment	(633)	(23)
Purchase of software licences	-	(4)
Proceeds from disposal of equipment	-	82
Net cash (used in)/generated from investing activities	(2,385)	58,353
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of treasury shares	-	(581)
Dividend paid on ordinary shares	(9,822)	(3,949)
Net cash used in financing activities	(9,822)	(4,530)

OSK Ventures International Berhad (636117-K)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D) FOR THE QUARTER ENDED 31 DECEMBER 2018

	Note	Year-To-Date ended	
		31.12.2018	31.12.2017
		RM'000	RM'000
Net increase/(decrease) in cash and cash equivalents		7,985	(5,309)
Effect of exchange rate changes		194	(641)
Cash and cash equivalents at beginning of period		6,512	12,462
Cash and cash equivalents at end of period	A8	14,691	6,512

* Denotes amount less than RM1,000

(The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") Interim Financial Reporting

1. Basis of preparation

These condensed consolidated interim financial statements ("Condensed Report"), have been prepared in accordance with MFRS 134: *Interim Financial Reporting* and paragraph 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. This Condensed Report also complies with IAS 34: *Interim Financial Reporting* issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2018, the Group prepared its financial statements in accordance with Malaysian Financial Reporting Standards ("MFRS").

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes. These explanatory notes provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2018.

The significant accounting policies and methods of computation adopted by the Group in preparing this Condensed Report are consistent with those of the audited financial statements for the year ended 31 December 2018, except for the adoption of the Amendments and Annual Improvements to Standards effective as of 1 January 2018.

Effective for annual periods commencing on or after 1 January 2018

The Group has adopted the following MFRSs, Amendments to MFRSs and Issue Committee ("IC Interpretation") effective as of 1 January 2018.

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers Clarifications to MFRS 15
Amendments to MFRS 2	Share-based Payment Transactions: Classification and Measurement
Amendments to MFRS 1, MFRS 128	Annual Improvements to MFRS Standards 2014 - 2016 Cycle
Amendments to MFRS 140	Investment Property: Transfer of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

The adoption of the above MFRSs, Amendments to MFRSs and IC Interpretation did not have any material impact on the financial statements of the Group.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") Interim Financial Reporting

1. Basis of preparation (cont'd.)

Effective for annual periods commencing on or after 1 January 2018 (cont'd.)

MFRS 9 Financial Instruments

The Group had adopted MFRS 9 Financial Instruments on its effective date of 1 January 2018. MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement and introduces new requirements for classification and measurement, impairment and hedge accounting.

Classification and measurement

The Group has assessed the classification of financial instruments as at the date of initial application and has no impact on the financial statements as the Group's accounting treatment is consistent with the requirement. Based on that assessment:

- (i) All financial assets previously held at fair value continue to be measured at fair value.
- (ii) Equity instruments and debt instruments, other than investments in subsidiaries and joint venture, are acquired for the purpose of generating short-term profit. Therefore, they meet the held-for-trading criteria and are required to be measured at fair value through profit or loss.
- (iii) Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments continue to be measured at amortised cost under MFRS 9.
- (iv) The classification of financial liabilities under MFRS 9 remains broadly the same as under MFRS 139. The main impact on measurement from the classification of liabilities under MFRS 9 relates to the element of gains or losses for financial liabilities designated as at fair value through profit or loss attributable to changes in credit risk. MFRS 9 requires that such element be recognised in other comprehensive income, unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case, all gains and losses on that liability (including the effects of changes in credit risk) should be presented in profit or loss. The Group has not designated any financial liabilities at fair value through profit or loss. Therefore, this requirement has not had an impact on the Group.

In line with the characteristics of the Group's financial instruments as well as its approach to their management, the Group neither revoked nor made any new designations on the date of initial application. MFRS 9 has not resulted in changes in the carrying amount of the Group's financial instruments due to changes in measurement categories. All financial assets that were classified as fair value through profit or loss under MFRS 139 are still classified as fair value through profit or loss under MFRS 9. All financial assets that were classified as loans and receivables and measured at amortised cost continue to be.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") Interim Financial Reporting****1. Basis of preparation (cont'd.)****Effective for annual periods commencing on or after 1 January 2018 (cont'd.)****MFRS 15 Revenue from Contracts with Customers**

MFRS 15 replaces MFRS 118 Revenue and established a five-step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income have been moved from MFRS 118 to MFRS 9 without significant changes to the requirements. Therefore, there was no impact of adopting MFRS 15 for the Group.

MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective

MFRSs, Amendments to MFRSs and IC Interpretation		Effective for annual periods beginning on or after
MFRS 16	Leases	1 January 2019
Amendments to MFRS 9	Financial Instruments: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Employee Benefits: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 3, MFRS 11, MFRS 112, MFRS 123	Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Interpretation 12, IC Interpretation 19, IC Interpretation 20, IC Interpretation 22 and IC Interpretation 132	Amendments to Reference to the Conceptual Framework in MFRS Standards	1 January 2020

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") Interim Financial Reporting

1. Basis of preparation (cont'd.)

MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective (cont'd.)

MFRSs, Amendments to MFRSs and IC Interpretation	Effective for annual periods beginning on or after	
Amendments to MFRS 3	Business Combinations: Definition of a Business	1 January 2020
Amendments to MFRS 101	Presentation of Financial Statements: Definition of Material	1 January 2020
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10, MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above MFRSs, Amendments to MFRSs and IC Interpretation will have no material impact on the financial performance or position of the Group in the period of initial application, except as disclosed below:

MFRS 16 Leases

MFRS 16 will replace MFRS 117: Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") Interim Financial Reporting

1. Basis of preparation (cont'd.)

MFRS 16 Leases (cont'd)

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 16. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The standard will affect primarily the accounting for the Group's operating leases. As at 31 December 2018, the Group has a non-cancellable operating lease commitments which relates to the rental of office space. However, as at the reporting date, the Group is in the midst of finalising the full quantitative value. The Group intent to apply the standard using a modified retrospective approach once it is effective.

2. Seasonal or cyclical factors

There were no significant seasonal or cyclical factors that will materially affect the business of the Group in the current period. However, the Group's results are largely influenced by, amongst others, the market prices of quoted investments as well as the timing of disposal of investments by the Group.

3. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting the financial statements for the current period.

4. Significant estimates and changes estimates

There were no significant changes in estimates that have a material effect to the Group in the financial year to date results.

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") Interim Financial Reporting

5. Changes in debt and equity securities

Share buybacks / Treasury shares of the Company

There were no share buybacks during the quarter ended 31 December 2018. The shares repurchased previously are being held as treasury shares and treated in accordance with the requirements of Section 127 of the Companies Act 2016. A summary of the share buybacks is as follows:

	Number of Treasury shares	Highest price RM	Lowest price RM	Average cost (including transaction costs) RM	Total amount paid RM
As at 01.01.2018/31.12.2018	1,151,800	-	-	0.56	646,527

6. Dividend Paid

During the current year to date, a final single-tier dividend of 5.0 sen per ordinary share amounting to RM9.82 million in respect of financial year ended 31 December 2017 was paid on 17 May 2018.

7. Segmental information

The segment information has been prepared in accordance with the disclosure requirements of MFRS 8: Operating Segments. For management purposes, the Group is organised into the following major business segments based services, which are regularly provided to and reviewed by the management team:

1. Venture Capital and Private Equity - Investment in high growth entities, management of private funds and holding of long term investments.
2. Holding Entity - Investment holding.

Segment revenue and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The inter-segment transactions have been entered into in the ordinary course of business at terms mutually agreed between the companies concerned and are not more favourable than those arranged with independent third parties. These transactions have been eliminated to arrive at the Group's results.

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") Interim Financial Reporting

7. Segmental information (cont'd.)

Business Segments

Current year to date ended 31 December 2018	Venture capital and private equity businesses	Holding entity	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000
Income				
External income	(25,391)	647	-	(24,744)
Inter-segment income	50	4,778	(4,828)	-
Total	<u>(25,341)</u>	<u>5,425</u>	<u>(4,828)</u>	<u>(24,744)</u>

Results

Loss from operations with external parties	(29,162)	(87)	-	(29,249)
Add : Inter-segment income	50	4,778	(4,828)	-
Less : Inter-segment expenses	(2,903)	(25)	2,928	-
Segment results	<u>(32,015)</u>	<u>4,666</u>	<u>(1,900)</u>	<u>(29,249)</u>
Share of result of a joint venture				<u>(65)</u>
Loss before tax				<u>(29,314)</u>
Tax expense				<u>(359)</u>
Loss for the period attributable to the owners of the Company				<u><u>(29,673)</u></u>

Preceding year to date ended 31 December 2017

Income

External income	35,898	1,265	-	37,163
Inter-segment income	97	12,858	(12,955)	-
Total	<u>35,995</u>	<u>14,123</u>	<u>(12,955)</u>	<u>37,163</u>

Results

Profit from operations with external parties	32,272	417	-	32,689
Add : Inter-segment income	97	12,858	(12,955)	-
Less : Inter-segment expenses	(2,231)	(86)	2,317	-
Profit before tax	<u>30,138</u>	<u>13,189</u>	<u>(10,638)</u>	<u>32,689</u>
Tax expense				<u>(1,475)</u>
Profit for the period attributable to the owners of the Company				<u><u>31,214</u></u>

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") Interim Financial Reporting

7. Segmental information (cont'd.)

Geographical Segments

The Group's geographical segments are based on the location of the operations of the Group's asset. Income by geographical segment is based on income derived from those assets.

	Domestic		Foreign					Total	
	Malaysia	Singapore	Hong Kong	United States of America	Cayman Islands	Indonesia	British Virgin Island		Australia
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Current year to date ended 31 December 2018									
Income	(16,723)	1,275	(3,043)	(2,281)	279	(396)	-	(3,855)	(24,744)
Loss before tax	(29,314)	-	- *	-	-	-	-	-	(29,314)
Segmental assets as at 31 December 2018	183,352	-	5	-	-	-	-	-	183,357
Preceding year to date ended 31 December 2017									
Income	29,933	(580)	4,240	4,151	17	(599)	1	-	37,163
Profit/(loss) before tax	32,714	-	(25)	-	-	-	-	-	32,689
Segmental assets as at 31 December 2017	217,357	-	7	-	-	-	-	-	217,364

* Denotes amount less than RM1,000

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") Interim Financial Reporting

8. Cash, bank balances and cash management fund

	As at <u>31.12.2018</u> RM'000	As at <u>31.12.2017</u> RM'000
Cash and cash equivalents	14,691	6,512
Cash Management Fund	22,039	20,690
	<u>36,730</u>	<u>27,202</u>

9. Event subsequent to reporting period

There was no material event subsequent to the end of the current quarter.

10. Changes in the composition of the Group

During the current year to date, the changes in the composition of the Group are as follow:

Joint Venture - OSK-SBI Venture Partners Ltd.

On 18 May 2018, the Company subscribed One Hundred Thousand (100,000) ordinary shares of USD1.00 each representing 50% of the enlarged share capital of OSK-SBI Venture Partners Ltd. (Company No. LL14744) ("OSK-SBI") for a total cash consideration of USD100,000.

OSK-SBI was incorporated in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act, 1990 with a total paid-up share capital of USD200,000 comprising 200,000 ordinary shares. The principal activity of OSK-SBI is the fund manager of a private fund.

Deregistration of OSK Ventures International Limited, a wholly-owned subsidiary

The Company's wholly-owned subsidiary, OSK Ventures International Limited (Company No. 1061002) ("OSKVIL") had on 30 October 2018 applied to the Companies Registry of Hong Kong for deregistration of the company pursuant to Section 750 of the Companies Ordinance (Cap. 622) of Hong Kong ("the Deregistration").

The Deregistration of OSKVIL is not expected to have any material effect on the Group's net assets and earnings for the financial year ended 31 December 2018. The application of Deregistration was announced on 30 October 2018.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**PART B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for ACE Market****1. Review of the performance of the Company and its subsidiaries****Financial review**

	Current quarter ended 31.12.2018 RM'000	Comparative quarter ended 31.12.2017 RM'000	Changes %	Current year to date ended 31.12.2018 RM'000	Comparative year to date ended 31.12.2017 RM'000	Changes %
Income	(21,886)	3,463	(732)	(24,744)	37,163	(167)
(Loss)/profit before tax	(22,749)	2,050	(1,210)	(29,314)	32,689	(190)
(Loss)/profit after tax	(22,517)	1,981	(1,237)	(29,673)	31,214	(195)
(Loss)/profit attributable to owners of the Company	(22,517)	1,981	(1,237)	(29,673)	31,214	(195)

The Group registered a loss after tax of RM29.67 million for the year ended 31 December 2018 as compared to a profit after tax of RM31.21 million for the preceeding year ended 31 December 2017. This was mainly due to the net fair value loss on financial assets of RM28.85 million as compared to a net fair value gain on financial assets of RM32.86 million in the preceeding year ended 31 December 2017.

For the current quarter under review, the Group posted a loss after tax of RM22.52 million as compared to a profit after tax of RM1.98 million of the corresponding quarter in 2017. This was mainly due to net fair value loss on financial assets of RM22.58 million as compared to net fair value gain on financial assets of RM2.81 million in the corresponding quarter in 2017.

PART B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for ACE Market**2. Material change in quarterly results before taxation for the current quarter compared with the immediate preceding quarter****Financial review**

	Current quarter ended 31.12.2018 RM'000	Immediate preceding quarter ended 30.09.2018 RM'000	Changes %
Income	(21,886)	6,596	(432)
(Loss)/profit before tax	(22,749)	5,452	(517)
(Loss)/profit after tax	(22,517)	4,951	(555)
(Loss)/profit attributable to owners of the Company	(22,517)	4,951	(555)

The Group recorded a loss before tax of RM22.75 million in the fourth quarter of 2018 as compared to a profit before tax of RM5.45 million in the immediate preceding quarter. This was mainly due to decrease in market value of investment securities held by the Group for the current quarter under review.

3. Future prospects and progress on previously announced financial estimate**(a) Future prospects**

In 2018, the global markets were adversely impacted by on-going trade war between US and China and the lower economic growth of major world economies particularly China and uncertainties resulting from the conclusion of Brexit. The increased volatility was especially evidenced during the last quarter of 2018. On the local front, the market was range bound impacted by net outflow of foreign fund. As we expect high market volatility to continue, our strategies for quoted investments are to seek out fundamentally backed stocks which have been oversold.

With regards to our private investment portfolio, we expect to continue to be in active investment mode while maintaining our cautious approach. We managed to complete two deals during the fourth quarter of 2018 and we expect to close at least another two potential deals by end of the first quarter of 2019. As for our joint venture, OSK-SBI Private Equity Fund, the management has been actively seeking for deals from the market. While it is awaiting its maiden deal, the joint venture fund is targeting to close a few deals in 2019. We foresee that we should be able to maintain our growth in our private investment portfolio for 2019. Meanwhile, we would continue to assist our investees to enhance the values of their businesses and to implement or build-up good corporate governance practices into their operations.

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3. Future prospects and progress on previously announced financial estimate (cont'd.)

(b) Progress and steps to achieve financial estimate, forecast, projection and internal targets previously announced

There was no financial forecast previously announced by the Group.

4. Statement of the Board of Directors’ opinion on achievability of financial estimate, forecast, projection and internal targets previously announced

Not applicable.

5. Financial estimate, forecast or projection / profit guarantee

There was no financial estimate, forecast or projection and profit guarantee issued by the Group.

6. Net fair value (loss)/gain on financial assets

	Current year to date ended <u>31.12.2018</u> RM’000	Comparative year to date ended <u>31.12.2017</u> RM’000
Realised fair value (loss)/gain on financial assets *	(2,196)	4,724
Unrealised fair value (loss)/gain on financial assets	(26,654)	28,140
	<u>(28,850)</u>	<u>32,864</u>

* Realised fair value (loss)/gain on financial assets is arrived at based on the following:

	Current year to date ended <u>31.12.2018</u> RM’000	Comparative year to date ended <u>31.12.2017</u> RM’000
Proceeds from disposal of financial assets	174,445	91,061
Less: Cost of investment	(175,249)	(120,734)
Loss on disposal	(804)	(29,673)
(Less)/add: Previously recognised fair value changes	(1,392)	34,397
Realised fair value (loss)/gain on financial assets	<u>(2,196)</u>	<u>4,724</u>

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7. (Loss)/profit before tax

(Loss)/profit before tax is arrived at after (crediting)/charging the following:

	Current year to date ended 31.12.2018 RM'000	Comparative year to date ended 31.12.2017 RM'000
Interest income	(1,142)	(1,362)
Dividend income	(2,964)	(2,936)
Net fair value loss/(gain) on financial assets	28,850	(32,864)
Depreciation and amortisation	85	84
Other income	-	(1)
Net foreign exchange (gain)/loss	(631)	108

8. Income tax benefit/(expense)

	Current quarter ended 31.12.2018 RM'000	Comparative quarter ended 31.12.2017 RM'000	Current year to date ended 31.12.2018 RM'000	Comparative year to date ended 31.12.2017 RM'000
Provision for the current quarter/ period to date:				
Malaysian income tax	(130)	(199)	(657)	(523)
Under provision for prior year	- *	-	- *	(4)
Deferred tax	362	130	298	(948)
	<u>232</u>	<u>(69)</u>	<u>(359)</u>	<u>(1,475)</u>

* Denotes amount less than RM1,000

The deferred tax benefit for the current quarter ended 31 December 2018 of RM0.36 million mainly arose from net fair value changes on financial assets.

9. Corporate proposals

Status of corporate proposals announced but not completed as at 14 February 2019 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report)

There were no corporate proposals as at 14 February 2019.

10. Borrowings

As at 31 December 2018, there were no borrowings outstanding and the Group had not issued any debt securities.

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11. Material litigation

As at 14 February 2019 (being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report), the Group was not engaged in any material litigation either as plaintiff or defendant and the directors are not aware of any proceeding pending or threatened against the Group or any facts likely to give rise to any proceeding which might materially and adversely affect the financial position or business operations of the Group.

12. Dividend

There was no dividend proposed in the current quarter ended 31 December 2018 (31 December 2017: 5.0 sen per ordinary share).

13. (Loss)/earnings per share attributable to owners of the Company

	Current quarter ended <u>31.12.2018</u>	Comparative quarter ended <u>31.12.2017</u>	Current year to date ended <u>31.12.2018</u>	Comparative year to date ended <u>31.12.2017</u>
Basic (loss)/earnings per share				
(Loss)/earnings attributable to owners of the Company (RM'000)	(22,517)	1,981	(29,673)	31,214
Weighted average number of ordinary shares in issue ('000 shares)	196,445	197,337	196,445	197,337
Basic (loss)/earnings per share (sen)	<u>(11.46)</u>	<u>1.00</u>	<u>(15.11)</u>	<u>15.82</u>

14. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2017 was unqualified.

By Order of the Board

YEE CHEE WAI
Executive Director / Chief Operating Officer

Kuala Lumpur
21 February 2019