OSK Holdings Berhad (207075-U)

QUARTERLY REPORT FOR THE THIRD QUARTER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	As at 30.9.2018 RM'000	As at 31.12.2017 RM'000
Assets:		
Non-current		
Property, plant and equipment	**656,455**	752,444
Investment properties	**715,011**	712,943
Investments in associated companies and a joint venture	**3,434,521**	3,443,134
Intangible assets	**1,526**	1,726
Inventories	**941,936**	815,175
Deferred tax assets	**90,392**	74,018
Capital financing	**50,549**	151,850
Trade receivables	**25,206**	30,170
Other assets	**4,010**	5,357
	5,919,606	5,986,817
Current		
Inventories	**463,001**	561,557
Capital financing	**461,707**	361,040
Trade receivables and contract assets	**511,859**	405,278
Other assets	**67,818**	78,388
Biological assets	**207**	80
Tax recoverable	**48,793**	54,151
Derivative assets	**-**	17,742
Securities at fair value through profit or loss	**234**	299
Cash, bank balances and short term funds	**373,407**	424,676
	1,927,026	1,903,211
Non-current assets held for sale	**89,917**	12,641
	2,016,943	1,915,852
Total Assets	**7,936,549**	7,902,669

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018 (CONT'D)

	Note	**As at 30.9.2018 RM'000**	As at 31.12.2017 RM'000
Liabilities:			
Non-current			
Medium term notes	A5(c),(d), B8(a)	**945,320**	774,717
Borrowings	B8(b)	**571,021**	608,282
Trade payables and contract liabilities		**157,290**	177,398
Deferred tax liabilities		**139,303**	143,120
		1,812,934	1,703,517
Current			
Medium term notes	A5(c),(d), B8(a)	**-**	63,493
Borrowings	B8(b)	**843,193**	820,424
Trade payables and contract liabilities		**209,393**	235,293
Tax payable		**14,674**	4,796
Other liabilities		**466,047**	468,222
		1,533,307	1,592,228
Total Liabilities		**3,346,241**	3,295,745
Net Assets		**4,590,308**	4,606,924
Equity:			
Share capital		**2,095,310**	2,095,310
Treasury shares, at cost	A5(a)	**(30,237)**	(30,237)
		2,065,073	2,065,073
Reserves		**2,456,357**	2,473,617
Issued capital and reserves attributable to Owners of the Company		**4,521,430**	4,538,690
Non-controlling interests		**68,878**	68,234
Total Equity		**4,590,308**	4,606,924
Net Assets per share attributable to Owners of the Company (RM)		**2.18**	2.19
Number of outstanding ordinary shares in issue ('000)		**2,077,200**	2,077,200

(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 2017)

QUARTERLY REPORT FOR THE THIRD QUARTER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Note	**Current quarter ended 30.9.2018 RM'000**	Comparative quarter ended 30.9.2017 RM'000	**Current year to date ended 30.9.2018 RM'000**	Preceding year to date ended 30.9.2017 RM'000
Revenue		**351,240**	314,453	**886,675**	891,842
Cost of sales		**(258,532)**	(232,125)	**(641,357)**	(652,893)
Gross profit		**92,708**	82,328	**245,318**	238,949
Other income		**6,518**	10,744	**34,735**	31,455
Gain on deemed disposal of a subsidiary company		**-**	177,612	**-**	177,612
Administrative expenses		**(62,546)**	(51,247)	**(162,819)**	(148,096)
Other expenses		**(4,067)**	(2,522)	**(6,639)**	(5,786)
		32,613	216,915	**110,595**	294,134
Finance costs		**(18,836)**	(18,481)	**(58,999)**	(55,733)
		13,777	198,434	**51,596**	238,401
Share of results of associated companies and a joint venture		**58,840**	44,905	**181,828**	137,006
Profit before tax	B13	**72,617**	243,339	**233,424**	375,407
Tax expense	B6	**(8,826)**	(11,664)	**(36,739)**	(31,850)
Profit after tax		**63,791**	231,675	**196,685**	343,557
Profit attributable to:					
Owners of the Company		**63,522**	226,828	**193,838**	337,409
Non-controlling interests		**269**	4,847	**2,847**	6,148
		63,791	231,675	**196,685**	343,557
Earnings per share attributable to Owners of the Company (sen)					
Basic	B11(a)	**3.06**	10.92*	**9.33**	16.24*
Diluted	B11(b)	**3.06**	10.92*	**9.33**	16.24*

* The Earnings per share have been restated arising from the increase in share capital pursuant to the issuance of bonus shares on 29 November 2017.

(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 2017)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Current quarter ended 30.9.2018 RM'000	Comparative quarter ended 30.9.2017 RM'000	**Current year to date ended 30.9.2018 RM'000**	Preceding year to date ended 30.9.2017 RM'000
Profit after tax	**63,791**	231,675	**196,685**	343,557
Other comprehensive income/(expenses) for the period, net of tax				
(a) Items of other comprehensive income/(expenses):				
(i) Will be reclassified subsequently to profit or loss when specific conditions are met:				
- *Fair value gain/(loss) on cash flow hedge*	**6**	(166)	**99**	(128)
- *Foreign currency translation*	**373**	12,846	**87**	17,386
(ii) Reclassified to profit or loss:				
- *Fair value of cash flow hedge upon maturity*	**(12)**	-	**(12)**	-
- *Fair value of available-for-sale securities upon disposal*	**-**	(88)	**-**	(88)
- *Foreign exchange translation upon deemed disposal of a subsidiary company*	**-**	(40,599)	**-**	(40,599)
- *Foreign exchange translation upon striking off of subsidiary companies*	**-**	(1,743)	**-**	(1,743)
(b) The share of other comprehensive income/(expenses) and reserves of associated companies accounted for using equity method:				
(i) Items that will not be reclassified subsequently to profit or loss:				
- *Fair values through other comprehensive income ("FVTOCI") and other reserves*	**2,491**	-	**3,375**	40
(ii) Items that will be reclassified subsequently to profit or loss when specific conditions are met:				
- *Foreign exchange reserves*	**11,317**	(12,292)	**(16,299)**	(20,725)
- *FVTOCI and other reserves*	**13,602**	961	**(239)**	20,707
Total other comprehensive income/(expenses) for the period, net of tax	**27,777**	(41,081)	**(12,989)**	(25,150)
Total comprehensive income	**91,568**	190,594	**183,696**	318,407
Total comprehensive income attributable to:				
Owners of the Company	**91,261**	183,321	**181,555**	308,546
Non-controlling interests	**307**	7,273	**2,141**	9,861
	91,568	190,594	**183,696**	318,407

(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 2017)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Attributable to Owners of the Company									
	Share capital	Treasury shares [Note A5(a)]	Revaluation reserve	Foreign exchange reserves	Hedging reserve	Other reserves	Retained profits	Total issued share capital and reserves	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
As at 1.1.2018										
As per previously reported	2,095,310	(30,237)	63,451	42,969	(85)	4,110	2,363,172	4,538,690	68,234	4,606,924
Effects of adoption of MFRS 9:										
- subsidiary companies	-	-	-	-	-	-	(1,553)	(1,553)	(44)	(1,597)
- an associated company	-	-	-	26	-	1,614	(126,351)	(124,711)	-	(124,711)
As restated	2,095,310	(30,237)	63,451	42,995	(85)	5,724	2,235,268	4,412,426	68,190	4,480,616
Profit after tax	-	-	-	-	-	-	193,838	193,838	2,847	196,685
Fair valuation of cash flow hedge	-	-	-	-	85	-	-	85	2	87
Foreign currency translation	-	-	-	84	-	-	-	84	3	87
Share of other comprehensive (expenses)/income and reserves of associated companies accounted for using equity method:										
- Foreign exchange reserves	-	-	-	(15,588)	-	-	-	(15,588)	(711)	(16,299)
- FVTOCI and other reserves	-	-	-	-	-	3,136	-	3,136	-	3,136
Other comprehensive (expenses)/income	-	-	-	(15,504)	85	3,136	-	(12,283)	(706)	(12,989)
Total comprehensive (expenses)/income	-	-	-	(15,504)	85	3,136	193,838	181,555	2,141	183,696
Dividends paid (Note A6)	-	-	-	-	-	-	(72,702)	(72,702)	(1,007)	(73,709)
Total distributions to Owners	-	-	-	-	-	-	(72,702)	(72,702)	(1,007)	(73,709)
Acquisitions of additional interests in a subsidiary company from non-controlling interests:										
- Accretion of equity interests	-	-	-	-	-	-	-	-	(486)	(486)
- Gain on acquisitions	-	-	-	-	-	-	175	175	-	175
Exercise of warrants of a subsidiary company:										
- Shares issued by a subsidiary company	-	-	-	-	-	-	-	-	16	16
- Effects of dilution of interests in a subsidiary company	-	-	-	-	-	-	(24)	(24)	24	-
Total changes in ownership interest in a subsidiary company	-	-	-	-	-	-	151	151	(446)	(295)
Total transactions with Owners in their capacity as Owners	-	-	-	-	-	-	(72,551)	(72,551)	(1,453)	(74,004)
As at 30.9.2018	2,095,310	(30,237)	63,451	27,491	-	8,860	2,356,555	4,521,430	68,878	4,590,308

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2018 (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 issued share capital and reserves	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	-	-	-	-	-	-	-	-	337,409	337,409	6,148	343,557
Fair valuation of cash flow hedge	-	-	-	-	-	-	(125)	-	-	(125)	(3)	(128)
Foreign currency translation	-	-	-	-	-	(28,465)	-	-	-	(28,465)	3,509	(24,956)
Fair valuation of available-for-sale securities	-	-	-	(64)	-	-	-	-	-	(64)	(24)	(88)
Share of other comprehensive (expenses)/income and reserves of associated companies accounted for using equity method:												
- *Foreign exchange reserves*	-	-	-	-	-	(20,956)	-	-	-	(20,956)	231	(20,725)
- *FVTOCI and other reserves*	-	-	-	-	-	-	-	20,747	-	20,747	-	20,747
Other comprehensive (expenses)/income	-	-	-	(64)	-	(49,421)	(125)	20,747	-	(28,863)	3,713	(25,150)
Total comprehensive (expenses)/income	-	-	-	(64)	-	(49,421)	(125)	20,747	337,409	308,546	9,861	318,407
Dividends paid	-	-	-	-	-	-	-	-	(69,240)	(69,240)	(1,190)	(70,430)
Transfer pursuant to Companies Act 2016 *	336,481	-	(336,481)	-	-	-	-	-	-	-	-	-
Total contribution by and distributions to Owners	336,481	-	(336,481)	-	-	-	-	-	(69,240)	(69,240)	(1,190)	(70,430)
Acquisitions of additional interests in subsidiary companies from non-controlling interests:												
- *Accretion of equity interests*	-	-	-	-	-	-	-	-	-	-	(9,493)	(9,493)
- *Gain on acquisitions*	-	-	-	-	-	-	-	-	5,394	5,394	-	5,394
Exercise of warrants of subsidiary companies:												
- *Shares issued by subsidiary companies*	-	-	-	-	-	-	-	-	-	-	383	383
- *Effects of dilution of interest in subsidiary companies*	-	-	-	-	-	-	-	-	(222)	(222)	222	-
Effects of acquisitions of warrants in a subsidiary company	-	-	-	-	-	-	-	-	(749)	(749)	-	(749)
Effect of deemed disposal of a subsidiary company	-	-	-	-	-	-	-	-	-	-	(70,314)	(70,314)
Accretion of interests in a subsidiary company of an associated company	-	-	-	-	-	-	-	-	1	1	-	1
Total changes in ownership interest in subsidiary companies	-	-	-	-	-	-	-	-	4,424	4,424	(79,202)	(74,778)
Total transactions with Owners in their capacity as Owners	336,481	-	(336,481)	-	-	-	-	-	(64,816)	(64,816)	(80,392)	(145,208)
Reserve reclassified to retained profits upon disposal of investment properties	-	-	-	-	(10,798)	-	-	-	10,798	-	-	-
As at 30.9.2017	1,739,372	(30,237)	-	-	65,523	75,674	128	4,995	2,688,785	4,544,240	71,849	4,616,089

***** Upon the commencement of the Companies Act 2016 ("CA 2016") 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; and the credit amount of the share premium may be used within twenty-four months upon the commencement of Section 74 of the CA2016. On 29 November 2017, the Company fully utilised the credit amount of RM336.5 million in the share premium account as part of the issuance of bonus shares.

(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 2017)

QUARTERLY REPORT FOR THE THIRD QUARTER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Note	**Current year to date ended 30.9.2018 RM'000**	Preceding year to date ended 30.9.2017 RM'000
Cash Flows From Operating Activities			
Profit before tax		**233,424**	375,407
Adjustments for:			
Non-cash and non-operating items		**30,638**	39,902
Gain on deemed disposal of a subsidiary company		**-**	(177,612)
Share of results of associated companies and a joint venture		**(181,828)**	(137,006)
Operating profit before working capital changes		**82,234**	100,691
Decrease/(Increase) in operating assets:			
Inventories		**100,189**	(86,137)
Capital financing		**707**	(92,046)
Trade receivables and contract assets		**(100,706)**	98,232
Other receivables		**11,610**	8,568
(Decrease)/Increase in operating liabilities:			
Trade payables and contract liabilities		**(46,451)**	53,127
Other liabilities		**(2,013)**	34,463
Cash generated from operations		**45,570**	116,898
Interest received		**43,044**	37,755
Interest paid		**(24,216)**	(25,608)
Income tax paid		**(42,563)**	(54,085)
Refund of income tax		**870**	713
Net cash generated from operating activities		**22,705**	75,673
Cash Flows From Investing Activities			
Acquisitions of additional:			
- shares in a subsidiary company from non-controlling interests	A8(a)(i)	**(311)**	(4,100)
- warrants in a subsidiary company		**-**	(749)
Advance to an associated company		**-**	(1,216)
Distribution from an associated company		**11,950**	-
Dividends received		**40,640**	28,490
Expenditure incurred on investment properties		**(2,068)**	(11,053)
Funds distribution income received		**4,747**	4,038
Net cash outflow upon deemed disposal of a subsidiary company		**-**	(3,646)
Proceeds from disposals of:			
- available-for-sale securities		**-**	1,165
- investment properties		**-**	8,299
- property, plant and equipment		**30,467**	164
Sub-total carried forward		**85,425**	21,392

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2018 (CONT'D)

	Note	**Current year to date ended 30.9.2018 RM'000**	Preceding year to date ended 30.9.2017 RM'000
Cash Flows From Investing Activities (Cont'd)			
Sub-total brought forward		**85,425**	21,392
Purchase of:			
- land held for property development		**(116,213)**	(118,321)
- plant and equipment		**(19,517)**	(21,991)
- software licenses		**(71)**	(79)
Net cash used in investing activities		**(50,376)**	(118,999)
Cash Flows From Financing Activities			
Dividends paid to:			
- Owners of the Company		**(72,702)**	(69,240)
- non-controlling interests		**(1,007)**	(1,190)
Drawdown of borrowings		**149,743**	252,816
Expenses incurred on borrowings and medium term notes		**(2,527)**	-
Interest paid		**(58,999)**	(55,733)
Proceeds from:			
- exercise of warrants of subsidiary companies		**16**	383
- issuance of medium term notes		**250,000**	-
- issuance of Sukuk Murabahah		**93,971**	-
Drawdown of revolving credits - net		**42,620**	89,677
Redemption of medium term notes / Sukuk Murabahah	A5(c),(d)	**(234,907)**	-
Repayment of borrowings		**(189,335)**	(192,944)
Net cash (used in)/generated from financing activities		**(23,127)**	23,769
Net decrease in cash and cash equivalents		**(50,798)**	(19,557)
Effects of exchange rate changes		**48**	(9,265)
Cash and cash equivalents at the beginning of the period		**424,157**	418,396
Cash and cash equivalents at the end of the period		**373,407**	389,574
Cash and cash equivalents comprised:			
Cash, bank balances and short term funds		**373,407**	390,360
Bank overdrafts		**-**	(786)
		373,407	389,574

(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 2017)

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2018

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 ("Bursa Securities")

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 2017 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 2017.

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 2017.

(a) The Group adopted the following amendments to published standards and interpretation to the existing MFRSs and standard issued by MASB that are applicable and effective for the Group's financial year beginning on 1 January 2018:

(i) Amendment to MFRS 2 'Share-based Payment'

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.

(ii) Annual Improvements to MFRS Standards 2014-2016 Cycle

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.

A1. Basis of preparation (Cont'd)

(a) The Group adopted the following amendments to published standards and interpretation to the existing MFRSs and standard issued by MASB that are applicable and effective for the Group's financial year beginning on 1 January 2018: (Cont'd)

(iii) Amendments to MFRS 140 'Investment Property'

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.

(iv) IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The IC Interpretation 22 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 non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency.

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

(v) Adoption of MFRS 9 'Financial Instruments' ("MFRS 9")

MFRS 9 releases new classification and measurement requirements for financial assets on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. MFRS 9 introduces new expected credit loss model that replaces the incurred loss model used in MFRS 139 'Financial Instruments: Recognition and Measurement'. MFRS 9 also simplifies new hedge accounting model where the hedged ratio is required to be the same as the one used by an entity's management for risk management purposes. The details of these new requirements as well as their impact to the Group are disclosed below:

The Group has applied MFRS 9 in accordance with the transition provisions.

Classification and measurement of financial assets under MFRS 9

For classification under MFRS 9, there are three primary classification for financial assets: amortised cost ("AC"), fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVTOCI").

Under MFRS 9, the entity's business model does not depend on management's intention for an instrument, it is a matter of fact that can be observed by way an entity is managed and information is provided to its key management. Thus, same instrument may classify in all three classifications depending on its model for managing the assets.

The Group has applied the requirements of MFRS 9 to instruments that have not been derecognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018.

A1. Basis of preparation (Cont'd)

(a) The Group adopted the following amendments to published standards and interpretation to the existing MFRSs and standard issued by MASB that are applicable and effective for the Group's financial year beginning on 1 January 2018: (Cont'd)

(v) Adoption of MFRS 9 'Financial Instruments' ("MFRS 9") (Cont'd)

Classification and measurement of financial assets under MFRS 9 (Cont'd)

As at 1 January 2018, the Group reviewed and assessed the Group's existing financial assets based on the facts and circumstances that existed at that date and concluded that the classification of financial assets as mentioned above have no impact to the Group as the financial assets that were previously measured at FVTPL and at AC under MFRS 139 remained as such under MFRS 9.

Impairment of financial assets under MFRS 9

The expected credit loss model under MFRS 9 requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The expected credit loss model will have a greater provisions and earlier recognition of credit losses as compared with incurred loss model under MFRS 139.

The Group assesses the expected credit losses of the financial assets carried at amortised cost with incorporation of available forward looking information without undue cost or effort in accordance with the requirements of MFRS 9.

Classification and measurement of financial liabilities under MFRS 9

MFRS 9 retains most of the MFRS 139 requirements for financial liabilities. These include amortised cost accounting for most financial liabilities including 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.

The classification and measurement of financial liabilities under MFRS 9 have no impact to the Group.

Hedge accounting under MFRS 9

The new hedge accounting requirements under MFRS 9 retain the three types of hedge accounting: fair value hedge, cash flow hedge and hedge of a net investment in a foreign operation. However, the greater flexibility has been given to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test which of ruled-based has been replaced with an objective-based test included the principle of an 'economic relationship'.

The Group dealt with cross-currency interest rate swap which used solely for cash flow hedge. Under MFRS 9, there are no rebalancing of any of the hedging relationships was necessary as the critical terms of the hedging instruments match those of their corresponding hedged items, all hedging relationship continue to be effective under MFRS 9 effectiveness assessment requirements. The Group has also not designated any new hedging relationships under MFRS 9 that would not have met the qualifying hedge accounting criteria. As such, the new hedge accounting have no impact to the Group.

A1. Basis of preparation (Cont'd)

(a) The Group adopted the following amendments to published standards and interpretation to the existing MFRSs and standard issued by MASB that are applicable and effective for the Group's financial year beginning on 1 January 2018: (Cont'd)

(v) Adoption of MFRS 9 'Financial Instruments' ("MFRS 9") (Cont'd)

The effects of adoption of MFRS 9 for the Group on items of the Statement of Financial Position as at 1 January 2018 are as follows:

Statement of Financial Position	As at 31.12.2017 RM'000	Effects of adoption of MFRS 9 RM'000	As at 1.1.2018 RM'000
Assets			
Trade receivables	30,170	(1,597)	28,573
Investment in an associated company	3,443,134	(124,711)	3,318,423
Equity			
Retained profits	2,363,172	(127,904)	2,235,268
Non-controlling interests	68,234	(44)	68,190
Foreign exchange reserves	42,969	26	42,995
Other reserves	4,110	1,614	5,724

(b) 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 the current financial year:

(i) <u>For financial year beginning on/after 1 January 2019</u>

(1) MFRS 16 'Leases'

MFRS 16 supersedes MFRS 117 ‘Leases’ and its related interpretations.

MFRS 16 introduces a new model for lessee accounting which eliminates the distinction between finance and operating leases. MFRS 16 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months. Off-balance sheet lease commitment disclosed previously is required to be accounted based on rights and obligations approach under MFRS 16. For lessors, MFRS 16 requires enhanced disclosure on the information about lessors' risk exposure, particularly to residual value risk.

(2) IC 23 Uncertainty over Income Tax Treatments

IC 23 clarifies the application on the recognition and measurement requirements in MFRS 112 when there is uncertainty over income tax treatments. In the circumstance of uncertainty over income tax treatment, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in MFRS 112 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and shall assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making these examinations.

A1. Basis of preparation (Cont'd)

(b) 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 the current financial year: (Cont'd)

(i) <u>**For financial year beginning on/after 1 January 2019 (Cont'd)**</u>

(3) Amendments to MFRS 9

Amendments to MFRS 9 allows companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

(4) Amendments to MFRS 128 'Investments in Associates and Joint Ventures'

Amendments to MFRS 128 'Investments in Associates and Joint Ventures' clarifies that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint venture to which the equity method is not applied.

(5) Annual Improvements to MFRS Standards 2015-2017 Cycle

Annual Improvements to MFRS Standards 2015-2017 Cycle cover minor amendments to MFRS 3 'Business Combinations', MFRS 11 'Joint Arrangements', and MFRS 112 'Income Taxes' and MFRS 123 'Borrowing Costs'.

MFRS 3 'Business Combinations' has been amended to clarify that when a party to a joint arrangement (as defined in MFRS 11 Joint Arrangements) obtains control of a business that is a joint operation (as defined in MFRS 11), and had rights to the assets and obligations for the liabilities relating to that joint operation immediately before the acquisition date, the transaction is a business combination achieved in stages. The acquirer shall therefore apply the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation. In doing so, the acquirer shall remeasure its entire previously held interest in the joint operation.

MFRS 11 'Joint Arrangements' has been amended to clarify that a party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in MFRS 3. In such cases, previously held interests in the joint operation are not remeasured.

MFRS 112 'Income Taxes' has been amended to clarify an entity shall recognise the income tax consequences of dividends as defined in MFRS 9 when it recognises a liability to pay a dividend and an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

A1. Basis of preparation (Cont'd)

(b) 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 the current financial year: (Cont'd)

(i) For financial year beginning on/after 1 January 2019 (Cont'd)

(5) Annual Improvements to MFRS Standards 2015-2017 Cycle (Cont'd)

MFRS 123 'Borrowing Costs' has been amended to clarify that to the extent that an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to all borrowings of the entity that are outstanding during the period, other than borrowings. However, an entity shall exclude from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete. The amount of borrowing costs that an entity capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period.

(ii) For financial year beginning on/after 1 January 2020

The following Standards have been amended to update the references and quotations in these Standards according to the revised Conceptual Framework:

Amendments to MFRS 2	Share-Based Payment
Amendment to MFRS 3	Business Combinations
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendment to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendment to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to MFRS 138	Intangible Assets
Amendment to IC Interpretation 12	Service Concession Arrangements
Amendment to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendment to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendment to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132	Intangible Assets - Web Site Costs

A1. Basis of preparation (Cont'd)

(b) 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 the current financial year: (Cont'd)

(iii) Standard deferred to a date to be determined by MASB

Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The amendments clarify that gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture and gains and losses resulting from transactions involving the sale or contribution to an associate of a joint venture of assets that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by MASB. Earlier application is permitted.

The Group is currently assessing the impact of adoption of the new standard and amendments to existing MFRSs and IC interpretations.

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

Save as disclosed below, there were no issuances, repurchases and repayments of debt and equity securities of the Company for the current year to date.

(a) Share buybacks/Treasury shares of the Company

The shares repurchased are being held as treasury shares and treated in accordance with the requirements of Section 127 of the Companies Act 2016. There were no share buybacks during the current year to date. 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 1.1.2018 / 30.9.2018	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 on 4 August 2015. Each Warrants C 2015/2020 entitles the holder to subscribe for one (1) new ordinary share of RM1.00 each in the Company at an exercise price of RM1.80 per share by cash.

In year 2016 and 2017, the Company issued 12,374 new ordinary shares pursuant to the exercise of Warrants C 2015/2020 at an exercise price of RM1.80 per ordinary share by cash.

On 29 November 2017, the Company issued 118,856,788 additional Warrants C 2015/2020 pursuant to the Bonus Issue of Warrants, which were listed on the Main Market of Bursa Securities on 30 November 2017. The exercise price was adjusted from RM1.80 to RM1.20 per share in accordance with Condition 3(i) of the Third Schedule of the Deed Poll dated 7 July 2015 constituting the Warrants C 2015/2020 provides that the exercise price and/or the number of warrants shall from time to time be adjusted, calculated or determined by the Board.

As at 30 September 2018, the total number of Warrants C 2015/2020 which remained unexercised was 356,577,165 (31 December 2017: 356,577,165).

(c) Medium Term Note Programme ("MTN 1") for the issuance of medium term notes of up to RM990.00 million in nominal value

On 15 October 2015, the Company lodged with the Securities Commission Malaysia ("SC") all the required information and relevant documents relating to the MTN 1 pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by SC. The MTN 1 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 1 is unrated and has a tenure of fifteen (15) years from the date of its first issuance.

The terms of the MTN 1 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 1.
(ii) the Company shall maintain a security cover ratio of not less than 1.50 times throughout the tenure of the MTN 1.
(iii) the Company shall maintain a Debt Service Reserve Account ("DSRA") of a minimum amount equivalent to one interest payment. 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.

On 30 October 2015, the Company issued MTN 1 of RM750.00 million to refinance its bridging borrowings. The MTNs were issued in 12 tranches with maturities commencing from year 2017 to year 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 MTN 1 of RM100.00 million and RM90.11 million for working capital 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 1 remained unchanged other than the withdrawals of the unutilised balance sum of RM9.90 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 RM200.00 million for its working capital purpose.

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

(c) Medium Term Note Programme ("MTN 1") for the issuance of medium term notes of up to RM990.00 million in nominal value (Cont'd)

The MTN 1 are secured by:

(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.

On 30 November 2016, the Company redeemed RM100.00 million from the MTN 1 issued on 30 October 2015.

On 30 April 2018 and 17 May 2018, the Company redeemed a total of RM223.91 million of the MTN 1 which was issued between October 2015 to December 2016.

As at 30 September 2018, the DSRA balance was RM3.90 million (2017: RM3.80 million) and the balance outstanding MTN 1 was RM616.21 million. The interest rates of MTN 1 were ranging from 4.75% to 5.00% per annum.

(d) Sukuk Murabahah Programme ("Sukuk 1") and Medium Term Note Programme ("MTN 2") both programmes for the issuance of medium term notes and Sukuk with a combined limit up to RM1.80 billion in nominal value

On 9 March 2018, OSK I CM Sdn. Bhd. ("OSKICM"), a wholly-owned subsidiary company of the Company, has lodged a Sukuk with the SC. On 20 April 2018, OSKICM has lodged MTN 2 and re-lodged the Sukuk 1 with the SC all the required information and relevant documents pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by SC. Both Sukuk 1 and MTN 2 have a combined limit of up to RM1.80 billion.

The programmes will give OSKICM the flexibility to raise funds via the issuance of Sukuk 1 or MTN 2, which can be utilised for working capital requirements and repay the Group's borrowings. The Sukuk 1 and MTN 2 are unrated, tradable and transferable and both programmes are perpetual.

The terms of the Sukuk 1 and MTN 2 contain various covenants, including the following:

(i) the Group shall maintain a gearing ratio of not exceeding 1.50 times at all times throughout the tenure of the Programme.
(ii) OSKICM, shall set up or procure Trustees' Reimbursement Account with a sum of RM30,000.00 which shall be maintained at all times throughout the tenure of the Programme.

On 28 June 2018, OSKICM issued the Tranche 1 of the Sukuk 1 of RM1.00 million for Shariah-compliant working capital and redeemable on 27 June 2019.

The Tranche 1 of Sukuk 1 are secured by:

(i) the present and future rights (including but not limited to the right to sue and demand), titles, interests and benefits in the fixed deposit receipts and all monies from time to time standing to the credit of the islamic fixed deposit including any profits or dividends earned in respect thereof; and
(ii) islamic fixed deposit evidenced by the fixed deposit receipts.

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

(d) Sukuk Murabahah Programme ("Sukuk 1") and Medium Term Note Programme ("MTN 2") both programmes for the issuance of medium term notes and Sukuk with a combined limit up to RM1.80 billion in nominal value (Cont'd)

On 23 July 2018, OSKICM issued Tranche 2 of the Sukuk 1 of RM92.97 million in 13 series with maturities commencing from year 2021 to year 2024, redeemable every 3 months commencing 36 months after the first issuance date.

The Tranche 2 of Sukuk 1 are secured by:

(i) all its rights, titles, interests and benefits in and under the proceeds account for Tranche 2 ("Tranche 2 Proceeds Account") maintained by Perspektif Vista Sdn. Bhd. ("PV") and all monies from time to time standing to the credit thereto;
(ii) a third party land charge under the provisions of the National Land Code, 1965;
(iii) a third party debenture creating a first ranking fixed and floating charge over all its present and future assets; and
(iv) the Company shall maintain a Finance Service Reserve Account ("FSRA") of a minimum amount equivalent to three periodic profit payments.

On 28 September 2018, OSKICM fully redeemed RM1.00 million Tranche 1 of the Sukuk 1 issued on 28 June 2018.

On 30 April 2018, OSKICM issued Tranche 1 of MTN 2, first series of RM50.00 million, redeemable on 30 April 2021. On 17 May 2018, OSKICM further issued 3 series MTN 2 Tranche 1 of RM200.00 million with maturities commencing from year 2023 to year 2028.

The Tranche 1 of MTN 2 are secured by:

(i) all its rights, titles, interests and benefits in and under the proceeds account for Tranche 1 ("Tranche 1 Proceeds Account") maintained by OSKICM and all monies from time to time standing to the credit thereto; and
(ii) such number of issued and fully paid up ordinary shares in an associated company of the Company acceptable to the Security Trustee ("Tranche 1 Pledged Shares"), in each case held by OSKICM, to meet the security cover of at least 2.0 times calculated in accordance with the provisions of the memorandum of deposit of shares.

On 29 June 2018, OSKICM redeemed RM10.00 million Tranche 1 of the MTN 2 issued on 30 April 2018.

As at 30 September 2018, the FSRA balance was RM1.14 million and the balance outstanding Sukuk 1 and MTN 2 were RM332.97 million. The profit rates of Sukuk 1 and interest rates of MTN 2 were ranging from 4.08% to 5.13% per annum.

A6. Dividends paid during the current year to date

On 13 June 2018, the Company paid a final single-tier dividend of 3.5 sen per share amounting to RM72.70 million in respect of the preceding financial year ended 31 December 2017.

A7. Segmental information

The Group's businesses are 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	-	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.

The Group monitors the operating results of its business segments separately for the purpose of making decision about resources allocation and performance assessment. Business segment performance is evaluated based on operating profit or loss which in certain aspects is measured differently from profits or loss in the consolidated financial statements. The Group income taxes are not allocated to operating segment.

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. During the year to date, there is no single external customers amount to 10 percent or more of the Group's revenue.

Basis of segmentation and related measurement of segment revenue, results, total assets and liabilities have no material change, other than certain comparative figures have been reclassified to conform with current year's presentation to reflect its nature of business activities involved. Such reclassifications merely improve disclosure of business performance 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 30.9.2018						
Revenue						
Total revenue	**526,928**	**211,491**	**217,257**	**86,238**	**270,365**	**1,312,279**
Inter-segment revenue	**(2,808)**	**(200,992)**	**(1,332)**	**(324)**	**(13,672)**	**(219,128)**
Dividends from:						
- subsidiary companies	**-**	**-**	**-**	**-**	**(165,859)**	**(165,859)**
- an associated company	**-**	**-**	**-**	**-**	**(40,617)**	**(40,617)**
Revenue from external parties	**524,120**	**10,499**	**215,925**	**85,914**	**50,217**	**886,675**
Results						
Segment profit/(loss)	**49,503**	**6,049**	**21,368**	**12,508 #**	**(34,537)**	**54,891**
Share of results of associated companies and a joint venture	**19,384**	**-**	**-**	**-**	**162,444**	**181,828**
	68,887	**6,049**	**21,368**	**12,508**	**127,907**	**236,719**
Inter-segments eliminations	**-**	**1,371**	**-**	**-**	**(4,666)**	**(3,295)**
Profit before tax	**68,887**	**7,420**	**21,368**	**12,508**	**123,241**	**233,424**
Tax expense						**(36,739)**
Profit after tax						**196,685**
Preceding year to date ended 30.9.2017						
Revenue						
Total revenue	531,985	218,280	220,908	82,657	453,239	1,507,069
Inter-segment revenue	(1,280)	(195,382)	(3,591)	(455)	(11,401)	(212,109)
Dividends from:						
- subsidiary companies	-	-	-	-	(374,686)	(374,686)
- an associated company	-	-	-	-	(28,432)	(28,432)
Revenue from external parties	530,705	22,898	217,317	82,202	38,720	891,842
Results						
Segment profit/(loss)	58,023	12,283	19,153	(3,579)	159,885 *	245,765
Share of results of associated companies and a joint venture	541	-	-	-	136,465	137,006
	58,564	12,283	19,153	(3,579)	296,350	382,771
Inter-segments eliminations	-	(3,794)	-	-	(3,570)	(7,364)
Profit/(Loss) before tax	58,564	8,489	19,153	(3,579)	292,780	375,407
Tax expense						(31,850)
Profit after tax						343,557

Included a gain of RM17.50 million on disposal of a hotel property in Australia.
* Included a gain on deemed disposal of RM177.61 million of a subsidiary company.

	Property	Construction	Industries	Hospitality	Financial Services & Investment Holding	Consolidated
Comparison of profit/(loss) before tax:						
Increase/(Decrease) in profit/(loss) before tax	10,323	(1,069)	2,215	16,087	(169,539)	(141,983)
Percentage of increase/(decrease)	18%	(13%)	12%	>100%	(58%)	(38%)

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 30.9.2018						
Assets						
Tangible assets	**2,904,952**	**83,304**	**281,007**	**495,864**	**596,190**	**4,361,317**
Intangible assets	**451**	**-**	**-**	**-**	**1,075**	**1,526**
	2,905,403	**83,304**	**281,007**	**495,864**	**597,265**	**4,362,843**
Investments in associated companies and a joint venture	**525,604**	**-**	**-**	**-**	**2,908,917**	**3,434,521**
Segment assets	**3,431,007**	**83,304**	**281,007**	**495,864**	**3,506,182**	**7,797,364**
Deferred tax assets and tax recoverable						**139,185**
Total assets						**7,936,549**
Liabilities						
Segment liabilities	**1,181,447**	**121,697**	**57,673**	**272,211**	**1,559,236**	**3,192,264**
Deferred tax liabilities and tax payable						**153,977**
Total liabilities						**3,346,241**
As at 31.12.2017						
Assets						
Tangible assets	2,926,574	76,992	216,400	502,916	606,758	4,329,640
Intangible assets	531	-	-	-	1,195	1,726
	2,927,105	76,992	216,400	502,916	607,953	4,331,366
Investments in associated companies and a joint venture	529,358	-	-	-	2,913,776	3,443,134
Segment assets	3,456,463	76,992	216,400	502,916	3,521,729	7,774,500
Deferred tax assets and tax recoverable						128,169
Total assets						7,902,669
Liabilities						
Segment liabilities	1,235,556	137,885	45,986	269,768	1,458,634	3,147,829
Deferred tax liabilities and tax payable						147,916
Total liabilities						3,295,745

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, Vietnam, British Virgin Islands and Cayman 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 30.9.2018				
Revenue	**859,698**	**301**	**26,676**	**886,675**
Profit/(Loss) before tax	**222,002**	**12,247** #	**(825)**	**233,424**
Preceding year to date ended 30.9.2017				
Revenue	864,138	2,692	25,012	891,842
Profit/(Loss) before tax	217,431	158,731 *	(755)	375,407

Included a gain of RM17.50 million on disposal of a hotel property in Australia.

* Included a gain on deemed disposal of RM177.61 million of a subsidiary company.

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

	Malaysia RM'000	Others RM'000	Consolidated RM'000
As at 30.9.2018			
Non-current assets ^	**2,309,452**	**5,476**	**2,314,928**
As at 31.12.2017			
Non-current assets ^	2,276,540	5,748	2,282,288

^ The non-current assets excluding financial instruments, deferred tax assets and investments in associated companies and a joint venture are presented based on the geographical location of the assets.

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

(a) Changes in equity interests in PJ Development Holdings Berhad ("PJD")

(i) Acquisitions of additional equity interests from non-controlling interests of PJD

From 1 January 2018 to 30 September 2018, the Company further acquired the following ordinary shares of PJD:

	Shares
Number of units	207,100
Average price per share (RM)	1.50
Total purchase consideration (RM)	310,650

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

	RM'000
Net assets acquired from non-controlling interests	(486)
Gains on consolidation recognised in equity	175
Cash outflow on acquisitions of additional ordinary shares in PJD	(311)

(ii) Issuance of 16,100 PJD's ordinary shares pursuant to conversion of PJD's Warrants C

From 1 January 2018 to 30 September 2018, PJD, a subsidiary company of the Company, issued 16,100 new ordinary shares for cash pursuant to the exercise of warrants at an exercise price of RM1.00 cash for the equivalent numbers by the registered holders.

Accordingly, the Company's effective interest in PJD's ordinary shares and warrants increased from 96.93% to 96.96% and from 91.87% to 91.88% respectively.

(b) Incorporation of L26 Tower Sdn. Bhd.

On 17 January 2018, OSK Property Holdings Berhad ("OSKP"), a subsidiary company of the Company incorporated a wholly-owned subsidiary company, L26 Tower Sdn. Bhd., with an issued and paid up capital of RM1,000 comprising of 1,000 ordinary shares.

(c) Incorporation of OSK I CM Sdn. Bhd. ("OSKICM")

On 18 January 2018, the Company incorporated a wholly-owned subsidiary company, OSKICM, with an issued and paid up capital of RM1,000 comprising of 1,000 ordinary shares.

(d) Proposed Listing of the shares of OCC Cables Limited ("OCC Cables"), a wholly-owned subsidiary company of OSK Industries Limited ("OSK Industries") which in turn is a wholly-owned subsidiary company of PJD, which in turn is a subsidiary company of the Company, on the Main Board of The Stock Exchange of Hong Kong Limited ("HK Exchange") ("Proposed Listing of OCC Cables")

On 26 March 2018, the Company announced on Bursa Securities that the Company is considering to list its cables business on the Main Board operated by The Stock Exchange of Hong Kong Limited ("HK Exchange").

On 27 March 2018, PJD acquired the entire issued and paid up capital of OSK Industries, an exempted company incorporated in the Cayman Islands from Reid Services Limited for a total consideration of HKD0.01. Subsequent to the aforesaid acquisition, PJD had on even date further subscribed for 19,999,999 ordinary shares of HKD0.01 each in the capital of OSK Industries. Consequently, OSK Industries and its wholly-owned subsidiary companies, namely OCC Cables and OCC Malaysia Sdn. Bhd. ("OCC Malaysia"), became the indirect subsidiary companies of the Company through PJD.

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

(d) Proposed Listing of the shares of OCC Cables Limited ("OCC Cables"), a wholly-owned subsidiary company of OSK Industries Limited ("OSK Industries") which in turn is a wholly-owned subsidiary company of PJD, which in turn is a subsidiary company of the Company, on the Main Board of The Stock Exchange of Hong Kong Limited ("HK Exchange") ("Proposed Listing of OCC Cables") (Cont'd)

On 28 March 2018, OCC Malaysia entered into a Share Sale Agreement with OCC Cables Berhad ("OCCB"), a wholly-owned subsidiary company of PJD, to acquire the entire equity interest of Olympic Cable Company Sdn. Bhd. ("Olympic") for a total consideration of RM128,213,000, which has been arrived at based on the net assets of Olympic and its subsidiary company, namely OVI Cables (Vietnam) Co., Ltd. ("OVI"), as at 31 December 2017 ("Proposed Acquisition"). Upon the completion of the Proposed Acquisition, Olympic will become a wholly-owned subsidiary company of OCC Malaysia and OVI will become an indirect subsidiary company of OCC Malaysia.

On 29 March 2018, RHB Investment Bank Berhad ("RHBIB"), on behalf of the Board, announced that the Company proposes to undertake the Proposed Listing of OCC Cables and that the Company had, on even date, through Fortune Financial Capital Limited, the sole sponsor of the Proposed Listing of OCC Cables, submitted an application to the HK Exchange for the Proposed Listing of OCC Cables.

The Proposed Listing of OCC Cables, should it materialise, will constitute a deemed disposal by the Group arising from the dilution of no more than 30% of equity interest in OCC Cables. It is proposed that, upon the completion of the Proposed Listing of OCC Cables, the Company will continue to be a controlling shareholder indirectly holding no less than 70% of the enlarged issued share capital of OCC Cables. Further details of the Proposed Listing of OCC Cables are set out in the Circular to Shareholders dated 7 May 2018.

At Extraordinary General Meeting (EGM) held on 24 May 2018, the Company obtained its Shareholders' approval on the Proposed Listing of OCC Cables.

On 27 June 2018, the Company announced on Bursa Securities that OCC Malaysia and OCCB had mutually agreed in writing to extend the completion date of the Proposed Acquisition for another three months from 27 June 2018 to 27 September 2018, in accordance with the terms of the Share Sale Agreement.

On 12 September 2018, the Proposed Acquisition was duly completed. The Proposed Acquisition does not have any material impact to the Group.

On 28 September 2018, approval in-principle for the application of the Proposed Listing were obtained from the Stock Exchange of Hong Kong Limited.

(e) Proposed of de-registration of Swiss-Garden International Hotels & Resorts (Australia) Pty. Ltd. ("SGIH&R")

On 17 September 2018, SGIH&R, a wholly-owned subsidiary company of Swiss-Garden International Sdn. Bhd., which is a wholly-owned subsidiary company of PJD, which in turn is a subsidiary company of the Company, has applied to the Australian Securities & Investments Commission ("ASIC") for de-registration.

The de-registration of SGIH&R does not have any material financial effect to the Group.

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

Proposed listing of OCC Cables

Further to the details as disclosed in Note 8(d) above.

On 5 October 2018, the Prospectus of OCC Cables was issued and the offering of OCC Cables begun on 5 October 2018 and closed on 11 October 2018.

On 12 October 2018, in view of the adverse global market conditions during the period, the management has decided not to proceed with the Listing as scheduled.

A10. Commitments

	As at 30.9.2018 RM'000	As at 31.12.2017 RM'000
(a) Significant unrecognised contractual commitments		
Contracted but not provided for:		
- Acquisition of plant, equipment and software	**2,296**	3,927
- Construction of an investment property	**23,913**	24,712
- Professional fee for corporate exercise	**-**	308
- Renovation costs	**5,109**	-
	31,318	28,947
(b) Operating lease commitments		
(i) The Group as lessee		
Not later than one year	**5,225**	5,313
Later than one year and not later than five years	**3,119**	5,235
Later than five years	**1,201**	2,293
	9,545	12,841
(ii) The Group as lessor		
Not later than one year	**25,585**	20,167
Later than one year and not later than five years	**33,961**	14,831
Later than five years	**33,305**	36,899
	92,851	71,897

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/(Expenses) Current year to date ended 30.9.2018 RM'000
(a) Associated companies:		
Agile PJD Development Sdn. Bhd.	- Rental income	331
Canggih Pesaka Sdn. Bhd.	- Office rental expense	(377)
RHB Asset Management Sdn. Bhd.	- Fund distribution income	1,561
RHB Bank Berhad	- Office rental income	604
	- Interest income	489
	- Interest expense	(32,850)
	- Commitment fee	(420)
RHB Investment Bank Berhad	- Office rental income	445
RHB Nominees (Tempatan) Sdn. Bhd.	- Custodial and service fee expense	(215)
(b) Other related parties:		
Dindings Consolidated Sdn. Bhd.	- Construction revenue	987
	- Office rental income	486
Dindings Construction Sdn. Bhd.	- Construction cost	(691)
Dindings Design Sdn. Bhd.	- Renovation costs	(10,838)
Dindings Risks Management Services Sdn. Bhd.	- Insurance premium expense	(234)
DC Services Sdn. Bhd.	- Insurance premium expense	(1,167)
Nova Terrace Sdn. Bhd.	- Project management fee income	900
Raslan Loong, Shen & Eow	- Legal fees expense	(752)
Sincere Source Sdn. Bhd.	- Insurance premium expense	(1,530)

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 amounts, net of collective and 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 30.9.2018				
Non-financial assets				
Biological assets	**-**	**-**	**207**	**207**
Investment properties	**-**	**354,403**	**360,608**	**715,011**
Financial assets				
Securities at fair value through profit or loss	**234**	**-**	**-**	**234**
	234	**354,403**	**360,815**	**715,452**
As at 31.12.2017				
Non-financial assets				
Biological assets	-	-	80	80
Investment properties	-	353,382	359,561	712,943
Financial assets				
Derivative assets	-	17,742	-	17,742
Securities at fair value through profit or loss	299	-	-	299
	299	371,124	359,641	731,064

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.

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 current year to date ended 30 September 2018

The Group's overview financial performance is shown as follows:

	Current quarter ended 30.9.2018 3Q18 RM'000	Comparative quarter ended 30.9.2017 3Q17 RM'000	% change	**Current year to date ended 30.9.2018 9M18 RM'000**	Preceding year to date ended 30.9.2017 9M17 RM'000	% change
Overall performance analysis						
Revenue	**351,240**	314,453	12%	**886,675**	891,842	(1%)
Pre-tax profit from the business	**13,777**	20,822	(34%)	**51,596**	60,789	(15%)
Share of results of associated companies and a joint venture	**58,840**	44,905	31%	**181,828**	137,006	33%
	72,617	65,727	10%	**233,424**	197,795	18%
Gain on deemed disposal of a subsidiary company	**-**	177,612		**-**	177,612	
Pre-tax profit	**72,617**	243,339	(70%)	**233,424**	375,407	(38%)
Profit before interest and tax	**91,453**	261,820	(65%)	**292,423**	431,140	(32%)
Profit after tax	**63,791**	231,675	(72%)	**196,685**	343,557	(43%)
Profit attributable to Owners of the Company	**63,522**	226,828	(72%)	**193,838**	337,409	(43%)
Pre-tax profit analysis for business segments						
1. Property	**26,950**	15,051	79%	**68,887**	58,564	18%
2. Construction	**2,081**	4,308	(52%)	**7,420**	8,489	(13%)
3. Industries	**8,018**	6,812	18%	**21,368**	19,153	12%
4. Hospitality	**2,253**	(886)	>100%	**12,508**	(3,579)	>100%
Capital Financing	*7,282*	*6,947*	*5%*	*20,404*	*25,139*	*(19%)*
Investment Holding	*26,033*	*211,107*	*(88%)*	*102,837*	*267,641*	*(62%)*
5. Financial Services and Investment Holding	**33,315**	218,054	(85%)	**123,241**	292,780	(58%)
Pre-tax profit	**72,617**	243,339	(70%)	**233,424**	375,407	(38%)

B1. Performance analysis of the Group for the current quarter and current year to date ended 30 September 2018 (Cont'd)

(a) Current Year To Date ("9M18") compared with Preceding Year To Date ("9M17")

The Group registered revenue of RM886.68 million in 9M18 compared with revenue of RM891.84 million in 9M17, representing a slight decrease of RM5.16 million or 1% in revenue. Excluding the one-off gains, the Group reported higher profit of RM215.92 million compared with RM197.80 million in 9M17, representing an increase of RM18.12 million or 9% in pre-tax profit which was mainly contributed from Property, Industries, Financial Services and Investment Holding Segments offset against the lower contributions from Construction and Hospitality Segment. The one-off gains included a gain of RM17.50 million on disposal of a hotel property in Australia in 9M18 and a gain on deemed disposal of RM177.61 million in 9M17 arising from the dilution of equity interest in a subsidiary company in Melbourne, Australia and realisation of foreign exchange reserve.

The Property Segment registered revenue of RM524.12 million and pre-tax profit of RM68.89 million in 9M18 compared with revenue of RM530.71 million and pre-tax profit of RM58.56 million in 9M17, representing a slight decrease of RM6.59 million or 1% in revenue and an increase of RM10.33 million or 18% in pre-tax profit. The reduction in revenue was due to several projects were completed in 9M17 and new projects are still in the early stage of development in 2018. Despite the slightly lower revenue, the Segment recorded higher pre-tax profit, mainly due to higher share of results of an associated company, Agile PJD Development Sdn. Bhd., which contributed RM24.75 million in 9M18 compared to RM3.69 million in 9M17 due to additional progress billings as the construction reaches advance stages. In addition, the Property Investment Division saw a higher pre-tax profit in 9M18 as compared to 9M17 due to higher occupancy rate achieved at Plaza OSK.

The Construction Segment generated total revenue of RM211.49 million and pre-tax profit of RM7.42 million in 9M18 compared with total revenue of RM218.28 million and pre-tax profit of RM8.49 million in 9M17, representing a decrease of RM6.79 million or 3% in total revenue and RM1.07 million or 13% in pre-tax profit. The decrease in revenue and profits were mainly due to completion of external project and recognition of construction billings from internal projects.

The Industries Segment registered revenue of RM215.93 million and pre-tax profit of RM21.37 million in 9M18 compared with revenue of RM217.32 million and pre-tax profit of RM19.15 million in 9M17, representing a slight decrease of RM1.39 million or 1% in revenue and an increase of RM2.22 million or 12% in pre-tax profit. Despite a slight decrease in revenue, the pre-tax profit in 9M18 increased mainly due to better production capacity and efficiency achieved for its cable production, which resulted in higher profit margin.

The Hospitality Segment registered revenue of RM85.91 million and pre-tax profit of RM12.51 million in 9M18 compared with revenue of RM82.20 million and pre-tax loss of RM3.58 million in 9M17, representing an increase of RM3.71 million or 5% in revenue and an improvement of RM16.09 million in pre-tax performance. Despite higher revenue achieved, the Segment recorded a pre-tax loss of RM4.99 million (excluding the one-off gain from the disposal of a hotel property in Australia) due to the poor performance of the hotels as they suffered low occupancy rates and average room rates at most of the destinations. The poor performance of the Hotel and Resorts Division was partially cushioned by the higher profit from Vacation Club Division.

The Capital Financing Division posted revenue of RM46.56 million and pre-tax profit of RM20.40 million in 9M18 compared with revenue of RM34.70 million and pre-tax profit of RM25.14 million in 9M17, representing an increase of RM11.86 million or 34% in revenue and a decrease of RM4.74 million or 19% in pre-tax profit. The increase in revenue was mainly due to higher interest income generated from higher loan disbursements. Included in pre-tax profit were a write back of allowance for impairment loss of RM0.23 million (9M17: RM4.29 million) and donation of RM2.00 million made to an approved government tax exempt fund in 9M18. Excluding such one-off items Capital Financing Division contributed higher profit of RM1.32 million on the back of higher interest income from higher loan disbursement.

B1. Performance analysis of the Group for the current quarter and current year to date ended 30 September 2018 (Cont'd)

(a) Current Year To Date ("9M18") compared with Preceding Year To Date ("9M17") (Cont'd)

The Investment Holding Division contributed pre-tax profit of RM102.84 million in 9M18 compared to RM267.64 million including a one-off gain on deemed disposal of RM177.61 million in 9M17 arising from the dilution in equity interest in a subsidiary company in Melbourne, Australia and realisation of foreign exchange reserve, representing a decrease of RM164.80 million or 62% in pre-tax profit. Excluding the one-off gain, the pre-tax profit of the Division improved by RM12.81 million or 14% mainly due to higher share of profit of RHB group from RM136.47 million in 9M17 to RM162.44 million in 9M18, which offset by one-off expenses charged to profit or loss of RM12.39 million in relation to the Proposed Listing as disclosed in Note A8(d).

(b) Current Quarter ("3Q18") compared with Comparative Quarter of Preceding Year ("3Q17")

The Group registered revenue of RM351.24 million in 3Q18 compared with revenue of RM314.45 million in 3Q17, representing an increase of RM36.79 million or 12% in revenue. Excluding the one-off items, the Group reported a higher pre-tax profit of RM85.01 million compared with RM65.73 million in 3Q17, representing an increase of RM19.28 million or 29% in pre-tax profit which was mainly contributed by Property, Industries, Financial Services and Investment Holding Segments. The one-off items included the expenses of RM12.39 million in relation to the proposed listing in 3Q18 and a gain on deemed disposal of RM177.61 million in 3Q17 arising from the dilution of equity interest in a subsidiary company in Melbourne, Australia and realisation of foreign exchange reserve thereof.

The Property Segment registered revenue of RM215.39 million and pre-tax profit of RM26.95 million in 3Q18 compared with revenue of RM183.76 million and pre-tax profit of RM15.05 million in 3Q17, representing an increase of RM31.63 million or 17% in revenue and RM11.90 million or 79% in pre-tax profit. The results for 3Q18 was boosted by the progress billings on Windmill and TimurBay projects as they reach advance stages of completion coupled with the higher share of results of an associated company, Agile PJD Development Sdn. Bhd. of RM7.40 million in 3Q18 as compared to RM3.32 million is 3Q17.

The Construction Segment registered total revenue of RM69.84 million and pre-tax profit of RM2.08 million in 3Q18 compared with total revenue of RM88.41 million and pre-tax profit of RM4.31 million in 3Q17, representing a decrease of RM18.57 million or 21% in total revenue and RM2.23 million or 52% in pre-tax profit. The lower performance was mainly due to completion of an external construction project in 3Q18 cushioned by realisation of profit from Windmill and TimurBay projects.

The Industries Segment registered revenue of RM84.71 million and pre-tax profit of RM8.02 million in 3Q18 compared with revenue of RM78.94 million and pre-tax profit of RM6.81 million in 3Q17, representing an increase of RM5.77 million or 7% in revenue and RM1.21 million or 18% in pre-tax profit. The increase in revenue and pre-tax profit of the Segment were mainly due to higher demand for cable products in 3Q18 resulting in higher productivity that gave rise to better profit margin.

The Hospitality Segment registered revenue of RM33.98 million and pre-tax profit of RM2.25 million in 3Q18 compared with revenue of RM28.77 million and pre-tax loss of RM0.89 million in 3Q17, representing an increase of RM5.21 million or 18% in revenue and an improvement of RM3.14 million in pre-tax performance. The improved performance was mainly due to higher memberships sales from Vacation Club Division in 3Q18 offset by the lower occupancy rates at the Hotels and Resorts Division in 3Q18.

The Capital Financing Division registered revenue of RM14.84 million and pre-tax profit of RM7.28 million in 3Q18 compared with revenue of RM12.97 million and pre-tax profit of RM6.95 million in 3Q17, representing an increase of RM1.87 million or 14% in revenue and RM0.33 million or 5% in pre-tax profit. The increase in revenue was mainly due to higher interest income generated in line with higher loan disbursements.

B1. Performance analysis of the Group for the current quarter and current year to date ended 30 September 2018 (Cont'd)

(b) Current Quarter ("3Q18") compared with Comparative Quarter of Preceding Year ("3Q17") (Cont'd)

The Investment Holding Division reported pre-tax profit of RM26.03 million in 3Q18 compared to RM211.11 million in 3Q17, representing a decrease of RM185.08 million or 88% in pre-tax profit. The pre-tax profit in 3Q18 included one-off expenses of RM12.39 million in relation to the proposed listing of a subsidiary charged to profit or loss while the pre-tax profit in 3Q17 comprised one-off gain on deemed disposal of RM177.61 million arising from the dilution in equity interest in a subsidiary company in Melbourne, Australia and realisation of foreign exchange reserve thereof. Excluding the one-off items, the pre-tax profit was improved by RM4.92 million or 15% mainly due to higher contributions from share of RHB group's profit of RM54.02 million in 3Q18 as compared to RM44.70 million in 3Q17.

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 30.9.2018 3Q18 RM'000	Immediate preceding quarter ended 30.6.2018 2Q18 RM'000	% change
Overall performance analysis			
Revenue	**351,240**	252,895	39%
Pre-tax profit from the business	**13,777**	5,292	160%
Share of results of associated companies and a joint venture	**58,840**	60,675	(3%)
Pre-tax profit	**72,617**	65,967	10%
Profit before interest and tax	**91,453**	86,634	6%
Profit after tax	**63,791**	56,512	13%
Profit attributable to Owners of the Company	**63,522**	55,299	15%
Pre-tax profit analysis for business segments			
1. Property	**26,950**	14,774	82%
2. Construction	**2,081**	1,572	32%
3. Industries	**8,018**	5,764	39%
4. Hospitality	**2,253**	(1,339)	>100%
Capital Financing	*7,282*	*4,906*	*48%*
Investment Holding	*26,033*	*40,290*	*(35%)*
5. Financial Services and Investment Holding	**33,315**	45,196	(26%)
Pre-tax profit	**72,617**	65,967	10%

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

Current Quarter ("3Q18") compared with Immediate Preceding Quarter ("2Q18")

The Group registered revenue of RM351.24 million and pre-tax profit of RM72.62 million in 3Q18 compared with revenue of RM252.90 million and pre-tax profit of RM65.97 million in 2Q18, representing an increase of RM98.34 million or 39% in revenue and RM6.65 million or 10% in pre-tax profit. The higher pre-tax profit was mainly contributed by the Property, Industries Segments and Financial Service Division.

The Property Segment recorded revenue of RM215.39 million and pre-tax profit of RM26.95 million in 3Q18 compared with revenue of RM141.83 million and pre-tax profit of RM14.77 million in 2Q18, representing an increase of RM73.56 million or 52% in revenue and RM12.18 million or 82% in pre-tax profit. The increase in pre-tax profit was mainly due to higher sales recorded and progress billings for Windmill and TimurBay projects which were close to completion.

The Construction Segment recorded total revenue of RM69.84 million and pre-tax profit of RM2.08 million in 3Q18 compared with total revenue of RM56.84 million and pre-tax profit of RM1.57 million in 2Q18, representing an increase of RM13.00 million or 23% in total revenue and RM0.51 million or 32% in pre-tax profit. The increase in pre-tax profit was mainly due to higher progress billings from Windmill and TimurBay projects.

The Industries Segment recorded revenue of RM84.71 million and pre-tax profit of RM8.02 million in 3Q18 compared with revenue of RM63.01 million and pre-tax profit of RM5.76 million in 2Q18, representing an increase of RM21.70 million or 34% in revenue and RM2.26 million or 39% in pre-tax profit. The Industries Segment reported higher pre-tax profit mainly due to increase in demand for cable products during the period as customers took the opportunity of the tax-free period to stock-up.

The Hospitality Segment registered revenue of RM33.98 million and pre-tax profit of RM2.25 million in 3Q18 compared with revenue of RM28.63 million and pre-tax loss of RM1.34 million in 2Q18, representing an increase of RM5.35 million or 19% in revenue and an improvement of RM3.59 million in pre-tax performance. The improved performance was mainly due to higher memberships sold by Vacation Club Division in 3Q18 and slightly better revenue from the Hotels and Resorts Division due to more public holidays during 3Q18 that boosted local tourism.

The Capital Financing Division recorded revenue of RM14.84 million and pre-tax profit of RM7.28 million in 3Q18 compared with revenue of RM16.54 million and pre-tax profit of RM4.91 million in 2Q18, representing a decrease of RM1.70 million or 10% in revenue and an increase of RM2.37 million or 48% in pre-tax profit. The decrease in revenue was mainly due to the early settlement by clients and fewer disbursement of loan in 3Q18. Included in 2Q18 pre-tax profit of RM4.91 million was a donation made to an approved government tax exempt fund. Excluding such donation, the pre-tax profit of this Division improved by RM0.37 million or 5% which was mainly due to lower operating expenses incurred in 3Q18 as compared to 2Q18.

The Investment Holding Division contributed pre-tax profit of RM26.03 million in 3Q18, a decrease of RM14.26 million compared to RM40.29 million in 2Q18. The 3Q18 pre-tax profit was impacted by RM12.39 million expenses in relation to the proposed listing that was charged to the profit or loss.

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

(a) Prospects for the remaining year 2018

Performance of the Property Development Division continues to be led by sales and progress billings from the existing projects and new projects launched in Malaysia. Ryan & Miho in Section 13, Petaling Jaya that was launched in 4Q17 and Phase 1 & 2 of Iringan Bayu township in Seremban that was launched in January 2018 and August 2018 respectively with combined gross development value of RM800.00 million continue to receive good response. The Melbourne Square project in Australia recorded strong take-up rate at above 60% since its launch in June 2017 and the construction is progressing as scheduled. The share of profit from Melbourne Square would only be recognised upon completion of the development in accordance with the profit recognition criteria under MFRS 15 'Revenue from Contracts with Customers'. As at 30 September 2018, the Group has unbilled sales of RM1.43 billion with minimal unsold completed stocks as there were continuous effort to sell these unsold properties. The balance land bank is about 1,759 acres with estimated gross development value of RM9 billion.

The Property Investment Division is expected to contribute steady rental income from its commercial and retail tenants. Occupancy rates in Plaza OSK and Faber Towers saw a gradual increase during the period due to various initiatives put in place including completion of the lift modernisation and enhancement at Faber Towers to attract tenants. Despite the challenging retail environment, the average occupancy rate of Atria Shopping Gallery remains fairly strong at above 90% after renewal of tenancies exercise for an average of 2 to 3 years and tenants refreshment in 3Q18.

The Construction Segment will continue to focus on delivering its current order books on a timely manner. The outstanding order book of this Segment stands at RM421.59 million.

The Industries Segment is anticipated to perform satisfactorily as it continues to tap on projects from the private and public sectors undertaken by its customers and continues to tap into new customer base and expansion of product types.

The Hospitality Segment is expected to improve with marketing efforts to attract local and foreign travellers. Renovation plans for some of the hotel rooms are underway and the Segment is expected to contribute positively to the bottom line once the renovations are completed with increased room rates.

The Financial Services and Investment Holding Segment's contribution will mainly depend on the performance of RHB Group while the Capital Financing Division is expected to perform satisfactorily based on the existing portfolio.

Premised on the foregoing, the Board is confident that the Group will deliver satisfactory results for the remaining quarter.

(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 30.9.2018 RM'000	Current year to date ended 30.9.2018 RM'000
In respect of the current year income tax	(16,760)	(49,068)
Under provision of income tax in respect of prior years	(7,853)	(7,861)
Deferred income tax	15,787	20,190
Income tax expense	(8,826)	(36,739)

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 to offset against taxable profits in other subsidiary companies within the Group.

B7. Status of corporate proposals and utilisation of proceeds

As at 20 November 2018 (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

There were no corporate proposals announced but not completed.

(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"), 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 30.9.2018			
Secured			
Medium term notes - MYR	**945,320**	**-**	**945,320**
As at 31.12.2017			
Secured			
Medium term notes - MYR	774,717	63,493	838,210

The details of medium term notes are disclosed in Note A5(c) and (d).

(b) Borrowings

	Non-current		Current		Total
	Foreign Currency '000	RM'000	Foreign Currency '000	RM'000	RM'000
As at 30.9.2018					
Secured					
Bankers' acceptances - MYR	-	-	-	**3,100**	**3,100**
Revolving credits - MYR	-	-	-	**186,650**	**186,650**
Term/Bridging - MYR	-	**571,021**	-	**121,311**	**692,332**
		571,021		**311,061**	**882,082**
Unsecured					
Revolving credits - MYR	-	-	-	**527,460**	**527,460**
Trust receipt					
- VND (100 : 0.0178)	-	-	**VND26,251,473**	**4,672**	**4,672**
		-		**532,132**	**532,132**
Total		**571,021**		**843,193**	**1,414,214**
As at 31.12.2017					
Secured					
Bankers' acceptances - MYR	-	-	-	5,200	5,200
Revolving credits - MYR	-	-	-	143,150	143,150
Term/Bridging					
- MYR	-	608,282	-	50,708	658,990
- USD (1 : 4.0619)	-	-	USD23,460	95,293	95,293
		608,282		294,351	902,633
Unsecured					
Bank overdrafts - MYR	-	-	-	518	518
Revolving credits - MYR	-	-	-	524,787	524,787
Trust receipt					
- VND (100 : 0.0179)	-	-	VND4,286,996	768	768
		-		526,073	526,073
Total		608,282		820,424	1,428,706

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

(c) Commentaries on the Group borrowings and debt securities

(i) During the period under review, there were no material changes in borrowings other than the changes for working capital requirements. Details of MTN and SUKUK are disclosed in Note A5(c) and (d);

(ii) The decrease in the borrowings were due to repayment of borrowings; and

(iii) The VND26.25 billion (equivalent to approximately RM4.67 million) borrowings has not been hedged due to the borrowings were used as working capital for business operations in Vietnam.

B9. Changes in material litigation

Since the date of the last annual reporting period up to 20 November 2018 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report), other than 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 ("OSKP") 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").

BUCG commenced with an adjudication on 7 June 2017. BUCG's claim for a total of RM99.692 million (comprising of the progress claim, retention sum, loss and expenses and GST), was dismissed by the Adjudicator on 26 March 2018 and awarded ADSB with costs 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 OSKP which in turn is a subsidiary company of the Company filed a revised Notice of Arbitration on 23 November 2016.

The Statement of Claim has been filed by ADSB on 7 September 2017 for a total claim sum of RM81,065,432.56 (which includes Liquidated Ascertained Damages ("LAD") of RM27,180,000.00 and additional costs paid to contractors for rectification works and additional cost to complete the project of RM22,818,413.67).

On 6 November 2017, the Arbitrator has resigned due to conflict of interest.

On 9 November 2017, BUCG has served its Defence and Counterclaim on the matter. Via its counterclaim, BUCG is claiming for the sum of RM105,674,087.62 based on various bills, variation orders, losses and expenses incurred and GST.

On 7 December 2017, ADSB has served its Reply to Defence and Defence to Counterclaim.

On 18 May 2018, a new Arbitrator was appointed by the parties.

On 3 October 2018, both parties have entered into an amicable settlement with no further claims against each other and deemed closed.

B9. Changes in material litigation (Cont'd)

(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 OSKP 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 purchases of residential units at the Bandar Puteri Jaya project in Sungai Petani, Kedah. The purchase price stated in the Sale and Purchase Agreements with each of the Purchasers range from RM271,212 to RM385,022 for each 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.

On 3 April 2018, parties have entered into an amicable settlement and have entered into a Consent Judgment. The terms of the Consent Judgment, inter alia, are as follows:

(i) That OSKPSB shall replace the "hook kipas" and will repair any defects related to the hook for 2 of the Plaintiffs only.
(ii) That all Plaintiffs shall withdraw their claims against OSKPSB.
(iii) OSKPSB shall withdraw its Counterclaim (on defamation) and the application of committal against the 14 Purchasers.
(iv) Parties have no liberty to refile their respective claims afresh.

B10. Dividends

(a) Dividend declared or proposed for the year to date ended 30 September 2018 and 30 September 2017 are summarised as follow:

	For the financial year ending/ended 31 December	
	2018	2017
Interim dividend - single tier dividend		
Dividend payable or paid (RM'000)	**41,543**	34,620
Number of ordinary shares outstanding ('000)	**2,077,200**	1,384,791
Dividend per share (sen)	**2.0**	2.5
Payment date	**10.10.2018**	11.10.2017

(b) Total dividend declared for the current year to date is 2.0 sen (9M17: 2.5 sen) per ordinary share as per (a) above.

B11. Earnings Per Share ("EPS")

	Current quarter ended 30.9.2018	Comparative quarter ended 30.9.2017	**Current year to date ended 30.9.2018**	Preceding year to date ended 30.9.2017
(a) Basic earnings per share				
Profit attributable to Owners of the Company (RM'000)	**63,522**	226,828	**193,838**	337,409
Weighted average number of ordinary shares outstanding ('000)	**2,077,200**	2,077,188*	**2,077,200**	2,077,188*
Basic EPS (sen)	**3.06**	10.92	**9.33**	16.24
(b) Diluted earnings per share				
Profit attributable to Owners of the Company (RM'000)	**63,522**	226,828	**193,838**	337,409
Weighted average number of ordinary shares outstanding ('000)	**2,077,200**	2,077,188*	**2,077,200**	2,077,188*
Effect of dilution of assumed conversion of Warrants C 2015/2020 ('000)^	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000 shares)	**2,077,200**	2,077,188	**2,077,200**	2,077,188
Diluted EPS (sen)	**3.06**	10.92	**9.33**	16.24

* The weighted average number of ordinary shares in issue has been adjusted pursuant to the issuance of bonus shares on 29 November 2017.

	Comparative quarter ended 30.9.2017 '000	**Preceding year to date ended 30.9.2017 '000**
Previously stated	1,384,791	1,384,791
Adjustment pursuant to the Bonus Issue	692,397	692,397
Restated	2,077,188	2,077,188

^ The Company's Warrants 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 for the current and previous years.

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 Statement of Profit or Loss and Statement of Comprehensive Income

Profit before tax is arrived at after crediting/(charging):	Current quarter ended 30.9.2018 RM'000	Comparative quarter ended 30.9.2017 RM'000	Current year to date ended 30.9.2018 RM'000	Preceding year to date ended 30.9.2017 RM'000
(i) Revenue				
Interest income	**12,160**	10,300	**38,395**	27,345
Rental income	**9,516**	10,799	**28,592**	30,566
(ii) Cost of sales				
Interest expense	**(3,922)**	(4,023)	**(12,393)**	(10,368)
(iii) Other income				
Dividend income	**-**	9	**23**	67
Funds distribution income	**1,531**	1,456	**4,747**	4,038
Gain on disposals of:				
- available-for-sale securities	**-**	299	**-**	299
- investment properties	**-**	-	**-**	299
- property, plant and equipment	**80**	2	**17,687**	24
Gain on fair valuation of:				
- securities at fair value through profit or loss	**-**	-	**-**	127
Gain on foreign exchange transactions	**-**	1,933	**158**	2,343
Gain on foreign exchange translations	**-**	-	**-**	-
Interest income	**1,630**	5,346	**4,649**	10,410
Recovery of bad debts of capital financing	**421**	-	**1,236**	1,638
Write back of allowance for impairment losses on:				
- capital financing:				
- collective assessment	**-**	1	**-**	32
- individual assessment	**210**	2	**231**	4,257
- trade and other receivables:				
- individual assessment	**524**	183	**767**	755
(iv) Administrative expenses				
Depreciation and amortisation	**(5,806)**	(5,964)	**(17,141)**	(18,001)

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

Profit before tax is arrived at after crediting/(charging):	**Current quarter ended 30.9.2018 RM'000**	Comparative quarter ended 30.9.2017 RM'000	**Current year to date ended 30.9.2018 RM'000**	Preceding year to date ended 30.9.2017 RM'000
(v) Other items of expense				
Impairment loss on:				
- capital financing:				
- individual assessment	**(158)**	(196)	**(158)**	(202)
- trade and other receivables:				
- collective assessment	**(25)**	-	**-**	-
- individual assessment	**(2,676)**	(549)	**(2,902)**	(1,367)
Loss on disposals of:				
- intangible asset	**-**	(57)	**-**	(79)
- plant and equipment	**(10)**	(200)	**(10)**	(203)
Loss on fair valuation of securities at fair value through profit or loss	**(5)**	-	**(65)**	-
Loss on foreign exchange transactions	**(30)**	(60)	**(24)**	(61)
Loss on foreign exchange translations	**(306)**	-	**(838)**	(121)
Write off of:				
- bad debts on trade and other receivables	**(224)**	-	**(554)**	(214)
- plant and equipment	**(4)**	-	**(720)**	(189)
Finance costs				
- Interest expense	**(18,836)**	(18,481)	**(58,999)**	(55,733)

Items for other comprehensive income are disclosed in the Statement of Comprehensive Income. There were no impairment of assets other than items disclosed above.

B14. Derivative financial instruments

Type of Derivative	Contract / Notional RM'000	Carrying Amount at Fair Value RM'000	Cash Flow Hedge Reserve RM'000
As at 30.9.2018			
Cross-currency interest rate swap contract			
- less than 1 year	**-**	**-**	**87**
As at 31.12.2017			
Cross-currency interest rate swap contract			
- less than 1 year	77,487	17,742	(349)

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 have matured 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.

B15. Gains or losses arise from fair value changes of financial liabilities

There were no gains or losses arise from fair value changes of financial liabilities for the current quarter and current year to date ended 30 September 2018.

By Order of the Board

Tan Sri Ong Leong Huat
Executive Chairman
Kuala Lumpur
27 November 2018