QUARTERLY REPORT FOR THE SECOND QUARTER 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017

	As at 30.6.2017 RM'000	As at 31.12.2016 RM'000
Assets:		
Non-current		
Property, plant and equipment	**774,170**	778,257
Investment properties	**653,261**	649,780
Investments in associated companies and a joint venture	**2,972,975**	2,896,737
Intangible assets	**1,991**	2,156
Inventories	**1,360,088**	1,161,723
Deferred tax assets	**89,492**	100,883
Available-for-sale securities	**789**	954
Capital financing	**106,745**	35,250
Trade receivables	**37,056**	39,969
Other assets	**3,707**	4,102
	6,000,274	5,669,811
Current		
Inventories	**515,257**	551,603
Capital financing	**293,232**	316,063
Trade receivables	**293,623**	286,659
Contract assets	**157,500**	276,919
Other assets	**94,097**	115,120
Biological assets	**263**	145
Tax recoverable	**60,126**	47,308
Derivative asset	**28,706**	35,871
Securities at fair value through profit or loss	**327**	199
Cash, bank balances and short term funds	**473,023**	418,452
	1,916,154	2,048,339
Non-current assets held for sale	**4,500**	8,000
	1,920,654	2,056,339
Total Assets	**7,920,928**	7,726,150

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (CONT'D)

	Note	As at 30.6.2017 RM'000	As at 31.12.2016 RM'000
Liabilities:			
Non-current			
Medium term notes		**823,291**	837,604
Borrowings	A5(c), B8	**702,604**	773,027
Deferred income		**150,199**	159,099
Trade payables		**29,089**	34,915
Other liabilities		**8,012**	6,085
Deferred tax liabilities		**142,156**	156,916
		1,855,351	1,967,646
Current			
Medium term notes	A5(c), B8	**14,610**	-
Borrowings	B8	**878,893**	620,263
Deferred income		**5,298**	5,057
Trade payables		**243,368**	167,943
Contract liabilities		**95,780**	99,881
Tax payable		**8,522**	6,854
Other liabilities		**322,886**	415,616
		1,569,357	1,315,614
Total Liabilities		**3,424,708**	3,283,260
Net Assets		**4,496,220**	4,442,890
Equity:			
Share capital		**1,739,372**	1,402,891
Treasury shares, at cost	A5(a)	**(30,237)**	(30,237)
		1,709,135	1,372,654
Reserves		**2,648,775**	2,927,856
Issued capital and reserves attributable to Owners of the Company		**4,357,910**	4,300,510
Non-controlling interests		**138,310**	142,380
Total Equity		**4,496,220**	4,442,890
Net Assets per share attributable to Owners of the Company (RM)		**3.15**	3.11

(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 2016)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE PERIOD ENDED 30 JUNE 2017

	Note	**Current quarter ended 30.6.2017 RM'000**	Comparative quarter ended 30.6.2016 RM'000	**Current year to date ended 30.6.2017 RM'000**	Preceding year to date ended 30.6.2016 RM'000
Revenue		**274,845**	309,527	**577,389**	657,814
Cost of sales		**(198,407)**	(212,147)	**(420,768)**	(452,092)
Gross profit		**76,438**	97,380	**156,621**	205,722
Other income		**14,401**	7,470	**20,511**	12,100
Administrative expenses		**(51,596)**	(58,108)	**(96,849)**	(115,711)
Other expenses		**(756)**	(3,940)	**(3,064)**	(5,951)
		38,487	42,802	**77,219**	96,160
Finance costs		**(19,295)**	(19,828)	**(37,252)**	(38,053)
		19,192	22,974	**39,967**	58,107
Share of results of associated companies and a joint venture		**46,049**	31,310	**92,101**	81,517
Profit before tax	B13	**65,241**	54,284	**132,068**	139,624
Tax expense		**(8,180)**	(10,536)	**(20,754)**	(23,805)
Profit after tax		**57,061**	43,748	**111,314**	115,819
Profit attributable to:					
Owners of the Company		**55,745**	42,247	**110,013**	111,867
Non-controlling interests		**1,316**	1,501	**1,301**	3,952
		57,061	43,748	**111,314**	115,819
Earnings per share attributable to Owners of the Company (sen)					
Basic	B11(a)	**4.03**	3.05	**7.94**	8.08
Diluted	B11(b)	**4.03**	3.05	**7.94**	8.08

(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 2016)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2017

	Current quarter ended 30.6.2017 RM'000	Comparative quarter ended 30.6.2016 RM'000	**Current year to date ended 30.6.2017 RM'000**	Preceding year to date ended 30.6.2016 RM'000
Profit after tax	**57,061**	43,748	**111,314**	115,819
Other Comprehensive Income/(Loss) for the period, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Fair value gain/(loss) on:				
- Cash flow hedge	**21**	(340)	**38**	(426)
- Available-for-sale securities	**-**	1	**-**	73
Foreign currency translation	**(9,672)**	2,211	**4,540**	(10,182)
Share of other comprehensive (loss)/income and reserves of associated companies:				
- Foreign exchange reserves	**(11,059)**	9,666	**(8,433)**	(22,408)
- Other reserves	**13,996**	13,149	**19,786**	25,923
Total Other Comprehensive (Loss)/Income for the period, net of tax	**(6,714)**	24,687	**15,931**	(7,020)
Total Comprehensive Income	**50,347**	68,435	**127,245**	108,799
Total Comprehensive Income/(Loss) attributable to:				
Owners of the Company	**51,171**	67,108	**124,657**	108,336
Non-controlling interests	**(824)**	1,327	**2,588**	463
	50,347	68,435	**127,245**	108,799

(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 2016)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2017

	Attributable to Owners of the Company											
	Share capital	Treasury shares [Note A5(a)]	Share premium	Available-for-sale reserve	Revalua-tion reserve	Foreign exchange reserves	Hedging reserve	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
	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 1.1.2017	**1,402,891**	**(30,237)**	**336,481**	**64**	**76,321**	**125,095**	**253**	**(15,752)**	**2,405,394**	**4,300,510**	**142,380**	**4,442,890**
Profit after tax	-	-	-	-	-	-	-	-	110,013	110,013	1,301	111,314
Other comprehensive (loss)/income	-	-	-	-	-	(5,179)	37	19,786	-	14,644	1,287	15,931
Total Comprehensive (Loss)/Income	-	-	-	-	-	**(5,179)**	**37**	**19,786**	**110,013**	**124,657**	**2,588**	**127,245**
Dividends paid to:												
- Owners of the Company	-	-	-	-	-	-	-	-	(69,240)	(69,240)	-	(69,240)
- Non-controlling interests	-	-	-	-	-	-	-	-	-	-	(863)	(863)
Acquisitions of additional interests in a subsidiary company from non-controlling interests:												
- Accretion of equity interests	-	-	-	-	-	-	-	-	-	-	(5,932)	(5,932)
- Gain on acquisitions	-	-	-	-	-	-	-	-	2,240	2,240	-	2,240
Exercise of warrants in a subsidiary company:												
- Shares issued by a subsidiary company	-	-	-	-	-	-	-	-	-	-	60	60
- Effects of dilution of interest in a subsidiary company	-	-	-	-	-	-	-	-	(77)	(77)	77	-
Effects of acquisitions of warrants in a subsidiary company	-	-	-	-	-	-	-	-	(749)	(749)	-	(749)
Share premium become part of share capital*	336,481	-	(336,481)	-	-	-	-	-	-	-	-	-
Accretion of interests in a subsidiary company of an associated company	-	-	-	-	-	-	-	-	1	1	-	1
Total transactions with Owners and changes in ownership interests	**336,481**	-	**(336,481)**	-	-	-	-	-	**(67,825)**	**(67,825)**	**(6,658)**	**(74,483)**
Reversal of reserve upon disposal of investment properties	-	-	-	-	**(10,798)**	-	-	-	**11,366**	**568**	-	**568**
As at 30.6.2017	**1,739,372**	**(30,237)**	-	**64**	**65,523**	**119,916**	**290**	**4,034**	**2,458,948**	**4,357,910**	**138,310**	**4,496,220**

* Upon the commencement of the Companies Act 2016 ("CA2016") on 31 January 2017, the amount standing to the credit of the Company's share premium becomes part of the Company's share capital pursuant to Section 618(2) of the CA2016. The Group may use the credit amount of the share premium within twenty-four months upon the commencement of section 74 of the CA2016. (Note A1)

OSK Holdings Berhad (207075-U)

QUARTERLY REPORT FOR THE SECOND QUARTER 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2017 (CONT'D)

	Attributable to Owners of the Company											
	Share capital	Treasury shares [Note A5(a)]	Share premium	Available-for-sale reserve	Revalua-tion reserve	Foreign exchange reserves	Hedging reserve	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
	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	-	-	-	-	-	-	-	-	111,867	111,867	3,952	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	111,867	108,336	463	108,799
Dividends paid to:												
- Owners of the Company	-	-	-	-	-	-	-	-	(34,620)	(34,620)	-	(34,620)
- Non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,089)	(2,089)
Share buybacks by the Company	-	(2)	-	-	-	-	-	-	-	(2)	-	(2)
Exercise of warrants in a subsidiary company:												
- Shares issued by a subsidiary company	-	-	-	-	-	-	-	-	-	-	410	410
- Effects of dilution of interest in a subsidiary company	-	-	-	-	-	-	-	-	(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 transactions with Owners and changes in ownership interests	-	(2)	-	-	-	-	-	-	(35,361)	(35,363)	(1,171)	(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

(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 2016)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2017

	Note	**Current year to date ended 30.6.2017 RM'000**	Preceding year to date ended 30.6.2016 RM'000
Cash Flows From Operating Activities			
Profit before tax		**132,068**	139,624
Adjustments for:			
Non-cash and non-operating items		**27,677**	32,306
Share of results of associated companies and a joint venture		**(92,101)**	(81,517)
Operating profit before working capital changes		**67,644**	90,413
Decrease/(Increase) in operating assets:			
Inventories		**(142,133)**	(14,641)
Capital financing		**(42,746)**	11,118
Trade receivables		**(962)**	65,856
Contract assets		**119,419**	71,908
Other receivables		**21,527**	21,841
Increase/(Decrease) in operating liabilities:			
Deferred income		**(8,660)**	(4,738)
Trade payables		**69,530**	(101,916)
Contract liabilities		**(4,101)**	21,348
Other liabilities		**(91,850)**	(48,235)
Cash (used in)/generated from operations		**(12,332)**	112,954
Interest received		**22,110**	23,395
Interest paid		**(16,032)**	(17,886)
Income tax paid		**(35,236)**	(50,760)
Refund of income tax		**589**	3,516
Net cash (used in)/generated from operating activities		**(40,901)**	71,219
Cash Flows From Investing Activities			
Acquisitions of additional:			
- shares in a subsidiary company from non-controlling interests	A8(a)	**(3,692)**	-
- warrants in subsidiary companies	A8(a)	**(749)**	(175)
Advance to an associated company		**(1,216)**	(1,219)
Dividends received		**28,499**	37,372
Expenditure incurred on investment properties		**(7,981)**	(22,995)
Fund distribution income received		**2,582**	250
Proceeds from disposals of:			
- available-for-sale securities		**165**	-
- investment properties		**8,299**	6,151
- plant and equipment		**164**	273
Purchase of:			
- property, plant and equipment		**(13,799)**	(8,555)
- software licenses		**(80)**	(25)
- trademarks		**-**	(1)
Share buybacks by the Company		**-**	(2)
Net cash generated from investing activities		**12,192**	11,074

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2017 (CONT'D)

	Current year to date ended 30.6.2017 RM'000	Preceding year to date ended 30.6.2016 RM'000
Cash Flows From Financing Activities		
Dividends paid to:		
- Owners of the Company	**(69,240)**	(34,620)
- non-controlling interests	**(863)**	(2,089)
Drawdown of loans	**200,780**	91,209
Drawdown/(repayment) of revolving credits - net	**37,175**	(27,280)
Interest paid	**(37,252)**	(38,054)
Proceeds from exercise of warrants of subsidiary companies	**60**	410
Repayment of loans	**(46,824)**	(92,556)
Net cash generated from/(used in) financing activities	**83,836**	(102,980)
Net increase/(decrease) in Cash and Cash Equivalents	**55,127**	(20,687)
Effects of exchange rate changes	**(698)**	(611)
Cash and Cash Equivalents at beginning of period	**418,396**	451,582
Cash and Cash Equivalents at end of period	**472,825**	430,284
Cash and Cash Equivalents comprised:		
Cash, bank balances and short term funds	**473,023**	431,780
Bank overdrafts	**(198)**	(1,496)
	472,825	430,284

(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 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 2016 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 2016.

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 2016.

For the current year to date, the Group adopted the following amendments and improvements to published standards and interpretations that are applicable and effective for the Group’s financial year beginning on 1 January 2017:

(a) Amendment to MFRS 107 'Statement of Cash Flows' requires an entity provide additional 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.

(b) Amendments to MFRS 112 'Income Taxes' clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments also clarify that the deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions arising from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits.

(c) Annual Improvements to MFRS Standards 2014-2016 Cycle cover minor amendments to MFRS 12 'Disclosure of Interests in Other Entities'. The amendment of MFRS 12 aim to clarifies the disclosures requirement of MFRS 12 are applicable to interest in entities classified as held for sale.

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

For the current year to date, the Group also adopted the Companies Act 2016 (“CA2016”) which took effect from 31 January 2017 except Section 241 and Division 8 of Part III of the CA2016. CA2016 was enacted to replace the Companies Act 1965.

A1. Basis of preparation (Cont'd)

The Companies Commission of Malaysia has clarified that CA2016 should be complied with for the preparation of financial statements, directors' report and auditors' report thereon commencing from the financial year/period ended 31 January 2017. The main changes in CA2016 that will affect the financial statements of the Group and the Company upon the commencement of CA2016 on 31 January 2017 are:

(i) removal of the authorised share capital;
(ii) shares of the Company will cease to have par or nominal value; and
(iii) the Company’s share premium will becomes part of the Company’s share capital.

The adoption of the CA2016 does not have any financial impact to the Group as any accounting implications will only be applied prospectively. The effect of adoption mainly will be on disclosures of the financial statements.

Upon adoption of the CA2016, the Group's share premium of RM336.5 million becomes part of share capital pursuant to Section 618(2) of the CA2016. The Group may use the credit amount of the share premium within twenty-four months upon commencement of section 74 of the CA2016. The Board of Directors may make a decision thereon by 31 January 2019.

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 2018

(i) 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 profit or loss, 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 being assessed by the Group due to the complexity and significant changes in its requirements.

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)

(a) For financial year beginning on/after 1 January 2018 (Cont'd)

(ii) Amendment to MFRS 2 'Share-based Payment' clarifies that the classification and measurement of share-based payment transactions. The amendment introduces specific guidance on how to account for the following situations:

a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;

b) share-based payment transactions with a net settlement feature for withholding tax obligations; and

c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

(iii) Annual Improvements to MFRS Standards 2014-2016 Cycle cover minor amendments to MFRS 1 'First-time Adoption of Malaysian Financial Reporting Standards' and MFRS 128 'Investments in Associates and Joint Ventures'.

MFRS 1 has been amended to remove short-term exemptions covering transition provision of MFRS 7 'Financial Instruments: Disclosures', MFRS 119 'Employee Benefits' and MFRS 10 'Consolidated Financial Statements'. These transition provisions were available to entities for the passed reporting periods and are therefore no longer applicable.

MFRS 128 has been amended to clarify a venture capital organisations, mutual funds, unit trusts and similar entities may elect to measure their investments in associates or joint ventures at fair value or using the equity method. An entity shall make this election separately for each associate or joint venture, at initial recognition.

(iv) Amendments to MFRS 140 'Investment Property' clarify an entity shall transfer a property to, or from, investment property when there is change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management’s intentions for the use of a property does not provide evidence of a change in use. An entity must, therefore, have taken observable actions to support such a change.

(v) IC Interpretation 22 Foreign Currency Transactions and Advance Consideration.

The IC Interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income and on the derecognition of a non-monetary asset or nonmonetary liability arising from the payment or receipt of advance consideration in a foreign currency.

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)

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

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

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 lessors' risk exposure, particularly to residual value risk.

A2. Seasonality or cyclicality of interim operations

Other than the Hotels and Resorts 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

There were no issuances, repurchases and repayments of debt and equity securities of the Company for the current year to date. The shares repurchased are being held as treasury shares and treated in accordance with the requirements of Section 127 of the Companies Act 2016. 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 1.1.2017 / 30.6.2017	18,100,253	2.82	0.90	1.67	30,237,575

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

(b) 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. Each Warrant C 2015/2020 entitles the holder to subscribe for 1 new ordinary share of RM1.00 each in the Company at an exercise price of RM1.80 per share by cash.

As at 30 June 2017, the total number of Warrants C 2015/2020 which remained unexercised is 237,732,671 (31 December 2016: 237,732,671).

(c) 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 will give the Company the flexibility to raise funds via the issuance of MTNs of up to RM990.00 million in nominal value, 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 bridging 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.

On 17 November 2016 and 1 December 2016, the Company further issued MTNs of RM100.00 million and RM90.11 million for working capital purposes respectively. The MTNs were issued in 10 tranches with maturities commencing from 2018 to 2022. Such MTNs are redeemable every 6 months commencing 30 months after the first issuance date.

The terms of the MTN Programme remained unchanged other than the withdrawals of the unutilised balance sum of RM9.9 million, in respect of the first issuance, from the Disbursement Account for working capital purposes. Arising from this, the Company received a total sum of RM200.0 million for its working capital purpose.

On 30 November 2016, the Company redeemed RM100 million from the MTN issued on 30 October 2015 by using internal generated fund.

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

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

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 a minimum amount equivalent to one interest payment. As at 30 June 2017, the DSRA balance was RM3.7 million (2016: RM3.7 million).

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.

As at 30 June 2017, the total outstanding MTN is RM840.11 million and interest rate of 4.75% per annum.

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.

A6. Dividends paid

During the current year to date, a final single-tier dividend of 5.0 sen per share amounting to RM69.24 million in respect of the preceding financial year ended 31 December 2016 was paid on 11 May 2017.

A7. Segmental information

The Group's businesses are organised into five major 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 - Building construction works.

(c) Industries

(i)	Cables	-	Manufacturing and trading of power 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 vacation timeshare membership scheme.

(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 arms-length, at terms mutually agreed between the segments and have been eliminated to arrive at the Group's results.

Basis of segmentation and related measurement of segment revenue and results have no material change, other than certain comparative figures have been reclassified to conform with current year's presentation. Such reclassifications merely improve disclosure and do not have financial impact to the Group.

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:

	Property RM'000	Cons-truction RM'000	Industries RM'000	Hospitality RM'000	Financial Services & Investment Holding RM'000	Consolidated RM'000
Current year to date ended 30.6.2017						
Revenue						
Total revenue	**349,342**	**129,866**	**139,857**	**53,832**	**250,890**	**923,787**
Inter-segment revenue	**(2,394)**	**(115,182)**	**(1,482)**	**(401)**	**(22,189)**	**(141,648)**
Dividends from subsidiary companies	**-**	**-**	**-**	**-**	**(176,318)**	**(176,318)**
Dividend from an associated company	**-**	**-**	**-**	**-**	**(28,432)**	**(28,432)**
Revenue from external parties	**346,948**	**14,684**	**138,375**	**53,431**	**23,951**	**577,389**
Results						
Segment profit/(loss)	**43,185**	**6,375**	**12,341**	**(2,693)**	**(14,406)**	**44,802**
Share of results of associated companies and a joint venture	**-**	**-**	**-**	**-**	**92,101**	**92,101**
	43,185	**6,375**	**12,341**	**(2,693)**	**77,695**	**136,903**
Inter-segments elimination	**893**	**(2,194)**	**(13)**	**(253)**	**(3,268)**	**(4,835)**
Profit/(Loss) before tax	**44,078**	**4,181**	**12,328**	**(2,946)**	**74,427**	**132,068**
Tax expense						**(20,754)**
Profit after tax						**111,314**
Preceding year to date ended 30.6.2016						
Revenue						
Total revenue	422,626	97,542	151,581	58,282	144,424	874,455
Inter-segment revenue	(1,885)	(93,271)	(410)	(125)	(10,880)	(106,571)
Dividend from subsidiary companies	-	-	-	-	(72,698)	(72,698)
Dividend from an associated company	-	-	-	-	(37,372)	(37,372)
Revenue from external parties	420,741	4,271	151,171	58,157	23,474	657,814
Results						
Segment profit/(loss)	66,881	6,791	19,321	(9,277)	(18,906)	64,810
Share of results of associated companies and a joint venture	-	-	-	-	81,517	81,517
	66,881	6,791	19,321	(9,277)	62,611	146,327
Inter-segments elimination	50	(2,830)	(139)	1,011	(4,795)	(6,703)
Profit/(Loss) before tax	66,931	3,961	19,182	(8,266)	57,816	139,624
Tax expense						(23,805)
Profit after tax						115,819

A7. Segmental information (Cont'd)

(a) Business segment analysis (Cont'd)

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

	Property RM'000	Cons-truction RM'000	Industries RM'000	Hospitality RM'000	Financial Services & Investment Holding RM'000	Consolidated RM'000
As at 30.6.2017						
Assets						
Tangible assets	**3,433,092**	**95,137**	**224,885**	**514,654**	**528,576**	**4,796,344**
Intangible assets	**772**	**-**	**-**	**-**	**1,219**	**1,991**
	3,433,864	**95,137**	**224,885**	**514,654**	**529,795**	**4,798,335**
Investments in associated companies and a joint venture	**-**	**-**	**-**	**-**	**2,972,975**	**2,972,975**
Segment assets	**3,433,864**	**95,137**	**224,885**	**514,654**	**3,502,770**	**7,771,310**
Deferred tax assets and tax recoverable						**149,618**
Total assets						**7,920,928**
Liabilities						
Segment liabilities	**1,394,451**	**141,169**	**59,768**	**270,794**	**1,407,848**	**3,274,030**
Deferred tax liabilities and tax payable						**150,678**
Total liabilities						**3,424,708**
As at 31.12.2016						
Assets						
Tangible assets	3,406,175	108,207	224,247	500,937	439,500	4,679,066
Intangible assets	886	-	-	-	1,270	2,156
	3,407,061	108,207	224,247	500,937	440,770	4,681,222
Investments in associated companies and a joint venture	-	-	-	-	2,896,737	2,896,737
Segment assets	3,407,061	108,207	224,247	500,937	3,337,507	7,577,959
Deferred tax assets and tax recoverable						148,191
Total assets						7,726,150
Liabilities						
Segment liabilities	1,277,903	130,001	41,672	261,687	1,408,227	3,119,490
Deferred tax liabilities and tax payable						163,770
Total liabilities						3,283,260

A7. Segmental information (Cont'd)

(b) Geographical segments analysis

The Group's operations are mainly based in Malaysia and Australia. Other geographical segments mainly 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.

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

	Malaysia RM'000	Australia RM'000	Others RM'000	Consolidated RM'000
Current year to date ended 30.6.2017				
Revenue	**559,928**	**1,725**	**15,736**	**577,389**
Profit/(Loss) before tax	**137,025**	**(4,543)**	**(414)**	**132,068**
Preceding 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

The following table provides an analysis of the Group's assets and liabilities by geographical segments:

	Malaysia RM'000	Australia RM'000	Others RM'000	Consolidated RM'000
As at 30.6.2017				
Segment assets	**7,122,558**	**631,402**	**17,350**	**7,771,310**
Segment liabilities	**3,135,092**	**135,252**	**3,686**	**3,274,030**
As at 31.12.2016				
Segment assets	6,963,399	596,401	18,159	7,577,959
Segment liabilities	2,995,152	120,699	3,639	3,119,490

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

(a) Acquisitions of additional equity interests from non-controlling interests in PJ Development Holdings Berhad ("PJDH")

From 1 January 2017 to 28 February 2017, pursuant to the Notice to Holder Who Has Not Accepted the Voluntary Take-Over Offer dated 4 October 2016, the Company further acquired the following ordinary shares and warrants of PJDH:

	Shares	**Warrants**
Number of units	2,156,000	1,498,083
Average price per share (RM)	1.50	0.50
Total purchase consideration (RM)	3,234,000	749,042

Arising from the above, the Company's effective interest in ordinary shares and warrants of PJDH increased from 96.42% to 96.83% and from 90.60% to 91.67% respectively.

Subsequent to the above Notice, during the period from 1 April 2017 to 30 June 2017, the Company further acquired the following ordinary shares of PJDH:

	Shares
Number of units	305,500
Average price per share (RM)	1.50
Total purchase consideration (RM)	458,250

Arising from the above, the Company's effective interest in ordinary shares of PJDH further increased from 96.83% to 96.89%.

The acquisitions of additional equity interests from non-controlling interests of PJDH have the following effects to the Group:

	RM'000
Net assets acquired from non-controlling interests	(5,932)
Gains on consolidation recognised in equity	2,240
Cash outflow on acquisitions of additional ordinary shares in PJDH	(3,692)
Cash outflow on acquisitions of additional warrants in PJDH	(749)
	(4,441)

(b) Issuance of 60,000 PJDH's ordinary shares pursuant to conversion of PJDH's Warrant C

On 11 May 2017, PJDH issued 60,000 new ordinary shares of RM1 each for cash pursuant to the exercise of warrants for the equivalent numbers by the registered holders.

Arising from the above, the Company's effective interest in ordinary shares of PJDH decreased from 96.89% to 96.88% and effective interest in warrants increased from 91.67% to 91.70%.

(c) Striking off of Olympic Cable (Singapore) Pte. Ltd. ("OCS")

On 21 March 2017, OCS, a dormant wholly-owned subsidiary company of Olympic Cable Company Sdn. Bhd., which is a subsidiary company of PJDH, which in turn is a subsidiary company of the Company, had applied to the Accounting and Corporate Regulatory Authority of Singapore for striking off.

As disclosed in Note A9(c), the striking off was duly completed on 10 July 2017.

A8. Effects of changes in the composition of the Group for the current year to date (Cont'd)

(d) Incorporation of Yarra Development Holdings (Australia) Sdn. Bhd.

On 28 March 2017, PJDH incorporated a wholly-owned subsidiary company, Yarra Development Holdings (Australia) Sdn. Bhd., with an issued and paid up capital of RM100 comprising of 100 ordinary shares.

(e) Incorporation of Yarra Australia Development Pty. Ltd.

On 29 March 2017, Yarra Development Holdings (Australia) Sdn. Bhd. incorporated a wholly-owned subsidiary company, Yarra Australia Development Pty. Ltd., with an issued and paid up capital of AUD10 comprising of 10 ordinary shares.

(f) Share Sale Agreement Entered by PJDH and Employees Provident Fund Board (“EPF”) and Share Subscription Agreement Entered by Yarra Australia Development Pty. Ltd.("YAD") and Yarra Park City Pty. Ltd. ("YPC")

On 5 April 2017, PJDH entered a Share Sale Agreement with EPF for the disposal of 100 ordinary shares representing 100% equity interest in Yarra Development Holdings (Australia) Sdn. Bhd. ("YDH"), a wholly-owned subsidiary company of PJDH, which in turn a subsidiary company of the Company, for a total cash consideration of RM100. ("Disposal of YDH")

On even date, YAD has entered into a share subscription agreement with YPC, a 81.85% owned subsidiary company of P.J. (A) Pty. Limited, which is a subsidiary company of PJDH, which in turn a 79.26% owned subsidiary company of the Company, to subscribe for 110,490,197 ordinary shares in the YPC at AUD154 million ("Base Subscription Amount"), which may be adjusted to include an amount or amounts (if any) of up to (in aggregate) AUD21 million ("Contingent Amount") in accordance with the Subscription Agreement, which representing 49% of the entire enlarged paid-up share capital of the YPC. ("Share Subscription")

As disclosed in Note A9(e), the disposal was duly completed on 7 August 2017 and the share subscription was duly completed on 8 August 2017.

(g) Striking off of Swiss-Garden Rewards (Singapore) Pte. Ltd. ("SGRS")

On 6 April 2017, SGRS, a dormant wholly-owned subsidiary company of Swiss-Garden Rewards Sdn. Bhd., which is a subsidiary company of PJDH, which in turn is a subsidiary company of the Company, had applied to the Accounting and Corporate Regulatory Authority of Singapore for striking off.

As disclosed in Note A9(d), the striking off was duly completed on 7 August 2017.

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

(a) Acquisitions of additional equity interests in PJDH after 30 June 2017

From 1 July 2017 to 22 August 2017, the following PJDH ordinary shares was acquired:

	Shares
Number of units	125,380
Average price per share (RM)	1.50
Total purchase consideration (RM)	188,070

(b) Issuance of 25,000 PJDH's ordinary shares pursuant to conversion of PJDH's Warrant C

From 1 July 2017 to 22 August 2017, PJDH issued 25,000 new ordinary shares of RM1 each for cash pursuant to the exercise of warrants for the equivalent numbers by the registered holders.

Arising from (a) and (b) above, the Company's effective interest in ordinary shares and warrants of PJDH increased from 96.88% to 96.90% and from 91.70% to 91.72% respectively.

(c) Striking off of Olympic Cable (Singapore) Pte. Ltd. ("OCS")

On 10 July 2017, OCS received notification from Calculus Corporate Services Pte. Ltd. that OCS has been struck off from the Register of the Accounting and Corporate Regulatory Authority of Singapore with effect from 4 July 2017. The striking off does not have any material financial effect to the Group.

(d) Striking off of Swiss-Garden Rewards (Singapore) Pte. Ltd. ("SGRS")

On 7 August 2017, SGRS received notification from Calculus Corporate Services Pte. Ltd. that SGRS has been struck off from the Register of the Accounting and Corporate Regulatory Authority of Singapore with effect from 7 August 2017. The striking off does not have any material financial effect to the Group.

(e) Share Sale Agreement Entered by PJDH and Employees Provident Fund Board (“EPF”) and Share Subscription Agreement Entered by Yarra Australia Development Pty. Ltd. ("YAD") and Yarra Park City Pty. Ltd. ("YPC")

Both the Agreements are disclosed in Note A8(f).

On 7 August 2017, the Disposal of YDH was duly completed.

On 8 August 2017, the Share Subscription was duly completed resulting in a reduction of the Company's effective interest in YPC from 79.30% to 40.44%.

The Disposal of YDH and Share Subscription will result in a dilution (or deemed disposal) of the Group’s effective interest in YPC. The gain on deemed disposal which mainly taking the difference between the fair value of interest retained in YPC and the carrying value of investment in YPC.

The Disposal of YDH and Share Subscription are expected to improve the earnings per share of the Group for the financial year ending 31 December 2017 by approximately 13.36 sen, including realisation of foreign exchange gain based on the prevailing foreign exchange rate as at 31 July 2017. The Group's borrowings will also be reduced and hence lower the Group's gearing position.

A9. Events subsequent to the end of the current quarter that have not been reflected in this quarterly report (Cont'd)

(f) Proposed Bonus Issue of up to 820,311,770 new ordinary shares in the Company ("Bonus Share(s)") on the basis of one (1) bonus share for every two (2) existing shares of the Company held on an entitlement date to be determined later ("Proposed Bonus Issue")

On 22 August 2017, the Company proposed to undertake the Proposed Bonus Issue. The Proposed Bonus Issue entails an issuance of up to 820,311,770 Bonus Shares on the basis of one (1) Bonus Share for every two (2) existing shares held by the entitled shareholders of the Company whose names appear in the Register of Members and Record of Depositors of the Company as at the close of business on the entitlement date to be determined later ("Entitled Shareholder(s)"). The Proposed Bonus Issue shall be capitalised from the share premium and retained profits accounts of the Company.

The Bonus Shares will, upon allotment and issuance, rank pari passu in all respects with the existing shares, save and except that the Bonus Shares will not be entitled to any dividends, rights, allotment and/ or any other forms of distribution ("Distribution") that may be declared, made or paid for which the entitlement date for the Distribution precedes the date of allotment and issuance of the Bonus Shares.

The Proposed Bonus Issue is expected to be completed in the fourth quarter of 2017 and will result in a corresponding dilution in the earnings per share and net assets per share of the Group for the financial year ending 31 December 2017 due to the increase in number of shares of the Company after the completion of the Proposed Bonus Issue.

The Proposed Bonus Issue is conditional upon approvals being obtained from the following:

(i) Bursa Securities, for the listing of and quotation for the following securities on the Main Market of Bursa Securities:

   a. Bonus Shares, pursuant to the Proposed Bonus Issue;

   b. Additional Warrants to be issued pursuant to adjustments to be made arising from the Proposed Bonus Issue; and

   c. New Shares to be issued arising from the exercise of the additional Warrants to be issued pursuant to adjustments to be made arising from the Proposed Bonus Issue.

(ii) The shareholders of the Company, for the Proposed Bonus Issue at an extraordinary general meeting of the Company to be convened ("EGM"). The voting on the resolution pertaining to the Proposed Bonus Issue at the EGM will be taken via poll; and

(iii) Any other relevant authority, if required.

The Proposed Bonus Issue is not conditional upon any other proposals undertaken or to be undertaken by the Company.

(g) Issuance of 10,019 OSK Property Holdings Berhad's ("OSKPH") ordinary shares pursuant to conversion of OSKPH's Warrant C

From 1 July 2017 to 22 August 2017, OSKPH issued 10,019 new ordinary shares of RM1 each for cash pursuant to the exercise of warrants for the equivalent numbers by the registered holders.

Arising from the above, the Company's effective interest in ordinary shares of OSKPH decreased from 99.999% to 99.996% and effective interest in warrants increased from 94.54% to 94.59%.

A10. Significant unrecognised contractual commitments

	As at 30.6.2017 RM'000	As at 31.12.2016 RM'000
Contracted but not provided for:		
- Acquisition of development land	-	118,321
- Acquisition of plant, equipment and software	1,664	1,807
- Construction of investment property	24,670	24,670
- Professional fee for corporate exercise	-	200
	26,334	144,998

A11. Changes in contingent liabilities or contingent assets

There were no major changes in 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 30.6.2017 RM'000
(a) Significant transactions with associated companies:		
Agile PJD Development Sdn. Bhd.	- Interest income	1,216
Canggih Pesaka Sdn. Bhd.	- Office rental expense	(379)
RHB Asset Management Sdn. Bhd.	- Fund distribution income	1,708
RHB Investment Bank Berhad	- Office rental income	517
RHB Bank Berhad	- Office rental income	393
	- Interest income	322
	- Interest expense	(22,511)
	- Commitment fee	(481)
(b) Significant transactions with other related parties:		
Dindings Consolidated Sdn. Bhd.	- Office rental income	222
Dindings Construction Sdn. Bhd.	- Construction works	(306)
DC Services Sdn. Bhd.	- Insurance premium expense	(1,134)
Dindings Life Agency Sdn. Bhd.	- Insurance premium expense	(228)
Sincere Source Sdn. Bhd.	- Insurance premium expense	(874)

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 30.6.2017				
Non financial assets				
Biological assets	**-**	**-**	**263**	**263**
Investment properties	**-**	**293,671**	**359,590**	**653,261**
Financial assets				
Available-for-sale securities	**-**	**-**	**789**	**789**
Derivative asset	**-**	**28,706**	**-**	**28,706**
Securities at fair value through profit or loss	**327**	**-**	**-**	**327**
	327	**322,377**	**360,642**	**683,346**
As at 31.12.2016				
Non financial assets				
Biological assets	-	-	145	145
Investment properties	-	297,873	351,907	649,780
Financial assets				
Available-for-sale securities	-	-	954	954
Derivative asset	-	35,871	-	35,871
Securities at fair value through profit or loss	199	-	-	199
	199	333,744	353,006	686,949

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 levels of the fair value hierarchy during the current year to date.

A14. Derivative financial instruments

As at 30.6.2017 **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	**94,605**	**28,706**	**38**

The 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 borrowing that would mature on 28 September 2018. The fair value of these components has been determined based on the difference between the monthly future rates and the strike rate.

The derivative is initially recognised at fair value on the date the derivative contract is entered into. Pursuant to inception of the cash flow hedge, 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.

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 review of financial performance are analysed as follows:

	Current quarter ended 30.6.2017 RM'000	Comparative quarter ended 30.6.2016 RM'000	% change	**Current year to date ended 30.6.2017 RM'000**	Preceding year to date ended 30.6.2016 RM'000	% change
Overall performance analysis						
Revenue	**274,845**	309,527	(11%)	**577,389**	657,814	(12%)
Pre-tax profit from the business	**19,192**	22,974	(16%)	**39,967**	58,107	(31%)
Share of results of associated companies and a joint venture	**46,049**	31,310	47%	**92,101**	81,517	13%
Pre-tax profit	**65,241**	54,284	20%	**132,068**	139,624	(5%)
Profit before interest and tax	**84,536**	74,112	14%	**169,320**	177,677	(5%)
Profit after tax	**57,061**	43,748	30%	**111,314**	115,819	(4%)
Profit attributable to Owners of the Company	**55,745**	42,247	32%	**110,013**	111,867	(2%)
Pre-tax profit analysis for business segments						
1. Property	**19,874**	24,011	(17%)	**44,078**	66,931	(34%)
2. Construction	**2,525**	3,418	(26%)	**4,181**	3,961	6%
3. Industries	**6,242**	9,790	(36%)	**12,328**	19,182	(36%)
Hotels and Resorts	*(2,679)*	*(5,099)*	47%	*(4,030)*	*(7,852)*	49%
Vacation Club	*601*	*665*	(10%)	*1,084*	*(414)*	362%
4. Hospitality	**(2,078)**	(4,434)	53%	**(2,946)**	(8,266)	64%
Capital Financing	*12,147*	*8,865*	37%	*18,192*	*14,338*	27%
Investment Holding	26,531	*12,634*	110%	*56,235*	*43,478*	29%
5. Financial Services and Investment Holding	**38,678**	21,499	80%	**74,427**	57,816	29%
Pre-tax profit	**65,241**	54,284	20%	**132,068**	139,624	(5%)

B1. Performance analysis of the Group for the current quarter and year to date (Cont'd)

Current Quarter ("2Q17") compared with Comparative Quarter of Preceding Year ("2Q16")

The Group registered revenue of RM274.85 million and pre-tax profit of RM65.24 million in 2Q17 compared with revenue of RM309.53 million and pre-tax profit of RM54.28 million in 2Q16, representing decrease of RM34.68 million or 11% in revenue and increase of RM10.96 million or 20% in pre-tax profit. Despite lower revenue, the 2Q17 pre-tax profit improved primary due to higher profit generated from Financial Services and Investment Holding Segment partly setoff by lower contributions from the Property, Construction and Industries Segments.

The Property Segment registered revenue of RM154.48 million and pre-tax profit of RM19.87 million in 2Q17 compared with revenue of RM184.97 million and pre-tax profit of RM24.01 million in 2Q16, representing decrease of RM30.49 million or 16% in revenue and RM4.14 million or 17% in pre-tax profit. The 2Q17 performance was impacted by fewer on-going projects despite maintaining the profit margin of 12.8%. The profits were mainly derived from Emira in Shah Alam, Windmill in Genting, TimurBay in Kuantan and Luminari in Butterworth. The performance of the division were also affected by the charge out of sales and marketing expenses where no corresponding income been recognised in relation to the Melbourne Square in Melbourne, Australia. The Property Investment Division performance for 2Q17 was affected by the expiring of lease with a major tenant since November 2016.

The Construction Segment contributed revenue of RM9.26 million and pre-tax profit of RM2.53 million in 2Q17 compared with revenue of RM3.61 million and pre-tax profit of RM3.42 million in 2Q16, representing increase of RM5.65 million or 2.6 times in revenue and decrease of RM0.89 million or 26% in pre-tax profit. The higher revenue achieved was mainly due to progress billings from on-going projects. Despite the higher revenue 2Q17, the profit margin was lower compared with 2Q16, as 2Q16 pre-tax profit included realisation of profits from completion of You Vista in Cheras and You One in Subang.

The Industries Segment registered revenue of RM72.44 million and pre-tax profits of RM6.24 million in 2Q17 compared with revenue of RM81.69 million and pre-tax profit of RM9.79 million in 2Q16, representing decrease of RM9.25 million or 11% in revenue and RM3.55 million or 36% in pre-tax profit. Lower revenue in 2Q17 due to slow delivery of IBS products, as projects where orders were secured were delayed during the quarter. The cable production was affected by high rejection rate due to breakdown in machinery which lead to lower profit margin in 2Q17.

The Hospitality Segment registered revenue of RM25.83 million and pre-tax loss of RM2.08 million in 2Q17 compared with revenue of RM26.87 million and pre-tax loss of RM4.43 million in 2Q16, representing a decrease of RM1.04 million or 4% in revenue and improvement of RM2.35 million or 53% in pre-tax performance. Despite recording a slightly lower revenue during the quarter, the pre-tax loss reduced due to cost optimisation exercise undertaken. In addition, certain hotels saw an improvement in revenue per average room and net margin of food and beverage arising from the exercise.

The Capital Financing Division posted higher revenue of RM11.34 million and pre-tax profit of RM12.15 million in 2Q17 compared with revenue of RM11.09 million and pre-tax profit of RM8.87 million in 2Q16, representing increase of RM0.25 million or 2% in revenue and RM3.28 million or 37% in pre-tax profit. The increase in pre-tax profit was mainly due to bad debts recovered of RM1.64 million and write back of allowance for impairment losses of RM4.28 million compared to RM2.52 million written back in 2Q16.

The Investment Holding Division contributed pre-tax profit of RM26.53 million in 2Q17 compared with RM12.63 million in 2Q16, representing an increase of RM13.90 million or 110% in pre-tax profit mainly due to higher share of profit of RHB group and partly offset against interest expenses incurred on borrowings for the acquisitions of OSK Property Holdings Berhad and PJ Development Holdings Berhad and subscription of rights issue of shares in RHB.

B1. Performance analysis of the Group for the current quarter and year to date (Cont'd)

Current Year To Date ("6M17") compared with Preceding Year To Date ("6M16")

The Group registered revenue of RM577.39 million and pre-tax profit of RM132.07 million in 6M17 compared with revenue of RM657.81 million and pre-tax profit of RM139.62 million in 6M16, representing decrease of RM80.42 million or 12% in revenue and RM7.55 million or 5% in pre-tax profit. The 6M17 performance was due to lower contributions from the Property and Industries Segments cushioned by higher profit recorded Financial Services and Investment Holding Segment and reduced loss in the Hospitality Segment.

The Property Segment registered revenue of RM346.95 million and pre-tax profit of RM44.08 million in 6M17 compared with revenue of RM420.74 million and pre-tax profit of RM66.93 million in 6M16, representing decrease of RM73.79 million or 18% in revenue and RM22.85 million or 34% in pre-tax profit. The 6M17 performance was impacted by fewer on-going projects and slower sales from these on-going projects due to the lackluster property market. In addition, Property Investment Division recorded a lower revenue in 6M17 as compared to 6M16 due to certain floors at Plaza OSK being vacated upon expiring of lease of a major tenant in November 2016 not fully replaced by new tenancies.

The Construction Segment contributed revenue of RM14.68 million and pre-tax profit of RM4.18 million in 6M17 compared with revenue of RM4.27 million and pre-tax profit of RM3.96 million in 6M16, representing increase of RM10.41 million or 3 times in revenue and RM0.22 million or 6% in pre-tax profit. The increase in revenue was mainly due to increase in workdone for its on-going construction projects; and the increase in pre-tax profit was mainly due to lower intra-group eliminations of unrealised profits on internal projects.

The Industries Segment registered revenue of RM138.38 million and pre-tax profits of RM12.33 million in 6M17 compared with revenue of RM151.17 million and pre-tax profit of RM19.18 million in 6M16, representing decrease of RM12.79 million or 8% in revenue and RM6.85 million or 36% in pre-tax profit. The 6M17 revenue and pre-tax profit were impacted by lower demand and margin for power cables and slower delivery for IBS products due to the delays in projects where orders were secured.

The Hospitality Segment registered revenue of RM53.43 million and pre-tax loss of RM2.95 million in 6M17 compared with revenue of RM58.16 million and pre-tax loss of RM8.27 million in 6M16, representing decrease of RM4.73 million or 8% in revenue and RM5.32 million or 64% in pre-tax loss. The Hotels and Resorts Division recorded slightly lower revenue in 6M17. Despite the slightly lower revenue, the division recorded a lower pre-tax loss due to cost optimisation exercise, improvement in food and beverage margin and revenue per available room in certain hotels and lower number of members termination in the Vacation Club Division.

The Capital Financing Division posted higher revenue of RM21.73 million and pre-tax profit of RM18.19 million in 6M17 compared with revenue of RM21.21 million and pre-tax profit of RM14.34 million in 6M16, representing increase of RM0.52 million or 2% in revenue and RM3.85 million or 27% in pre-tax profit. The increase in pre-tax profit was due to recovery of bad debts of RM1.64 million and write back of allowance for impairment losses of RM4.28 million as compared to RM2.53 million written back in 6M16.

The Investment Holding Division contributed pre-tax profit of RM56.24 million in 6M17 compared with RM43.48 million in 6M16, representing an increase of RM12.76 million or 29% in pre-tax profit mainly due to higher share of profit of RHB group and partly offset against interest expenses incurred on borrowings for the acquisitions of OSK Property Holdings Berhad and PJ Development Holdings Berhad and subscription of rights issue of shares in RHB.

B2. Commentary on pre-tax profit for current quarter compared with immediate preceding quarter

The Group's review of financial performance are analysed as follows:

	Current quarter ended 30.6.2017 RM'000	Immediate preceding quarter ended 30.3.2017 RM'000	% change
Overall performance analysis			
Revenue	**274,845**	302,544	(9%)
Pre-tax profit from the business	**19,192**	20,775	(8%)
Share of results of associated companies and a joint venture	**46,049**	46,052	(0%)
Pre-tax profit	**65,241**	66,827	(2%)
Profit before interest and tax	**84,536**	84,784	(0%)
Profit after tax	**57,061**	54,253	5%
Profit attributable to Owners of the Company	**55,745**	54,268	3%
Pre-tax profit analysis for business segments			
1. Property	**19,874**	24,204	(18%)
2. Construction	**2,525**	1,656	52%
3. Industries	**6,242**	6,086	3%
Hotels and Resorts	*(2,679)*	*(1,351)*	(98%)
Vacation Club	*601*	*483*	24%
4. Hospitality	**(2,078)**	(868)	(139%)
Capital Financing	*12,147*	*6,045*	101%
Investment Holding	*26,531*	*29,704*	(11%)
5. Financial Services and Investment Holding	**38,678**	35,749	8%
Pre-tax profit	**65,241**	66,827	(2%)

B2. Commentary on pre-tax profit for current quarter compared with immediate preceding quarter (Cont'd)

Current Quarter ("2Q17") and immediate preceding quarter ("1Q17")

The Group recorded lower revenue of RM274.85 million and pre-tax profit of RM65.24 million in 2Q17 compared with revenue of RM302.54 million and pre-tax profit RM66.83 million in 1Q17, representing a drop in revenue and pre-tax profit of RM27.69 million or 9% and RM1.59 million or 2% respectively. The 2Q17 performance was impacted by Property and Hospitality Segments, however, cushioned by Construction, Industries and Financial Services and Investment Holding Segments.

The Property Segment recorded revenue of RM154.48 million and pre-tax profit of RM19.87 million in 2Q17 compared with revenue of RM192.47 million and pre-tax profit of RM24.20 million in 1Q17, representing a drop in revenue and pre-tax profit of RM37.99 million or 20% and RM4.33 million or 18% respectively. The 2Q17 revenue was mainly contributed by the progress billings from on-going projects while the 1Q17 revenue included revenue and profit from completion and hand-over of Woodsbury in Butterworth and Roseville in Sungai Petani.

The Construction Segment recorded revenue of RM9.26 million and pre-tax profit of RM2.53 million in 2Q17 compared with revenue of RM5.42 million and pre-tax profit of RM1.66 million in 1Q17, representing increase of RM3.84 million or 71% in revenue and RM0.87 million or 52% in pre-tax profit. The improved performance in 2Q17 was mainly due to increase in workdone from the on-going construction projects.

The Industries Segment recorded revenue of RM72.44 million and pre-tax profit of RM6.24 million in 2Q17 compared with revenue of RM65.94 million and pre-tax profit of RM6.09 million in 1Q17, representing increase in revenue and pre-tax profit of RM6.50 million or 10% and RM0.15 million or 2% respectively. The increase in profit for this Segment does not commensurate with the increase in revenue because of low productivity at the IBS factory due to slow demand and high defects rate on the cable production due to breakdown in machinery.

The Hospitality Segment recorded revenue of RM25.83 million and pre-tax loss of RM2.08 million in 2Q17 compared with revenue of RM27.60 million and pre-tax loss of RM0.87 million in 1Q17, representing decrease of RM1.77 million or 6% in revenue and increase of RM1.21 million or 139% in pre-tax loss. The revenue and pre-tax profit recorded in 2Q17 was lower than 1Q17 as the current quarter occupancy rates and food and beverage sales, especially at the Hotels and Resorts Division, were affected by the fasting month.

The Capital Financing Division recorded revenue of RM11.34 million and pre-tax profit of RM12.15 million in 2Q17 compared with revenue of RM10.39 million and pre-tax profit of RM6.05 million in 1Q17, representing an increase of RM0.95 million or 9% in revenue and RM6.10 million or 101% in pre-tax profit. The increase in pre-tax profit was due to recovery of bad debts of RM1.64 million and write back of allowance for impairment losses of RM4.25. Apart from the write backs, this division has been generating consistent profit of RM6.26 million in 2Q17 (1Q17: RM6.05 million).

The Investment Holding Division contributed pre-tax profit of RM26.53 million in 2Q17, decreased by RM3.17 million, compared with RM29.70 million in 1Q17. The lower pre-tax profit in 2Q17 compared to immediate preceding quarter as 1Q17 was improved by write back of provisions for bonus no longer required.

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

(a) Prospects for the remaining year 2017

Performance of the Property Development Division will continue to be driven by sales and progress billings from the existing projects and new projects to be launched in Malaysia and Australia. The successful soft launch for the Melbourne Square in Melbourne, Australia has recorded an encouraging take up rate, such project profit would only be recognised upon completion of development in line with the profit recognition criteria under MFRS 15 Revenue from Contracts with Customers. In Malaysia, the Group has targeted to launch the first phase of new development namely Iringan Bayu in Seremban and Ryan & Miho in Petaling Jaya Section 13. As at 31 July 2017, the Group has unbilled sales of RM1.0 billion and the land bank stood at 2,055 acres.

The Property Investment business is expected to contribute steady rental income from the commercial and retail tenants.

The Construction Segment will continue to focus on delivery of its current order book on hand in a timely manner. As at 30 June 2017, the outstanding order book stood at RM534 million and is expected to contribute steadily to the Group's profitability.

The Industries Segment is anticipated to perform satisfactorily as it continues to tap on projects undertaken by the government and private sectors as well as enhancing its profitability through improving production efficiency, cost control, monitoring and reporting.

The Hospitality Segment is expected to improve in tandem with the increase in tourists arrivals and local tourists spending coupled with enhancements initiatives at some of the resort destinations to attract visitorship. Nevertheless, the impact of Tourism Tax to be imposed from 1 September 2017 on foreign tourist arrivals could not be quantified at this point in time.

The Financial Services and Investment Holding Segment's performance will depend on the performance of RHB Group. The Capital Financing Division is expected to do well and generate decent profit based on its existing capital financing portfolio.

In view of the foregoing, the Board is confident that the Group will achieve satisfactory results for the remaining year.

(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 announced by the Company.

B6. Tax expense

	Current quarter ended 30.6.2017 RM'000	Current year to date ended 30.6.2017 RM'000
In respect of the current year		
Malaysian income tax	(14,610)	(26,626)
Over provision in respect of prior years		
Malaysian income tax	3,152	3,149
Deferred taxation	3,278	2,723
Tax expense	(8,180)	(20,754)

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 and losses in certain subsidiary companies that are not available for off-set against taxable profits in other subsidiary companies within the Group.

B7. Status of corporate proposals and utilisation of proceeds

As at 22 August 2017 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report):

(a) Status of corporate proposal announced but not completed

On 22 August 2017, the Company proposed to undertake the Proposed Bonus Issue as disclosed in Note A9(f).

(b) Status of utilisation of proceeds raised from any corporate proposal

There were no proceeds raised from any corporate proposal.

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, denominated in Ringgit Malaysia ("MYR"), Australia Dollar ("AUD"), United States Dollar ("USD") and Vietnamese Dong ("VND"), are as follows:

(a) Debt securities

	Non-current RM'000	Current RM'000	Total RM'000
As at 30.6.2017			
Secured			
Medium term notes - MYR	**823,291**	**14,610**	**837,901**
As at 31.12.2016			
Secured			
Medium term notes - MYR	837,604	-	837,604

Details of medium term notes are disclosed in Note A5(c).

B8. Borrowings and debt securities as at the end of the reporting period (Cont'd)

The Group's borrowings and debt securities at the end of the current year to date, denominated in Ringgit Malaysia ("MYR"), Australia Dollar ("AUD"), United States Dollar ("USD") and Vietnamese Dong ("VND"), are as follows: (Cont'd)

(b) Borrowings

	Non-current		Current		Total
	Foreign Currency '000	RM'000	Foreign Currency '000	RM'000	RM'000
As at 30.6.2017					
Secured					
Bankers' acceptances - MYR	-	-	-	**11,420**	**11,420**
Revolving credits - MYR	-	-	-	**212,450**	**212,450**
Term/Bridging					
- MYR	-	**622,727**	-	**43,236**	**665,963**
- AUD (1 : 3.3064)	-	-	**AUD62,500**	**206,650**	**206,650**
- USD (1 : 4.2940)	**USD18,602**	**79,877**	**USD10,040**	**43,112**	**122,989**
		702,604		**516,868**	**1,219,472**
Unsecured					
Bank overdrafts - MYR	-	-	-	**198**	**198**
Revolving credits - MYR	-	-	-	**360,145**	**360,145**
Trust receipt					
- VND (100 : 0.0189)	-	-	**VND8,880,846**	**1,682**	**1,682**
		-		**362,025**	**362,025**
Total		**702,604**		**878,893**	**1,581,497**
As at 31.12.2016					
Secured					
Revolving credits - MYR	-	-	-	169,300	169,300
Term/Bridging					
- MYR	-	465,368	-	53,300	518,668
- AUD (1 : 3.2436)	AUD62,500	202,725	-	-	202,725
- USD (1 : 4.4860)	USD23,391	104,934	USD6,690	30,012	134,946
		773,027		252,612	1,025,639
Unsecured					
Bank overdrafts - MYR	-	-	-	56	56
Revolving credits - MYR	-	-	-	366,198	366,198
Trust receipt					
- VND (100 : 0.0197)	-	-	VND7,075,602	1,397	1,397
		-		367,651	367,651
Total		773,027		620,263	1,393,290

B8. Borrowings and debt securities as at the end of the reporting period (Cont'd)

The Group's borrowings and debt securities at the end of the current year to date are as follows: (Cont'd)

(c) Commentaries on the Group borrowings and debt securities

(i) During current year to date, there were no material changes in debts and borrowings other than the changes for working capital requirements. For debts, medium term notes, the relevant details are disclosed in Note A5(c);

(ii) The increase in the borrowings were used for working capital purpose; and

(iii) Borrowings of USD28.64 million has been hedged to MYR via USD/MYR cross currency interest rate swap transaction and the contracted USD/MYR forex rate was 3.3030. The AUD62.50 million borrowings has not been hedged mainly due to such sum represents working capital for Australian property development subsidiary company in Australia. The VND8.88 billion borrowings has not been hedged due to the borrowings were used as working capital for business operations in Vietnam.

B9. Changes in material litigation

As at 22 August 2017 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report), 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) Adjudication between BUCG (M) Sdn. Bhd. ("BUCG") v 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 purportedly 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.

<u>1st Adjudication</u>
BUCG commenced their 1st adjudication against ADSB by serving 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"). At the end of the adjudication proceedings, 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 October 2015 until date of actual payment.

On 25 July 2016, a sum of RM1,289,698.18 was paid by ADSB to BUCG.

B9. Changes in material litigation (Cont'd)

(a) Adjudication between BUCG (M) Sdn. Bhd. ("BUCG") v Atria Damansara Sdn. Bhd. ("ADSB") (Cont'd)

2nd Adjudication
On 7 June 2017, BUCG commenced the 2nd Adjudication against ADSB by serving their Payment Claim dated 7 June 2017 for a total sum of RM99,692,535.49 which comprises of the following:-

(i) RM37,663,923.16 under Progress Claim No.36 (Final Claim);
(ii) RM11,400,000.00 being 5% retention sum under the contract;
(iii) RM45,630,921.64 being loss and expenses; and
(iv) RM4,997,690.69 being GST.

ADSB Payment Response was served on BUCG on 22 June 2017. Atria contends that, inter-alia, the Payment Claim does not adhere to the requirements set out in CIPAA 2012 and that BUCG is estopped from raising such a claim now.

BUCG had registered the Adjudication with the Kuala Lumpur Regional Centre for Arbitration (KLRCA) and a Notice of Adjudication was served on ADSB on 27 July 2017. Parties will proceed to appoint the Adjudicator for the Adjudication.

(b) Arbitration between Atria Damansara Sdn. Bhd. ("Claimant" or "ADSB") v BUCG (M) Sdn. Bhd. ("Respondent" or "BUCG")

ADSB, a subsidiary company of OSKPH which in turn is a subsidiary company of the Company filed a revised Notice of Arbitration on 23 November 2016.

Parties have agreed on the appointment of an arbitrator for the arbitration proceedings. At preliminary meeting with the arbitrator on 6 July 2017, the arbitrator provided parties with directions and has fixed the first hearing date to be on 4 March 2019.

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

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”) between the years of 2012 and 2013 for the purchase of housing units at the Bandar Puteri Jaya project in Sungai Petani. The purchase price stated in the Sale and Purchase Agreements with each of the Purchasers range from RM271,212 to RM385,022 for each housing unit.

On 3 May 2016, OSKPSB was served with a Writ and Statement of Claim by the Purchasers who had alleged inter-alia that the construction of their properties had defects and that part of their properties differed from the show house. Each of the Purchasers is claiming: (a) damages amounting to RM2.5 million against OSKPSB; (b) damages amounting to RM2.5 million against the Architect and (c) damages amounting to RM700,000 against MPSP.

The Architect and MPSP have each filed a Striking Out Application and their applications were allowed on 25 October 2016.

The Hearing for the extension of time for the Discovery application has been fixed on 12 September 2017.

B10. Dividends

(a) The Board of Directors has proposed a single-tier interim dividend of 2.5 sen (6M16: 2.5 sen) per ordinary share in respect of the financial year ending 31 December 2017. 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 (6M16: 2.5 sen) per ordinary share.

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

	Current quarter ended 30.6.2017	Comparative quarter ended 30.6.2016	**Current year to date ended 30.6.2017**	Preceding year to date ended 30.6.2016
(a) Basic earnings per share				
Profit attributable to Owners of the Company (RM'000)	**55,745**	42,247	**110,013**	111,867
Weighted average number of ordinary shares in issue ('000)	**1,384,791**	1,384,793	**1,384,791**	1,384,793
Basic EPS (sen)	**4.03**	3.05	**7.94**	8.08
(b) Diluted earnings per share				
Profit attributable to Owners of the Company (RM'000)	**55,745**	42,247	**110,013**	111,867
Weighted average number of ordinary shares in issue ('000)	**1,384,791**	1,384,793	**1,384,791**	1,384,793
Effect of dilution of assumed exercise of Warrants C 2015/2020 ('000)^	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000 shares)	**1,384,791**	1,384,793	**1,384,791**	1,384,793
Diluted EPS (sen)	**4.03**	3.05	**7.94**	8.08

^ The Company's Warrant C 2015/2020 that could potentially dilute basic earnings per share in the future were not included in the calculation of the diluted earnings per share because they are anti-dilutive.

B12. Audit report of preceding annual financial statements

The audit report of the Group's annual financial statements for the preceding year were not subject to any qualification.

B13. Items included in the Statements of Profit or Loss and Statements of Comprehensive Income

Profit before tax is arrived at after crediting/(charging):	**Current quarter ended 30.6.2017 RM'000**	Comparative quarter ended 30.6.2016 RM'000	**Current year to date ended 30.6.2017 RM'000**	Preceding year to date ended 30.6.2016 RM'000
(i) Revenue				
Interest income	**8,963**	9,599	**17,045**	18,058
Rental income	**8,677**	11,728	**19,768**	23,130
(ii) Cost of sales				
Interest expense	**(3,379)**	(2,750)	**(6,345)**	(5,606)
(iii) Other income				
Dividend income	**-**	-	**58**	-
Fund distribution income	**1,546**	122	**2,582**	250
Gain on disposals of:				
- investment properties	**-**	338	**299**	791
- plant and equipment	**2**	2	**22**	30
Gain on fair valuation of securities at fair value through profit or loss	**81**	9	**127**	36
Gain on foreign exchange transactions	**274**	147	**410**	147
Gain on foreign exchange translations	**-**	275	**57**	121
Interest income on deposits and placements with financial institutions	**2,856**	2,804	**5,064**	5,337
Recovery of bad debts	**1,637**	-	**1,638**	1
Write back of allowance for impairment losses on capital financing:				
- Collective assessment	**-**	-	**31**	-
- Individual assessment	**4,249**	2,516	**4,249**	2,526
Write back of allowance for impairment losses on trade receivables				
- Individual assessment	**191**	1,262	**572**	104
(iv) Administrative expenses				
Depreciation and amortisation	**(5,980)**	(5,136)	**(12,037)**	(12,159)

B13. Items included in the Statements of Profit or Loss and Statements of Comprehensive Income (Cont'd)

Profit before tax is arrived at after crediting/(charging):	**Current quarter ended 30.6.2017 RM'000**	Comparative quarter ended 30.6.2016 RM'000	**Current year to date ended 30.6.2017 RM'000**	Preceding year to date ended 30.6.2016 RM'000
(v) Other items of expense				
Impairment losses on:				
- trade and other receivables:				
- Individual assessment	**(206)**	**-**	**(818)**	(294)
Loss on disposals of:				
- intangible asset	**(11)**	**-**	**(22)**	-
- plant and equipment	**-**	(53)	**(3)**	(53)
Loss on foreign exchange transactions	**(1)**	**-**	**(1)**	-
Loss on foreign exchange translations	**(23)**	**-**	**(121)**	(12)
Loss on fair valuation of securities at fair value through profit or loss	**-**	(36)	-	(19)
Write off of:				
- bad debts on trade and other receivables	**-**	(49)	**(214)**	(55)
- plant and equipment	**(97)**	(204)	**(225)**	(243)
(vi) Finance costs				
- Interest expense	**(19,295)**	(19,828)	**(37,252)**	(38,053)

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.

B14. Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements

The breakdown of the retained profits of the Group into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	As at 30.6.2017 RM'000	As at 31.12.2016 RM'000
Total retained profits of the Company and its subsidiary companies		
- Realised	**2,347,701**	2,346,605
- Unrealised	**102,737**	127,176
	2,450,438	2,473,781
Total share of retained profits from associated companies and a joint venture		
- Realised	**729,871**	637,712
- Unrealised	**(2,965)**	(2,909)
	726,906	634,803
Less : Consolidation adjustments	**(718,396)**	(703,190)
	2,458,948	2,405,394

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
Executive Chairman
Kuala Lumpur
29 August 2017