

QUARTERLY REPORT FOR THE SECOND QUARTER 2016**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	As at 30.6.2016 RM'000	As at 31.12.2015 RM'000
Assets:		
Non-current		
Property, plant and equipment	775,458	785,130
Investment properties	579,236	570,342
Investments in associated companies and a joint venture	2,842,688	2,791,783
Bearer plants	16,848	17,298
Intangible assets	1,941	2,084
Inventories	1,095,771	1,097,344
Deferred tax assets	83,444	84,487
Available-for-sale securities	954	882
Capital financing	15,750	16,750
Trade receivables	40,623	36,645
Other assets	4,529	4,455
	5,457,242	5,407,200
Current		
Inventories	525,561	512,458
Securities at fair value through profit or loss	64,117	16,309
Capital financing	357,778	365,368
Contract assets	312,899	384,807
Trade receivables	326,032	394,241
Other assets	87,278	109,119
Tax recoverables	39,088	26,139
Derivative asset	22,140	30,718
Cash and short term funds	367,848	439,594
	2,102,741	2,278,753
Non-current assets held for sale	11,500	5,100
	2,114,241	2,283,853
Total Assets	7,571,483	7,691,053

QUARTERLY REPORT FOR THE SECOND QUARTER 2016
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2016 (CONT'D)**

	Note	As at 30.6.2016 RM'000	As at 31.12.2015 RM'000
Liabilities:			
Non-current			
Medium term notes	B8	710,326	746,837
Borrowings	B8	640,980	846,974
Deferred income		163,737	168,233
Trade payables		48,621	48,415
Other liabilities		6,858	2,121
Deferred tax liabilities		133,955	136,772
		1,704,477	1,949,352
Current			
Medium term notes	B8	36,834	-
Borrowings	B8	764,052	604,433
Deferred income		5,954	6,196
Contract liabilities		181,813	160,465
Trade payables		251,258	354,089
Tax payables		11,759	20,475
Other liabilities		235,377	288,349
		1,487,047	1,434,007
Total Liabilities		3,191,524	3,383,359
Net Assets		4,379,959	4,307,694
Equity:			
Share capital		1,402,891	1,402,891
Treasury shares, at cost	A5(a)	(30,236)	(30,234)
		1,372,655	1,372,657
Reserves		2,794,350	2,721,375
Issued capital and reserves attributable to Owners of the Company		4,167,005	4,094,032
Non-controlling interests		212,954	213,662
Total Equity		4,379,959	4,307,694
Net Assets per share attributable to Owners of the Company (RM)		3.01	2.96

(The accompanying explanatory notes form an integral part of this quarterly report and should be read in conjunction with the audited financial statements for the year ended 31 December 2015)

QUARTERLY REPORT FOR THE SECOND QUARTER 2016
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE PERIOD ENDED 30 JUNE 2016**

	Note	Current quarter ended 30.6.2016 RM'000	Comparative quarter ended 30.6.2015 RM'000	Current year to date ended 30.6.2016 RM'000	Preceding year to date ended 30.6.2015 RM'000
Revenue		309,527	13,781	657,814	27,563
Cost of sales		(212,147)	(4,141)	(452,092)	(8,314)
Gross profit		97,380	9,640	205,722	19,249
Other income		7,470	610	12,100	12,261
Administrative expenses		(57,896)	(4,615)	(115,499)	(8,299)
Other expenses		(4,152)	(50)	(6,163)	(10,433)
		42,802	5,585	96,160	12,778
Finance costs		(19,828)	(1,001)	(38,053)	(1,991)
		22,974	4,584	58,107	10,787
Share of results of associated companies and a joint venture		31,310	46,247	81,517	87,545
Profit before tax		54,284	50,831	139,624	98,332
Tax expense		(10,536)	(1,701)	(23,805)	(3,650)
Profit after tax		43,748	49,130	115,819	94,682
Profit attributable to:					
Owners of the Company		43,650	49,130	113,270	94,682
Non-controlling interests		98	-	2,549	-
		43,748	49,130	115,819	94,682
Earnings per share attributable to Owners of the Company (sen)					
Basic	B11(a)	3.15	5.17	8.18	9.96
Diluted	B11(b)	3.15	5.17	8.18	9.96

(The accompanying explanatory notes form an integral part of this quarterly report and should be read in conjunction with the audited financial statements for the year ended 31 December 2015)

QUARTERLY REPORT FOR THE SECOND QUARTER 2016
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2016**

	Current quarter ended 30.6.2016 RM'000	Comparative quarter ended 30.6.2015 RM'000	Current year to date ended 30.6.2016 RM'000	Preceding year to date ended 30.6.2015 RM'000
Profit after tax	43,748	49,130	115,819	94,682
Other Comprehensive Income for the period, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Fair value (loss)/gain on:				
- Cash flow hedge	(340)	-	(426)	-
- Available-for-sale securities	1	-	73	-
Foreign currency translation	128	-	(12,265)	-
Share of other comprehensive income/(loss) and reserves of an associated company:				
- Foreign exchange reserves	11,749	7,419	(20,325)	21,953
- Other reserves	13,149	(357)	25,923	6,076
Total Other Comprehensive Income/(Loss) for the period, net of tax	24,687	7,062	(7,020)	28,029
	68,435	56,192	108,799	122,711
Total Comprehensive Income/(Loss) attributable to:				
Owners of the Company	68,511	56,192	109,739	122,711
Non-controlling interests	(76)	-	(940)	-
	68,435	56,192	108,799	122,711

(The accompanying explanatory notes form an integral part of this quarterly report and should be read in conjunction with the audited financial statements for the year ended 31 December 2015)

QUARTERLY REPORT FOR THE SECOND QUARTER 2016
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

	Attributable to Owners of the Company									Non-controlling interests	Total equity	
	Share capital	Treasury shares [Note A5(a)]	Share premium	Available-for-sale reserve	Revaluation reserve	Foreign exchange reserves	Hedging reserve	Other reserves	Retained profits			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1.1.2016	1,402,891	(30,234)	336,481	-	76,321	96,133	824	(10,455)	2,222,071	4,094,032	213,662	4,307,694
Profit after tax	-	-	-	-	-	-	-	-	113,270	113,270	2,549	115,819
Other comprehensive income/(loss)	-	-	-	66	-	(29,139)	(381)	25,923	-	(3,531)	(3,489)	(7,020)
Total Comprehensive Income/(Loss)	-	-	-	66	-	(29,139)	(381)	25,923	113,270	109,739	(940)	108,799
Dividends paid to Owners of the Company	-	-	-	-	-	-	-	-	(34,620)	(34,620)	-	(34,620)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(1,403)	(1,403)	(686)	(2,089)
Share buybacks by the Company	-	(2)	-	-	-	-	-	-	-	(2)	-	(2)
Conversion of warrants in subsidiary companies												
- Shares issued by subsidiary companies	-	-	-	-	-	-	-	-	-	-	410	410
- Dilution of interest in subsidiary companies	-	-	-	-	-	-	-	-	(508)	(508)	508	-
Effects of acquisitions of warrants in a subsidiary company	-	-	-	-	-	-	-	-	(175)	(175)	-	(175)
Dilution of interests in a subsidiary company of an associated company	-	-	-	-	-	-	-	-	(58)	(58)	-	(58)
Total changes in ownership interests	-	(2)	-	-	-	-	-	-	(36,764)	(36,766)	232	(36,534)
As at 30.6.2016	1,402,891	(30,236)	336,481	66	76,321	66,994	443	15,468	2,298,577	4,167,005	212,954	4,379,959
As at 1.1.2015	969,058	(30,232)	-	-	76,321	26,260	-	(4,064)	1,670,648	2,707,991	-	2,707,991
Profit after tax	-	-	-	-	-	-	-	-	94,682	94,682	-	94,682
Other comprehensive income	-	-	-	-	-	21,953	-	6,076	-	28,029	-	28,029
Total Comprehensive Income	-	-	-	-	-	21,953	-	6,076	94,682	122,711	-	122,711
Dividends paid to Owners of the Company	-	-	-	-	-	-	-	-	(47,551)	(47,551)	-	(47,551)
Accretion of interests in a subsidiary company of an associated company	-	-	-	-	-	-	-	-	1	1	-	1
Total changes in ownership interests	-	-	-	-	-	-	-	-	(47,550)	(47,550)	-	(47,550)
As at 30.6.2015	969,058	(30,232)	-	-	76,321	48,213	-	2,012	1,717,780	2,783,152	-	2,783,152

(The accompanying explanatory notes form an integral part of this quarterly report and should be read in conjunction with the audited financial statements for the year ended 31 December 2015)

QUARTERLY REPORT FOR THE SECOND QUARTER 2016
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

	Current year to date ended 30.6.2016 RM'000	Preceding year to date ended 30.6.2015 RM'000
Cash Flows From Operating Activities		
Profit before tax	139,624	98,332
Adjustments for:		
Non-cash and non-operating items	32,306	(9,353)
Share of results of associated companies and a joint venture	(81,517)	(87,545)
Operating profit before working capital changes	<u>90,413</u>	1,434
<i>Decrease / (Increase) in operating assets:</i>		
Inventories	(14,641)	-
Capital financing	11,118	24,860
Contract assets	71,908	-
Trade receivables	65,856	(40)
Other receivables	21,841	(554)
<i>Increase / (Decrease) in operating liabilities:</i>		
Deferred income	(4,738)	(650)
Contract liabilities	21,348	-
Trade payables	(101,916)	542
Other liabilities	(48,235)	(3,162)
Cash generated from operations	<u>112,954</u>	22,430
Interest received	23,395	16,430
Interest paid	(17,886)	(5,630)
Income tax paid	(50,760)	(4,039)
Refund of income tax	3,516	2,700
Net cash generated from operating activities	<u>71,219</u>	31,891
Cash Flows From Investing Activities		
Acquisition of warrants in a subsidiary company	(175)	-
Advance to an associated company	(1,219)	-
Dividends received	37,372	170
Expenditure incurred on investment properties	(22,995)	(529)
Fund distribution income received	250	-
Payment for trademarks	(1)	-
Proceeds from disposals of:		
- plant and equipment	273	-
- investment properties	6,151	-
- securities at fair value through profit or loss	-	24,963
Purchase of:		
- property, plant and equipment	(8,449)	(30)
- software licenses	(25)	-
- bearer plants	(106)	-
Share buybacks by the Company	(2)	-
Net cash generated from investing activities	<u>11,074</u>	24,574

A5 (a)

QUARTERLY REPORT FOR THE SECOND QUARTER 2016**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2016 (CONT'D)**

	Current year to date ended 30.6.2016 RM'000	Preceding year to date ended 30.6.2015 RM'000
Cash Flows From Financing Activities		
Dividends paid to Owners of the Company	(34,620)	(47,551)
Dividends paid to non-controlling interests	(2,089)	-
Drawdown of loans	91,209	-
Interest paid	(38,054)	(1,991)
Proceeds from issuance of shares by subsidiary companies for warrants conversion	410	-
Repayment of revolving credits - net	(27,280)	(49,750)
Repayment of loans	(92,556)	-
Net cash used in financing activities	<u>(102,980)</u>	<u>(99,292)</u>
Net decrease in Cash and Cash Equivalents	(20,687)	(42,827)
Effects of exchange rate changes	(611)	-
Cash and Cash Equivalents at beginning of period	451,582	56,098
Cash and Cash Equivalents at end of period	<u>430,284</u>	<u>13,271</u>
Cash and Cash Equivalents comprised:		
Cash and short term funds	367,848	2,260
Securities at fair value through profit or loss, liquid investments	63,932	11,011
	<u>431,780</u>	<u>13,271</u>
Bank overdrafts	(1,496)	-
	<u>430,284</u>	<u>13,271</u>

(The accompanying explanatory notes form an integral part of this quarterly report and should be read in conjunction with the audited financial statements for the year ended 31 December 2015)

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2016

The unaudited interim financial report ("the quarterly report") have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9, Part K - Periodic Disclosures of the Listing Requirements of Bursa Malaysia Securities Berhad

PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134: Interim Financial Reporting ("MFRS 134") issued by the MASB

A1. Basis of preparation

This quarterly report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2015 and the accompanying explanatory notes, which provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2015.

The significant accounting policies and methods of computation applied in preparing the unaudited interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2015.

For the current year to date, the Group adopted the following standards, amendments to published standards and interpretations that are applicable and effective for the Group's financial year beginning on 1 January 2016:

- (a) Annual Improvements to MFRSs 2012 – 2014 Cycle that aim to enhance the quality of standards, to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights.
- (b) Amendment to MFRS 11 'Joint Arrangements' requires an investor to apply the principles of MFRS 3 'Business Combination' when it acquires an interest in a joint operation that constitutes a business. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not remeasured when the acquisition of an additional interest in the same joint operation results in retaining joint control.
- (c) Clarifications to MFRS 15 'Revenue from Contracts with Customers' to clarify the application of the principles in identifying whether performance obligations are distinct; determining whether an entity is a principal or an agent; and assessing whether revenue from a licence of intellectual property is recognised over time or at a point in time.
- (d) Amendments to MFRS 101 'Presentation of Financial Statements' aim to improve the effectiveness of disclosures in the financial statements and are designed to encourage an entity to apply professional judgement in determining the information to be disclosed in the financial statements.

A1. Basis of preparation (Cont'd)

For the current year to date, the Group adopted the following standards, amendments to published standards and interpretations that are applicable and effective for the Group's financial year beginning on 1 January 2016: (Cont'd)

- (e) Amendments to MFRS 116 'Property, Plant and Equipment' and MFRS 138 'Intangible Assets' (effective from 1 January 2016) clarify that the use of revenue-based methods to calculate the depreciation of an item of property, plant and equipment is not appropriate. This is because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

Similarly, the amendments to MFRS 138 also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption can be overcome only in the limited circumstances where the intangible asset is expressed as a measure of revenue or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

- (f) Amendments to MFRS 116 'Property, Plant and Equipment' and MFRS 141 'Agriculture' amended the scope of MFRS 116 to include bearer plants related to agricultural activity. However, MFRS 141 applies to the produce growing on those bearer plants.

A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Bearer plants are measured either at cost or revalued amounts, less accumulated depreciation and impairment losses. Agricultural produce growing on bearer plants continue to be measured at fair value less costs to sell, with fair value changes recognised in profit or loss as the produce grows.

- (g) Amendments to MFRS 127 'Separate Financial Statements' allow an entity to use the equity method in its separate financial statements to account for investments in subsidiary companies, joint ventures and associated companies, in addition to the existing cost method.

The adoption of these amendments to published standards and interpretations does not have any material impact to the Group.

A1. Basis of preparation (Cont'd)

The following are standards, amendments to published standards and interpretations to existing MFRSs issued by the MASB that are applicable to the Group but not yet effective for current financial year:

(a) For financial year beginning on/after 1 January 2017

Amendment to MFRS 107 'Statement of Cash Flows' requires an entity provide addition disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. It requires the disclosure of a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

Amendment to MFRS 112 'Income Taxes' clarifies the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendment introduces to compare the deductible temporary differences with future taxable profit that excludes tax deductions resulting from the reversal of those deductible temporary differences.

(b) For financial year beginning on/after 1 January 2018

MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 'Financial Instruments: Recognition and Measurement'.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The financial effects of adoption of MFRS 9 are still being assessed by the Group due to the complexity and significant changes in its requirements.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2016**A1. Basis of preparation (Cont'd)**

The following are standards, amendments to published standards and interpretations to existing MFRSs issued by the MASB that are applicable to the Group but not yet effective for current financial year: (Cont'd)

(c) For financial year beginning on/after 1 January 2019

MFRS 16 'Leases' will replace the existing standard on Leases, MFRS 117.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. MFRS 16 requires lessees to recognise assets and liabilities for all leases with a term of more than 12 months and for which the underlying asset is not of low value. For lessors, MFRS16 requires enhanced disclosure on the information about their risk exposure.

A2. Seasonality or cyclicity of interim operations

Other than the Hospitality division which is affected by holiday seasons, the other business operations of the Group for the current year to date were not materially affected by any seasonal or cyclical factors.

A3. Unusual items affecting assets, liabilities, equity, net income and cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group because of their nature, size or incidence.

A4. Changes in estimates of amounts reported previously

There were no significant changes in estimates of amounts reported in prior interim periods or prior financial years that have a material effect in the current financial period.

A5. Issues, repurchases and repayments of debts and equity securities**(a) Share buybacks / Treasury shares of the Company**

The Company purchased 1,000 ordinary shares for a total cash consideration of RM1,635 from the open market at an average cost of RM1.64 per share. The shares repurchased are being held as treasury shares and treated in accordance with the requirements of Section 67A of the Companies Act, 1965. Summary of share buybacks is as follows:

	Number of shares	Highest price RM	Lowest price RM	Average cost (included transaction costs) RM	Total amount paid RM
As at 1 January 2016	18,098,253	2.82	0.90	1.67	30,234,418
Purchased during the period	1,000	1.59	1.59	1.64	1,635
As at 30 June 2016	18,099,253	2.82	0.90	1.67	30,236,053

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2016

A5. Issues, repurchases and repayments of debts and equity securities (Cont'd)

(b) Medium Term Note Programme for the issuance of medium term notes of up to RM990.00 million in nominal value ("MTN Programme")

On 15 October 2015, the Company lodged with the Securities Commission Malaysia ("SC") all the required information and relevant documents relating to the MTN Programme pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by SC. The MTN Programme provides the Company the flexibility to raise funds via the issuance of MTNs which can be utilised to refinance its existing borrowings and to fund its working capital requirements. The MTN Programme is unrated and has a tenure of fifteen (15) years from the date of its first issuance.

On 30 October 2015, the Company issued MTNs of RM750.00 million to refinance its existing borrowings. The MTNs were issued in 12 tranches with maturities commencing from 2017 to 2022. The MTNs are redeemable every 6 months commencing 18 months after the first issuance date. The MTNs issued bear interest rate of 4.93% per annum.

The terms of the MTN Programme contain various covenants, including the following:-

- (i) The Company shall maintain a Gearing Ratio of not exceeding 1.50 times throughout the tenure of the MTN Programme.
- (ii) The Company shall maintain a Security Cover Ratio of not less than 1.50 times throughout the tenure of the MTN Programme.
- (iii) The Company shall maintain a Debt Service Reserve Account ("DSRA") of an amount equivalent to one interest payment, which is pre-funded from the Company's internal fund and shall ensure that there are sufficient funds in the DSRA.

The amount can be utilised for the payment of interest of MTNs in the event of a default in interest payment obligations. Any utilised funds shall be replenished within 14 days from the date of withdrawal/shortfall.

The MTN Programme are secured by the following:

- (i) First party legal charge by way of Memorandum of Deposit with Power of Attorney over shares and warrants in certain subsidiary companies; and
- (ii) First party assignment and charge over the Company's right (including right to sue), title, interest and benefit in and under the DSRA and Disbursement Account and all monies standing to the credit thereto.

There were no issuance and repayment of MTN during the current year to date. As at 30 June 2016, the total outstanding MTN remained at RM750.00 million.

Apart from the above, there were no issuances, repurchases and repayments of debt and equity securities of the Company for the current year to date.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2016

A5. Issues, repurchases and repayments of debts and equity securities (Cont'd)

(c) Warrants C 2015/2020

On 23 July 2015, the Company issued 237,732,751 Warrants C 2015/2020 pursuant to the Bonus Issue of Warrants, which were listed on the Main Market of Bursa Securities with effect from 9.00 a.m. on 4 August 2015.

The Stock Short Name, Stock Number and ISIN Code of the Warrants C 2015/2020 are "OSK-WC", "5053WC" and "MYL5053WCU71" respectively. The main features of Warrants C 2015/2020 are as follows:

- (i) Each Warrant C 2015/2020 entitles the holder to subscribe for 1 new ordinary share of RM1.00 each in the Company at a exercise price of RM1.80 per share by cash at any time during normal business hours up to 5.00 pm on or before 22 July 2020; and
- (ii) Full provisions regarding the transferability of Warrants C 2015/2020 to new ordinary shares, which will thereafter rank pari passu with the existing ordinary shares of the Company, adjustment of the Exercise Price in certain circumstances, quotation on Bursa Securities and other terms and conditions pertaining to the Warrants C 2015/2020 are set out in detail in a Deed Poll executed by the Company on 7 July 2015, which is available for inspection at the registered office of the Company.

During the current year to date, the Company issued 80 new ordinary shares of RM1 each for cash pursuant to conversion of 80 Warrants C 2015/2020.

As at 30 June 2016, the total number of Warrants C 2015/2020 remained unexercised is 237,732,671 (31 December 2015: 237,732,751).

A6. Dividends paid

During the current year to date, a final single-tier dividend of 2.5 sen per share amounting to RM34.62 million in respect of the preceding financial year ended 31 December 2015 was paid on 11 May 2016.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2016**A7. Segmental information**

The Group is organised into five major business segments based on products and services, which are regularly provided to and reviewed by the chief operating decision makers comprising of the Board of Directors and senior management of the Group:

(a) Property

- (i) Property Development - Property development of residential and commercial properties for sale as well as provision of project management services.
- (ii) Property Investment and Management - Management and letting of properties, contributing rental yield and appreciation of properties.

(b) Construction

- (i) Construction - Building construction works.

(c) Industries

- (i) Cables - Manufacturing and trading of cables and wires.
- (ii) Industrialised Building System ("IBS") - Manufacturing and sale of IBS concrete wall panels and trading of building materials.

(d) Hospitality

- (i) Hotels and Resorts - Management of hotels, resorts including golf course operations.
- (ii) Vacation Club - Management of timeshare membership scheme through vacation club.

(e) Financial Services and Investment Holding

- (i) Capital Financing - Capital financing activities, generating interest, fee and related income.
- (ii) Investment Holding - Investing activities and other insignificant business segment, where investments contribute dividend income and interest income as well as sharing of results of the investee companies.

Business 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 at terms mutually agreed between the segments concerned and have been eliminated to arrive at the Group's results.

Basis of segmentation and related measurement of segment revenue, results, total assets and liabilities have no material change from the amounts disclosed in the audited financial statements of the Group for the year ended 31 December 2015.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2016
A7. Segmental information (Cont'd)
(a) Business segment analysis

The following table provides an analysis of the Group's revenue and results by business segments:

(RM'000)	Property	Cons- truction	Industries	Hospitality	Financial Services & Investment Holdings	Inter- segments Eliminations	Total
Current year to date ended 30.6.2016							
Revenue							
External parties	420,741	4,271	151,171	58,157	23,474	-	657,814
Inter-segment	1,885	93,271	410	125	10,880	(106,571)	-
Dividends from subsidiary companies	-	-	-	-	72,698	(72,698)	-
Dividend from an associated company	-	-	-	-	37,372	(37,372)	-
Total	422,626	97,542	151,581	58,282	144,424	(216,641)	657,814
Results							
Segment profit/(loss)	66,881	6,791	19,321	(9,277)	(18,906)	(6,703)	58,107
Share of results of associated companies and a joint venture	-	-	-	-	81,517	-	81,517
Profit/(loss) before tax	66,881	6,791	19,321	(9,277)	62,611	(6,703)	139,624
Tax expense							(23,805)
Profit after tax							115,819
Preceding year to date ended 30.6.2015							
Revenue							
External parties	8,703	-	-	-	18,860	-	27,563
Inter-segment	802	-	-	-	319	(1,121)	-
Dividend from an associated company	-	-	-	-	15,348	(15,348)	-
Total	9,505	-	-	-	34,527	(16,469)	27,563
Results							
Segment profit	6,050	-	-	-	5,072	(335)	10,787
Share of profit of an associated company	-	-	-	-	87,210	335	87,545
Profit before tax	6,050	-	-	-	92,282	-	98,332
Tax expense							(3,650)
Profit after tax							94,682

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2016**A7. Segmental information (Cont'd)****(b) Geographical segments analysis**

The Group's operations are mainly based in Malaysia and Australia. Other geographical segments include Singapore, Thailand, Vietnam and British Virgin Islands. In presenting information on the basis of geographical areas, segment performance is based on the geographical location of customers.

	Malaysia	Australia	Others	Total
	RM'000	RM'000	RM'000	RM'000
Current year to date ended 30.6.2016				
Revenue	641,269	1,707	14,838	657,814
Profit/(Loss) before tax	142,760	(2,954)	(182)	139,624
Preceding year to date ended 30.6.2015				
Revenue	27,563	-	-	27,563
Profit before tax	98,332	-	-	98,332

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2016

A8. Effects of changes in the composition of the Group for the current year to date

(a) Striking off of Swiss-Garden International Limited ("SGIL")

On 24 December 2015, SGIL, a dormant indirect wholly-owned subsidiary of PJ Development Holdings Berhad in turn a subsidiary company of the Company, has made an application for striking off with the Companies House, United Kingdom. Subsequently, SGIL was dissolved on 22 March 2016 pursuant to the Notice of Dissolution published on 22 March 2016.

(b) Striking off of Pengerang Jaya Investment Pte Ltd ("PJIPL")

PJIPL, a dormant wholly-owned subsidiary company of Pengerang Jaya Pte. Ltd. which in turn is a wholly-owned subsidiary company of the Company, received a notification dated 6 June 2016 from Accounting and Corporate Regulatory Authority informing that PJIPL has been struck off from the register under the Singapore Companies Act (Chapter 50).

(c) Distribution and capital repayment of RHB Capital Berhad ("RHBC") and transfer of listing status

On 13 June 2016, RHBC, an associated company of the Company, completed the distribution of the entire shareholding in RHB Bank Berhad ("RHBB") by way of distribution-in-specie via a reduction of the entire share premium account of RHBC and a reduction in the share capital of RHBC by reducing the par value of all the ordinary shares in RHBC from RM1.00 each to RM0.05 each and the remaining balance via distribution of RHBC's retained earnings.

On 24 June 2016, the shareholders of the RHBC had at its extraordinary general meeting approved the members' voluntary winding up of the RHBC pursuant to Section 254(1)(b) of the Companies Act, 1965 ("Act") ("Winding Up"). In this regard, the Winding Up of RHB Capital has commenced on even date. The Winding Up of RHBC will not have any material effect on the earnings and net assets of RHBC for the financial year ending 31 December 2016.

Arising from the above, the Company received 406,171,518 ordinary shares of RHBB, representing 10.13% equity interest in RHBB. The investment in RHBB is recognised as investment in associated company and its results is accounted for in the consolidated financial statements as share of results of associated company.

On 28 June 2016, RHBC delisted from the Main Market of Bursa Securities and RHBB assumed the listing status of RHBC on the even date.

The above do not have any material impact on the earnings and net assets of the Group.

A9. Events after the end of the current quarter that have not been reflected in this quarterly report

There were no material events announced after the end of the quarter.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2016
A10. Significant unrecognised contractual commitments

	As at 30.6.2016 RM'000	As at 31.12.2015 RM'000
Contracted but not provided for:		
- Acquisition of plant, equipment and software	1,482	2,929
- Construction of investment property	23,626	38,817
- Acquisition of development land	130,500	8,535
	155,608	50,281

A11. Changes in contingent liabilities or contingent assets

There were no major changes in the contingent liabilities or contingent assets of the Group since the previous audited financial statements.

A12. Significant related party transactions

Entities	Nature of transactions	Income / (Expense) Current year to date ended 30.6.2016 RM'000
(a) <u>Significant transactions with associated companies:</u>		
Agile PJD Development Sdn Bhd	- Interest income	1,219
RHB Investment Bank Berhad	- Office rental income	4,132
	- Interest income	246
RHB Asset Management Sdn Bhd	- Office rental income	829
RHB Bank Berhad	- Office rental income	393
	- Interest expense	(21,099)
	- Commitment fee	(714)
(b) <u>Significant transactions with other related parties:</u>		
Dindings Construction Sdn Bhd	- Construction works	(11,917)
DC Services Sdn Bhd	- Insurance premium expense	(1,820)
Dindings Life Agency Sdn Bhd	- Insurance premium expense	(531)
Dindings Risks Management Services Sdn Bhd	- Insurance premium expense	(238)
Willowglen (M) Sdn Bhd	- Upkeep and maintenance expenses	(1,808)

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2016
A13. Fair value measurement
Determination of fair value

The carrying amounts of trade and other receivables/payables, cash and cash equivalents and short term borrowings were approximated their fair values due to the relatively short term maturity in nature of these financial instruments. The Group's capital financing are mostly fixed rate loans with short term maturities and the carrying amounts of capital financing are approximate their fair values. The fair values of impaired fixed rate capital financing are represented by their carrying value, net of individual impairment allowance, being the expected recoverable amount.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair values are observable for the assets or liabilities, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data for the assets or liabilities.

The following table shows an analysis of financial instruments and non-financial assets recorded at fair value within the fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
As at 30.6.2016				
Non financial assets				
Investment properties	-	226,855	352,381	579,236
Financial assets				
Available-for-sale securities	-	-	954	954
Securities at fair value through profit or loss	64,117	-	-	64,117
Derivative asset	-	22,140	-	22,140
	64,117	248,995	353,335	666,447
As at 31.12.2015				
Non financial assets				
Investment properties	-	243,075	327,267	570,342
Financial assets				
Available-for-sale securities	-	-	882	882
Securities at fair value through profit or loss	16,309	-	-	16,309
Derivative asset	-	30,718	-	30,718
	16,309	273,793	328,149	618,251

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2016**A13. Fair value measurement (Cont'd)**

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the last bid price. There were no transfers between Level 1 and 2 during the current year to date.

A14. Derivative financial instruments**As at 30.6.2016**

Type of Derivative	Contract / Notional RM'000	Carrying Amount at Fair Value RM'000	Cash Flow Hedge Reserve RM'000
Cross currency interest rate swap contract - 1 year to 3 years	99,360	22,140	(426)

Cross-currency interest rate swap has been entered into in order to operationally hedge the borrowing denominated in United States Dollar ('USD') and floating monthly interest payments on borrowings that would mature on 30 September 2018. The fair value of the cross-currency interest rate swap contract is the amount that would be payable or receivable upon termination of the position at the end of each reporting period, and is determined using forward interest rates extracted from observable yield curve and forward exchange rates at the end of the reporting period, with the resulting value discounted back to fair value.

The derivative is initially recognised at fair value on the date the derivative contract is entered into and the subsequent gain or loss on remeasurement of the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2016
PART B - Explanatory Notes Pursuant to Chapter 9, Part K - Periodic Disclosures, Part A of Appendix 9B, of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")
B1. Performance analysis of the Group for the current quarter and year to date

The Group's overall financial performance are analysed as below:

	Immediate preceding quarter ended 31.3.2016 RM'000	Current quarter ended 30.6.2016 RM'000	Comparative quarter ended 30.6.2015 RM'000	Current year to date ended 30.6.2016 RM'000	Preceding year to date ended 30.6.2015 RM'000
Revenue	348,287	309,527	13,781	657,814	27,563
Pre-tax profit from the businesses	35,133	22,974	4,584	58,107	10,787
Share of results of associated companies and a joint venture	50,207	31,310	46,247	81,517	87,545
Pre-tax profit	85,340	54,284	50,831	139,624	98,332

Current Year To Date ("6M16") compared with Preceding Year To Date ("6M15")

The Group registered total revenue of RM657.81 million for the current year to date ("6M16"), increased by RM630.25 million or 24 times, compared with RM27.56 million in the preceding year to date ("6M15"). The revenue improvement was mainly contributed by the newly acquired subsidiary companies, OSK Property Holdings Berhad ("OSKPH") and PJ Development Holdings Berhad ("PJDH") in August 2015. The 6M16 revenue consists of new revenue streams from Property, Construction, Industries and Hospitality segments as well as higher revenue from the existing Capital Financing and Property Investment divisions.

The Group's pre-tax profit for 6M16 of RM139.62 million was RM41.29 million or 42% higher than 6M15 of RM98.33 million. The earnings growth was mainly due to profit contribution from the businesses acquired by the Group of RM58.11 million, up by RM47.32 million or 439% compared with RM10.79 million in 6M15 offset by lower share of results of associated companies and a joint venture of RM81.52 million, a reduction of RM6.03 million or 7% as compared to RM87.55 million in 6M15.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2016
B1. Performance analysis of the Group for the current quarter and year to date (Cont'd)

Pre-tax profit analysis of the respective business segments is as follow:

Business Segments (RM'000)	Immediate preceding quarter ended 31.3.2016	Current quarter ended 30.6.2016	Comparative quarter ended 30.6.2015	Current year to date ended 30.6.2016	Preceding year to date ended 30.6.2015
<i>Property Development</i>	37,529	19,503	-	57,032	-
<i>Property Investment and Management</i>	5,077	4,772	2,794	9,849	6,050
1. Property	42,606	24,275	2,794	66,881	6,050
2. Construction	1,630	5,161	-	6,791	-
<i>Cables</i>	8,057	8,231	-	16,288	-
<i>IBS</i>	1,400	1,633	-	3,033	-
3. Industries	9,457	9,864	-	19,321	-
<i>Hotels and Resorts</i>	(3,252)	(5,529)	-	(8,781)	-
<i>Vacation Club</i>	(1,119)	623	-	(496)	-
4. Hospitality	(4,371)	(4,906)	-	(9,277)	-
<i>Capital Financing</i>	5,473	8,865	3,498	14,338	6,989
<i>Investment Holding</i>	33,089	15,184	44,539	48,273	85,293
5. Financial Services and Investment Holding	38,562	24,049	48,037	62,611	92,282
Less: Inter-segments eliminations	(2,544)	(4,159)	-	(6,703)	-
Pre-tax profit	85,340	54,284	50,831	139,624	98,332

Following the merger exercise with OSKPH and PJDH, the Group now has five key business segments, namely Property, Construction, Industries, Hospitality, and Financial Services and Investment Holding segments as compared to the two business segments comprising Financial Services and Investment Holding and Property Investment segments in 6M15.

The Property segment registered revenue of RM422.63 million and pre-tax profit of RM66.88 million in 6M16 as compared to revenue of RM9.51 million and pre-tax profit of RM6.05 million in 6M15. The 6M16 revenue and pre-tax profit saw a positive contribution from the property development projects undertaken by the merged Group, and income from investment properties such as Plaza OSK and Atria Shopping Gallery.

The Construction segment registered revenue of RM97.54 million and pre-tax profit of RM6.79 million in 6M16. The contribution by the segment was mainly generated from the construction of intra-group property development projects.

The Industries segment, which comprises the Cables and IBS manufacturing businesses, registered revenue of RM151.58 million and pre-tax profits of RM19.32 million in 6M16. The Cables division recorded a strong growth due to increased demand and better margin secured from property, infrastructure and power supply sectors during the period. The IBS division performed satisfactorily despite the softening property market locally as our results were partially cushioned by demand from Singapore. The expansion of the factory capacity during the period under review increased the overall production overhead costs as the factory had not reached its optimum utilisation capacity.

The Hospitality segment registered revenue of RM58.28 million and pre-tax loss of RM9.28 million in 6M16. The pre-tax loss was mainly due to low occupancy rates for certain hotels. Also, the new hotel in Johor Bahru has commenced operations in early 2016 and is still in its gestation period.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2016**B1. Performance analysis of the Group for the current quarter and year to date (Cont'd)**

The Capital Financing division registered revenue of RM21.21 million and pre-tax profit of RM14.34 million in 6M16 compared to revenue of RM18.86 million and pre-tax profit of RM6.99 million in 6M15, representing an increase of 13% and 105% in revenue and pre-tax profit respectively. During 6M16, the division wrote back an allowance for doubtful debt of RM2.53 million as compared to allowance for doubtful debts of RM0.38 million in 6M15. In addition, the increase in pre-tax profit was contributed by higher net fee and interest income due to higher loan disbursements and lower operating costs in 6M16.

The Investment Holding division contributed pre-tax profit of RM48.27 million in 6M16 compared with 6M15 of RM85.29 million, a decrease of RM37.02 million or 43%. The decrease in pre-tax profit was mainly due to the funding costs incurred in 6M16 and lower share of profit of RHB group of RM81.67 million during the period as compared to RM87.55 million in 6M15.

Current Quarter ("2Q16") compared with Comparative Quarter of Preceding Year ("2Q15")

The Group registered revenue of RM309.53 million in 2Q16, increased by RM295.75 million or 22 times attributed to additional revenue from the newly acquired subsidiary companies, OSKPH and PJDH, compared with RM13.78 million in 2Q15. Correspondingly, the pre-tax profit increased by RM3.45 million or 7% to RM54.28 million compared with 2Q15 pre-tax profit of RM50.83 million.

During 2Q16, the Property Development division registered revenue of RM173.89 million and pre-tax profit of RM19.50 million mainly contributed by the on-going property development projects of the merged Group.

The Property Investment and Management division registered revenue of RM12.02 million and pre-tax profit of RM4.77 million as compared to revenue of RM4.74 million and pre-tax profit of RM2.79 million in 2Q15. The improvement was mainly due to additional contribution from the investment properties portfolio including Atria Shopping Gallery which generates a steady stream of revenues from lease rentals. The Group also registered gains on disposal of certain investment properties in 2Q16.

The Construction segment registered revenue and pre-tax profit of RM42.79 million and RM5.16 million respectively mainly due to progress billings from its on-going construction projects.

The Hospitality segment registered revenue of RM26.96 million and pre-tax loss of RM4.91 million in 2Q16. The losses incurred were mainly due to low occupancy rates at the hotels. The new hotel in Johor Bahru has just commenced operations in early 2016 and still in its gestation period.

The Capital Financing division registered higher revenue and pre-tax profit of RM11.09 million and RM8.87 million respectively in 2Q16 compared with revenue of RM9.43 million and pre-tax profit of RM3.50 million in 2Q15. The improved performance in 2Q16 was mainly contributed by higher net fee and interest income due to higher loan disbursements, lower operating cost and reversal of allowance for doubtful debts of RM2.52 million in 2Q16.

The Investment Holding division contributed pre-tax profit of RM15.18 million in 2Q16 as compared to RM44.54 million in 2Q15, a decrease of RM29.36 million or 66% mainly due to lower share of profit of RHB group by RM15.65 million or 34% to RM30.60 million from RM46.25 million in 2Q15 and higher funding costs incurred in 2Q16.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2016**B2. Commentary for current quarter compared with immediate preceding quarter**Current quarter ("2Q16") and immediate preceding quarter ("1Q16")

The Group registered revenue of RM309.53 million for current quarter ("2Q16") as compared to RM348.29 million in the immediate preceding quarter ("1Q16") and pre-tax profit of RM54.28 million in 2Q16 compared with RM85.34 million in 1Q16. The lower pre-tax profit in 2Q16 was mainly due to a lower contribution from the Property Development division and a lower share of profit of RHB group.

The Property segment recorded revenue of RM185.91 million and pre-tax profit of RM24.28 million in 2Q16 as compared to revenue of RM236.72 million and pre-tax profit of RM42.61 million in 1Q16. The decrease in revenue by RM50.81 million or 22% and pre-tax profit by RM18.33 million or 43% were due to lower progress billings and delays in construction progress in some of the existing projects. In addition, the 2Q16 pre-tax profit was reduced by provision for additional costs to complete certain projects. The Property Investment and Management division recorded a consistent pre-tax profit of RM4.77 million in 2Q16 and RM5.08 million in 1Q16, in line with the steady stream of rental income from its offices and Atria Shopping Gallery.

The Construction segment registered revenue of RM42.79 million and pre-tax profit of RM5.16 million in 2Q16 as compared to revenue of RM54.75 million and pre-tax profit of RM1.63 million in 1Q16. The revenue decreased by RM11.96 million, 22% lower than 1Q16 mainly due to lower intra-group construction revenue in 2Q16. Despite the decrease in revenue, the pre-tax profit increased by RM3.53 million or 217% mainly because the results in 1Q16 was effected by the provision for liquidated damages made on certain projects.

The Cables division recorded revenue of RM72.59 million and pre-tax profit of RM8.23 million in 2Q16 as compared to revenue of RM60.77 million and pre-tax profit of RM8.06 million in 1Q16. The higher revenue in 2Q16 of RM11.82 million or 19% was mainly due to increased demand for our products in Malaysia and Vietnam. Despite the increase in revenue, the pre-tax profit improved slightly by RM0.17 million or 2% mainly due to lower gross profit margin for the Vietnam sales and provision made for doubtful debts amounting to RM0.40 million in 2Q16.

The IBS division recorded revenue of RM9.28 million and pre-tax profit of RM1.63 million in 2Q16 as compared to revenue of RM8.95 million and pre-tax profit of RM1.40 million in 1Q16. The revenue and pre-tax profit increased slightly by RM0.33 million or 4% and RM0.23 million or 16% respectively, mainly due to increased demand from Singapore.

The Hospitality segment recorded revenue of RM26.96 million and pre-tax loss of RM4.91 million in 2Q16 as compared to revenue of RM31.33 million and pre-tax loss of RM4.37 million in 1Q16. The revenue decreased by RM4.37 million or 14% and the loss widened by RM0.54 million or 12% due to lower membership sales by SGI Vacation Club and the low occupancy rates for hotels.

The Capital Financing division recorded revenue of RM11.09 million and pre-tax profit of RM8.87 million in 2Q16 as compared to revenue of RM10.12 million and pre-tax profit of RM5.47 million in 1Q16. The higher revenue and pre-tax profit in 2Q16 was mainly derived from higher net fees and interest income generated coupled with write back of allowance for doubtful debts of RM2.52 million in 2Q16.

The Investment Holding division contributed pre-tax profit of RM15.18 million in 2Q16, decreased by RM17.91 million or 54%, compared with RM33.09 million in 1Q16. The lower pre-tax profit was mainly due to the lower share of profit of RHB group.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2016

B3. Commentary on current year prospects and progress on previously announced revenue or profit forecast

(a) Current year prospects

The Property Development division should continue to see healthy support for our launched property projects with a steady stream of sales for the remainder of this year, but we do not expect any significant pick up in the pace of sales as the market is likely to remain subdued. The Property Investment division should continue to be supported by steady lease rental income from our commercial and retail tenants.

The Construction segment has been able to grow its order books in the first half of this year, and we expect the order books to continue growing as we actively tender for more projects both internally and externally.

Our Industries segment is expected to perform satisfactorily as the slowdown in IBS wall panel deliveries is offset by a strong performance by our Cables division. We expect the two prevailing trends that are affecting our IBS and Cables division to continue for the rest of the year.

The Hospitality segment should perform better in the second half of this year as we enter into the annual peak tourist and holiday seasons.

The Financial Services segment is expected to do well this year as we see increased demand for alternative financing from a broad spectrum of customers, while our share of profit of RHB group is expected to remain consistent.

The Board is of the view that the remainder of this year remain challenging for the Group in view of the subdued economic climate in Malaysia. However, the Board expects the Group to achieve satisfactory results.

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

There were no revenue or profit forecast previously announced by the Company.

B4. Statement of the Board of Directors' opinion on achievability of revenue or profit estimate, forecast, projection and internal targets previously announced

There were no revenue or profit forecast previously announced by the Company.

B5. Profit forecast/profit guarantee previously announced

There were no profit forecast or profit guarantee previously issued by the Company.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2016
B6. Tax expense

	Current quarter ended 30.6.2016 RM'000	Current year to date ended 30.6.2016 RM'000
In respect of the current year		
Malaysian income tax	(10,965)	(24,562)
Over provision in respect of prior years		
Malaysian income tax	(695)	(715)
Deferred taxation	1,124	1,472
Tax expense	<u>(10,536)</u>	<u>(23,805)</u>

Excluding share of results of associated companies and a joint venture, the effective tax rate for the current year to date is higher than the statutory tax rate of 24% mainly due to non-deductibility of certain expenses.

B7. Status of corporate proposals and utilisation of proceeds

There is no other outstanding corporate proposal as at the date of this report.

B8. Borrowings and debt securities as at the end of the reporting period

The Group's borrowings and debt securities at the end of the current year to date are as follows (denominated in Ringgit Malaysia unless otherwise stated):

	As at 30.6.2016		
	Secured RM'000	Unsecured RM'000	Total RM'000
Non-current			
Debts - Medium term notes			
- Ringgit Malaysia	710,326	-	710,326
Borrowings			
- Ringgit Malaysia	525,767	-	525,767
- United States Dollar	115,213	-	115,213
	640,980	-	640,980
Current			
Debts - Medium term notes			
- Ringgit Malaysia	36,834	-	36,834
Borrowings			
- Ringgit Malaysia	209,493	359,361	568,854
- Australian Dollar	186,869	-	186,869
- United States Dollar	5,791	-	5,791
- Vietnamese Dong	-	2,538	2,538
	402,153	361,899	764,052
Total	<u>1,790,293</u>	<u>361,899</u>	<u>2,152,192</u>

B9. Changes in material litigation

Saved as disclosed below, the Group was not engaged in any material litigation, claims nor arbitration either as plaintiff or defendant and the Directors are not aware of any proceeding pending or threatened against the Group or of any facts likely to give rise to any proceeding which might materially and adversely affect the financial position or business operations of the Group.

(a) Claims by BUCG (M) Sdn Bhd ("BUCG") against Atria Damansara Sdn Bhd ("ADSB")

ADSB, a subsidiary company of OSK Property Holdings Berhad ("OSKPH") which in turn is a subsidiary company of the Company, had on 29 June 2012 appointed BUCG for the Main Building Works of The Atria Redevelopment Project ("the Contract").

On 18 August 2015, BUCG determined its own employment under the Contract based on ADSB's failure to pay certain certified payments.

On 2 September 2015 ADSB responded to BUCG stating, among others, that no sums were due to BUCG as ADSB was entitled to withhold and deduct certain outgoings against the said certified payments.

BUCG filed their Payment Claim on 13 October 2015 for the sum of RM73.3 million under the Construction Industry Payment and Adjudication Act 2012 ("the CIPAA"). On 28 October 2015, ADSB disputed the entire Payment Claim vide its Payment Response and replied, among others, that ADSB is entitled to the defence of set-off and/or counter-claim amounting to RM102.8 million.

On 19 November 2015, BUCG issued a Notice of Adjudication under the CIPAA against ADSB.

On 10 December 2015, an Adjudicator was appointed by the Kuala Lumpur Regional Centre for Arbitration to adjudicate the disputes between the parties. The Adjudicator fixed the matter for case management on 25 March 2016. After subsequent verifications, ADSB counterclaims to reduce and/or deduct and/or set off the sum of RM97.7 million from any sum payable to BUCG.

Further to the directions at the case management, parties have filed and exchanged their Witness Statements on 19 April 2016. The adjudication proceedings commenced on 3 May 2016 with the examination of the BUCG and ADSB's witnesses were completed on 30 May 2016 and parties submitted and served their respective written submissions on 29 June 2016.

The Adjudicator delivered his decision on 11 July 2016 and ADSB was ordered to pay the following:-

- (i) Outstanding sum due to BUCG in the sum of RM1,127,412.60;
- (ii) Adjudication fees and expenses in the sum of RM119,660.14; and
- (iii) Interest at 5% per annum from 11.10.2015 until date of actual payment.

On 25 July 2016, ADSB, through the lawyers, paid the sum of RM1,289,698.18 to BUCG.

B9. Changes in material litigation (Cont'd)

(b) Claims by 14 houseowners / Purchasers against OSK Properties Sdn Bhd ("OSKPSB") (together with architect W.K.Khor Architect and Majlis Perbandaran Sungai Petani ("MPSP"))

Whereas OSKPSB, a subsidiary company of OSKPH which in turn is a subsidiary company of the Company had entered into sale and purchase agreements with 14 purchasers ("the Purchasers") at various dates for the purchase of housing units at the Bandar Puteri Jaya project in Sungai Petani for a total purchase price amounting to RM4.2 million which Sale and Purchase Agreement prices ranging from RM271,212 to RM385,022.

On 3 May 2016, OSKPSB was served with Writ of Summons and Statement of Claim by the 14 Purchasers whom have alleged inter-alia that the construction of their properties has defects and also differs from the show house. They have claimed damages amounting to RM2.5 million each against OSKPSB and the architect and RM700,000 from MPSP.

On 11 May 2016, OSKPSB was served a Notice of Application for discovery of documents from OSKPSB ("Discovery Application").

At a case management on 11 May 2016, the Court directed for OSKPSB to file its Defence and/or Counterclaim and Affidavit in Reply to the 14 Purchasers' Affidavit in Support for the Discovery Application by 1 June 2016 and the 14 Purchasers to file their Reply to our Affidavit in Reply for opposing the Discovery Application by 22 June 2016.

Defence and Counterclaim (for defamation) was filed and served on 1 June 2016. Reply to OSKPSB's Affidavit in Reply was affirmed on 19 June 2016 but only served on OSKPSB on 20 July 2016 by the 14 Purchasers.

The hearing of the Discovery Application was initially fixed for 19 July 2016 and Skeletal Submissions in relation to the Discovery Application were to be filed by all parties by 19 July 2016 but this hearing was adjourned to 24 August 2016 by the 14 Purchasers' lawyer on medical grounds.

The Architect and MPSP have also filed a Notice of Application to strike out the 14 Purchasers' case against them (Striking Out Application).

Case Management was held on 26 July 2016 and OSKPSB and the MPSP were directed to file their further affidavit in reply to the Discovery Application and the 14 Purchasers to file their Affidavit in Reply to the Architect and the MPSP's Striking Out Applications on 2 August 2016.

Further, the Court fixed 16 August 2016 for Case Management and OSKPSB to file the application for Rejoinder and application for substituted service against the 22nd defendant in the defamation suit and for the Architect and MPSP to file their reply to the 14 Purchasers' Affidavit in Reply for the Striking Out Application.

Hearing for Discovery Application on 24 August 2016 has been vacated.

OSKPSB filed and served the Notice of Application and Affidavit in Support for Rejoinder on 16 August 2016.

On the Case Management on 16 August 2016, the court directed the Architect and MPSP to file Written Submissions for the two Striking Out Applications by 7 September 2016 and 28 September 2016 for hearing.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2016
B10. Dividends

- (a) The Board of Directors has declared a single-tier interim dividend of 2.5 sen (6M15: 2.5 sen) per ordinary share in respect of the financial year ending 31 December 2016. The entitlement date and payment date to the interim dividend shall be determined at a later stage.
- (b) Total dividend for the current year to date is 2.5 sen (6M15: 2.5 sen) per ordinary share.

B11. Earnings Per Share (“EPS”) attributable to Owners of the Company

	Current quarter ended 30.6.2016	Comparative quarter ended 30.6.2015	Current year to date ended 30.6.2016	Preceding year to date ended 30.6.2015
(a) <u>Basic earnings per share</u>				
Profit attributable to Owners of the Company (RM'000)	43,650	49,130	113,270	94,682
Weighted average number of ordinary shares in issue ('000 shares)	1,384,792	950,961	1,384,792	950,961
Basic EPS (sen)	3.15	5.17	8.18	9.96
(b) <u>Diluted earnings per share</u>				
Profit attributable to Owners of the Company (RM'000)	43,650	49,130	113,270	94,682
Weighted average number of ordinary shares in issue ('000 shares)	1,384,792	950,961	1,384,792	950,961
Effect of dilution from assumed exercise of Warrants C 2015/2020 ('000 shares)	- ^	-	- ^	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000 shares)	1,384,792	950,961	1,384,792	950,961
Diluted EPS (sen)	3.15	5.17	8.18	9.96

^ The Company's Warrants C 2015/2020 that could potentially dilute basic earnings per share in future, but were not included in the calculation of diluted earnings per share because they are anti-dilutive during the current year to date.

B12. Auditors' report of preceding annual financial statements

The auditors' report of the Group's preceding year's financial statements was not qualified.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2016
B13. Items included in the Statements of Profit or Loss and Statements of Comprehensive Income

	Current quarter ended 30.6.2016 RM'000	Comparative quarter ended 30.6.2015 RM'000	Current year to date ended 30.6.2016 RM'000	Preceding year to date ended 30.6.2015 RM'000
Profit before taxation is arrived at after (charging)/crediting:				
(i) <u>Revenue</u>				
- Interest income	9,599	8,179	18,058	16,430
- Rental income	11,728	4,347	23,130	8,703
				-
(ii) <u>Cost of sales</u>				-
- Interest expense	(2,750)	(2,765)	(5,606)	(5,584)
(iii) <u>Other income</u>				
- Bad debts recovered	-	1	1	1
- Fund distribution income	122	317	250	757
- Gain on disposals of securities	-	28	-	11,307
- Interest income on deposits and placements with financial institutions	2,804	-	5,337	-
- Gain on disposals of plant and equipment	2	-	30	-
- Gain on disposal of investment properties	338	-	791	-
- Fair value gain on agricultural produces	4	-	109	-
- Unrealised gain on foreign exchange translations	275	27	121	32
- Realised gain on foreign exchange translations	147	-	147	-
- Gain on revaluation of securities at fair value through profit or loss	9	126	36	-
- Write back of allowance for impairment losses on capital financing:				
- Collective assessment	-	-	-	40
- Individual assessment	2,516	-	2,526	-
- Write back of allowance for impairment losses on trade receivables	1,262	-	104	-
(iv) <u>Administrative expenses</u>				
- Depreciation and amortisation	(4,923)	(307)	(11,947)	(612)

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2016
B13.
Items included in the Statements of Profit or Loss and Statements of Comprehensive Income (Cont'd)

	Current quarter ended 30.6.2016 RM'000	Comparative quarter ended 30.6.2015 RM'000	Current year to date ended 30.6.2016 RM'000	Preceding year to date ended 30.6.2015 RM'000
Profit before taxation is arrived at after (charging)/crediting:				
(v) <u>Other items of expense</u>				
- Allowance for impairment losses on capital financing:				
- Individual assessment	-	(38)	-	(379)
- Allowance for impairment losses on trade receivables	-	-	(294)	-
- Bad debts written off	(49)	-	(55)	-
- Write off of plant and equipment	(204)	-	(243)	-
- Fair value loss on bearer plants	(106)	-	(212)	-
- Unrealised loss of securities at fair value through profit or loss	(36)	-	(19)	-
- Loss on disposal of plant and equipment	(53)	-	(53)	-
- Unrealised loss on foreign exchange translations	-	(12)	(12)	(12)
- Reversal of unrealised gain on fair value of securities at fair value through profit or loss	-	-	-	(10,042)
(vi) <u>Finance costs</u>				
- Interest expense	(19,828)	(1,001)	(38,053)	(1,991)

Items for other comprehensive income are disclosed in the Statement of Comprehensive Income. There were no gain or loss on disposal of unquoted investments, allowance for and write off of inventories for the current year to date. There were no impairment of assets other than items disclosed above.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2016**B14. Realised and Unrealised Profits**

The breakdown of realised and unrealised retained profits of the Group disclosed below as at the reporting date pursuant to the directive issued by Bursa Malaysia Securities Berhad which prepared based on the Guidance on Special Matter No. 1 : Determination of Realised and Unrealised Profits or Losses issued by the Malaysian Institute of Accountants is disclosed below:

	As at 30.6.2016 RM'000	As at 31.12.2015 RM'000
Total retained profits of the Company and its subsidiary companies		
- Realised	2,112,613	2,190,786
- Unrealised	418,034	410,641
	2,530,647	2,601,427
Total share of retained profits of associated companies and a joint venture		
- Realised	566,716	499,434
- Unrealised	1,063	1,104
	567,779	500,538
Less : Consolidation adjustments	(799,849)	(879,894)
Consolidated retained profits	2,298,577	2,222,071

The above disclosure is solely for complying with the disclosure requirements stipulated in the directive and should not be applied for any other purposes.

By Order of the Board

Tan Sri Ong Leong Huat
Chief Executive Officer / Group Managing Director
Kuala Lumpur
30 August 2016