QUARTERLY REPORT FOR THE FOURTH QUARTER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	As at 31.12.2018 RM'000	As at 31.12.2017 RM'000
Assets:		
Non-current		
Property, plant and equipment	**659,213**	752,444
Investment properties	**452,718**	712,943
Investments in associated companies and a joint venture	**3,423,984**	3,443,134
Intangible assets	**1,461**	1,726
Inventories	**1,174,439**	815,175
Deferred tax assets	**87,712**	74,018
Capital financing	**132,667**	151,850
Trade receivables	**21,860**	30,170
Other assets	**4,499**	5,357
	5,958,553	5,986,817
Current		
Inventories	**455,228**	561,557
Capital financing	**433,307**	361,040
Trade receivables	**259,593**	279,360
Contract assets	**299,909**	125,918
Other assets	**120,711**	78,388
Biological assets	**144**	80
Tax recoverable	**36,694**	54,151
Derivative assets	**-**	17,742
Securities at fair value through profit or loss	**248**	299
Cash, bank balances and short term funds	**528,611**	424,676
	2,134,445	1,903,211
Non-current assets held for sale	**-**	12,641
	2,134,445	1,915,852
Total Assets	**8,092,998**	7,902,669

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018 (CONT'D)

	Note	As at 31.12.2018 RM'000	As at 31.12.2017 RM'000
Liabilities:			
Non-current			
Medium term notes and Sukuk	A5(c),(d), B8(a)	**1,069,190**	774,717
Borrowings	B8(b)	**424,189**	608,282
Trade payables		**20,168**	24,455
Contract liabilities		**135,396**	152,943
Deferred tax liabilities		**119,495**	143,120
		1,768,438	1,703,517
Current			
Medium term notes and Sukuk	A5(c),(d), B8(a)	**40,329**	63,493
Borrowings	B8(b)	**941,006**	820,424
Trade payables		**116,470**	159,381
Contract liabilities		**38,610**	75,912
Tax payable		**5,108**	4,796
Other liabilities		**513,505**	468,222
		1,655,028	1,592,228
Total Liabilities		**3,423,466**	3,295,745
Net Assets		**4,669,532**	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		**2,532,465**	2,473,617
Issued capital and reserves attributable to Owners of the Company		**4,597,538**	4,538,690
Non-controlling interests		**71,994**	68,234
Total Equity		**4,669,532**	4,606,924
Net Assets per share attributable to Owners of the Company (RM)		**2.21**	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 FOURTH QUARTER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	**Current quarter ended 31.12.2018 RM'000**	Comparative quarter ended 31.12.2017 RM'000	**Current year to date ended 31.12.2018 RM'000**	Preceding year to date ended 31.12.2017 RM'000
Revenue		**317,412**	277,437	**1,204,087**	1,169,279
Cost of sales		**(220,968)**	(212,759)	**(862,325)**	(865,652)
Gross profit		**96,444**	64,678	**341,762**	303,627
Other income		**87,126**	71,057	**121,763**	101,989
Gain on deemed disposal of a subsidiary company		**-**	-	**-**	177,612
Administrative expenses		**(52,830)**	(49,482)	**(203,317)**	(197,578)
Other expenses		**(2,633)**	(4,702)	**(21,506)**	(9,965)
		128,107	81,551	**238,702**	375,685
Finance costs		**(21,036)**	(17,238)	**(80,035)**	(72,971)
		107,071	64,313	**158,667**	302,714
Share of results of associated companies and a joint venture, net of tax		**54,915**	45,460	**236,743**	182,466
Profit before tax	B13	**161,986**	109,773	**395,410**	485,180
Tax expense	B6	**(6,403)**	(49,156)	**(43,142)**	(81,574)
Profit after tax		**155,583**	60,617	**352,268**	403,606
Profit/(Loss) attributable to:					
Owners of the Company		**152,215**	63,378	**346,053**	400,219
Non-controlling interests		**3,368**	(2,761)	**6,215**	3,387
		155,583	60,617	**352,268**	403,606
Earnings per share attributable to Owners of the Company (sen):					
Basic	B11(a)	**7.33**	3.05	**16.66**	19.27
Diluted	B11(b)	**7.33**	3.05	**16.66**	19.27

(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 YEAR ENDED 31 DECEMBER 2018

	Current quarter ended 31.12.2018 RM'000	Comparative quarter ended 31.12.2017 RM'000	**Current year to date ended 31.12.2018 RM'000**	Preceding year to date ended 31.12.2017 RM'000
Profit after tax	**155,583**	60,617	**352,268**	403,606
Other comprehensive (expenses)/income for the year, net of tax				
(a) Items of other comprehensive (expenses)/income:				
(i) Will be reclassified subsequently to profit or loss when specific conditions are met:				
- Fair value (loss)/gain on cash flow hedge	**-**	(221)	**99**	(349)
- Foreign currency translation	**175**	(11)	**262**	17,377
(ii) Reclassified to profit or loss:				
- Fair value of cash flow hedge upon maturity	**-**	-	**(12)**	-
- Fair value of available-for-sale securities upon disposal	**-**	-	**-**	(88)
- Foreign exchange translation upon deemed disposal of a subsidiary company	**-**	-	**-**	(40,599)
- Foreign exchange translation upon striking off of subsidiary companies	**-**	-	**-**	(1,745)
(b) The share of other comprehensive (expenses)/ income 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	**(884)**	-	**2,491**	89
(ii) Items that will be reclassified subsequently to profit or loss when specific conditions are met:				
- Foreign exchange reserves	**(9,652)**	(33,307)	**(25,951)**	(54,032)
- FVTOCI and other reserves	**1,015**	(885)	**776**	19,773
Total other comprehensive expenses for the year, net of tax	**(9,346)**	(34,424)	**(22,335)**	(59,574)
Total comprehensive income	**146,237**	26,193	**329,933**	344,032
Total comprehensive income/(expenses) attributable to:				
Owners of the Company	**143,120**	29,575	**324,675**	337,553
Non-controlling interests	**3,117**	(3,382)	**5,258**	6,479
	146,237	26,193	**329,933**	344,032

(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 YEAR ENDED 31 DECEMBER 2018

		Attributable to Owners of the Company									
	Note	Share capital	Treasury shares [Note A5(a)]	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
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:	A1(a)(v)										
- subsidiary companies		-	-	-	-	-	-	(1,553)	(1,553)	(44)	(1,597)
- an associated company		-	-	-	26	-	7,581	(157,787)	(150,180)	-	(150,180)
As restated		2,095,310	(30,237)	63,451	42,995	(85)	11,691	2,203,832	4,386,957	68,190	4,455,147
Profit after tax		-	-	-	-	-	-	346,053	346,053	6,215	352,268
Fair value gain on cash flow hedge		-	-	-	-	97	-	-	97	2	99
Fair value of cash flow hedge reclassified to profit or loss upon maturity		-	-	-	-	(12)	-	-	(12)	-	(12)
Foreign currency translation		-	-	-	257	-	-	-	257	5	262
Share of other comprehensive (expenses)/income and reserves of associated companies accounted for using equity method:											
- Foreign exchange reserves		-	-	-	(24,987)	-	-	-	(24,987)	(964)	(25,951)
- FVTOCI and other reserves		-	-	-	-	-	3,267	-	3,267	-	3,267
Other comprehensive (expenses)/income		-	-	-	(24,730)	85	3,267	-	(21,378)	(957)	(22,335)
Total comprehensive (expenses)/income		-	-	-	(24,730)	85	3,267	346,053	324,675	5,258	329,933
Dividends paid to:											
- Owners of the Company	A6	-	-	-	-	-	-	(114,246)	(114,246)	-	(114,246)
- Non-controlling interests		-	-	-	-	-	-	-	-	(1,007)	(1,007)
Total distributions to Owners		-	-	-	-	-	-	(114,246)	(114,246)	(1,007)	(115,253)
Acquisitions of additional interests in a subsidiary company from non-controlling interests:											
- Accretion of equity interests	A8(a)(i)	-	-	-	-	-	-	-	-	(487)	(487)
- Gain on acquisitions	A8(a)(i)	-	-	-	-	-	-	176	176	-	176
Exercise of warrants of a subsidiary company:											
- Shares issued by a subsidiary company	A8(a)(ii)	-	-	-	-	-	-	-	-	16	16
- Effects of dilution of interests in a subsidiary company		-	-	-	-	-	-	(24)	(24)	24	-
Total changes in ownership interest in a subsidiary company		-	-	-	-	-	-	152	152	(447)	(295)
Total transactions with Owners in their capacity as Owners		-	-	-	-	-	-	(114,094)	(114,094)	(1,454)	(115,548)
As at 31.12.2018		2,095,310	(30,237)	63,451	18,265	-	14,958	2,435,791	4,597,538	71,994	4,669,532

QUARTERLY REPORT FOR THE FOURTH QUARTER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 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	-	-	-	-	-	-	-	-	400,219	400,219	3,387	403,606
Fair value loss on cash flow hedge	-	-	-	-	-	-	(338)	-	-	(338)	(11)	(349)
Foreign currency translation	-	-	-	-	-	15,091	-	-	-	15,091	2,286	17,377
Foreign currency translation reclassified to profit or loss upon deemed disposal of a subsidiary company	-	-	-	-	-	(40,599)	-	-	-	(40,599)	-	(40,599)
Foreign currency translation reclassified to profit or loss upon striking off of subsidiary companies	-	-	-	-	-	(1,745)	-	-	-	(1,745)	-	(1,745)
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*	-	-	-	-	-	(54,873)	-	-	-	(54,873)	841	(54,032)
- *FVTOCI and other reserves*	-	-	-	-	-	-	-	19,862	-	19,862	-	19,862
Other comprehensive (expenses)/income	-	-	-	(64)	-	(82,126)	(338)	19,862	-	(62,666)	3,092	(59,574)
Total comprehensive (expenses)/income	-	-	-	(64)	-	(82,126)	(338)	19,862	400,219	337,553	6,479	344,032
Dividends paid to:												
- *Owners of the Company*	-	-	-	-	-	-	-	-	(103,860)	(103,860)	-	(103,860)
- *Non-controlling interests*	-	-	-	-	-	-	-	-	-	-	(1,190)	(1,190)
Issuance of shares pursuant to:												
- *Bonus Issue*	692,397	-	(336,481)*	-	-	-	-	-	(355,916)	-	-	-
- *Exercise of Warrants C 2015/2020*	22	-	-	-	-	-	-	-	-	22	-	22
Total contribution by and distributions to Owners	692,419	-	(336,481)	-	-	-	-	-	(459,776)	(103,838)	(1,190)	(105,028)
Acquisitions of additional interests in subsidiary companies from non-controlling interests:												
- *Accretion of equity interests*	-	-	-	-	-	-	-	-	-	-	(10,116)	(10,116)
- *Gain on acquisitions*	-	-	-	-	-	-	-	-	5,668	5,668	-	5,668
Exercise of warrants of subsidiary companies:												
- *Shares issued by subsidiary companies*	-	-	-	-	-	-	-	-	-	-	540	540
- *Effects of dilution of interest in subsidiary companies*	-	-	-	-	-	-	-	-	(455)	(455)	455	-
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	-	-	-	-	-	-	-	-	4,465	4,465	(79,435)	(74,970)
Total transactions with Owners in their capacity as Owners	692,419	-	(336,481)	-	-	-	-	-	(455,311)	(99,373)	(80,625)	(179,998)
Reserve reclassified to retained profits upon disposal of investment properties which recognised previously as property, plant and equipment	-	-	-	-	(12,870)	-	-	-	12,870	-	-	-
As at 31.12.2017	2,095,310	(30,237)	-	-	63,451	42,969	(85)	4,110	2,363,172	4,538,690	68,234	4,606,924

***** Upon the commencement of 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 CA2016. The Company may use the credit amount of the share premium within twenty-four months in accordance with Section 74 of CA2016. On 29 November 2017, the Company had 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 FOURTH QUARTER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Current year to date ended 31.12.2018 RM'000	Preceding year to date ended 31.12.2017 RM'000
Cash Flows From Operating Activities			
Profit before tax		**395,410**	485,180
Adjustments for:			
Non-cash and non-operating items		**(13,523)**	1,632
Gain on deemed disposal of a subsidiary company		**-**	(177,612)
Share of results of associated companies and a joint venture		**(236,743)**	(182,466)
Operating profit before working capital changes		**145,144**	126,734
Decrease/(Increase) in operating assets:			
Inventories		**138,661**	(103,165)
Capital financing		**(53,088)**	(155,776)
Trade receivables		**32,617**	23,842
Contract assets		**(173,991)**	151,001
Other assets		**23,134**	32,762
(Decrease)/Increase in operating liabilities:			
Trade payables		**(47,899)**	(13,037)
Contract liabilities		**(54,849)**	(35,184)
Other liabilities		**43,213**	160,600
Cash generated from operations		**52,942**	187,777
Interest received		**56,714**	52,885
Interest paid		**(36,537)**	(29,194)
Income tax paid		**(88,274)**	(79,332)
Income tax refunded		**25,582**	815
Net cash generated from operating activities ^		**10,427**	132,951
Cash Flows From Investing Activities			
Acquisitions of additional:			
- shares in a subsidiary company from non-controlling interests	A8(a)(i)	**(311)**	(4,447)
- warrants in a subsidiary company		**-**	(749)
Advance to an associated company		**-**	(1,216)
Distribution from an associated company		**11,950**	-
Dividends received		**71,103**	48,808
Expenditure incurred on investment properties		**(2,659)**	(14,536)
Funds distribution income received		**6,669**	5,716
Listing expenses		**(10,872)**	-
Net cash outflow upon deemed disposal of a subsidiary company		**-**	(3,646)
Proceeds from disposals of:			
- available-for-sale securities		**-**	1,221
- club membership		**-**	17
- investment properties		**-**	17,368
- property, plant and equipment		**129,508**	222
Sub-total carried forward		**205,388**	48,758

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONT'D)

	Note	**Current year to date ended 31.12.2018 RM'000**	Preceding year to date ended 31.12.2017 RM'000
Cash Flows From Investing Activities (Cont'd)			
Sub-total brought forward		**205,388**	48,758
Purchase of:			
- land held for property development		**(116,213)**	(118,321)
- property, plant and equipment		**(27,901)**	(26,198)
- software licenses		**(98)**	(171)
Net cash generated from/(used in) investing activities		**61,176**	(95,932)
Cash Flows From Financing Activities			
Dividends paid to:			
- Owners of the Company	A6	**(114,246)**	(103,860)
- non-controlling interests		**(1,007)**	(1,190)
Drawdown of loans		**223,600**	276,978
Drawdown of revolving credits - net		**177,070**	132,130
Expenses incurred on borrowings and medium term notes and Sukuk		**(3,589)**	(51)
Interest paid		**(75,465)**	(72,752)
Proceeds from:			
- exercise of warrants of:			
- the Company		**-**	22
- subsidiary companies	A8(a)(ii)	**16**	540
- issuance of medium term notes and Sukuk	A5(c),(d)	**513,971**	-
Redemption of medium term notes and Sukuk	A5(c),(d)	**(242,407)**	-
Repayment of loans		**(445,775)**	(250,662)
Net cash generated from/(used in) financing activities		**32,168**	(18,845)
Net increase in cash and cash equivalents		**103,771**	18,174
Effects of exchange rate changes		**400**	(12,412)
Cash and cash equivalents at the beginning of the year		**424,158**	418,396
Cash and cash equivalents at the end of the year		**528,329**	424,158
Cash and cash equivalents comprised:			
Cash, bank balances and short term funds		**528,611**	424,676
Bank overdrafts		**(282)**	(518)
		528,329	424,158

^ Lower net cash generated from operating activities for year ended 31 December 2018 was mainly due to the increase in contract assets in relation to the accrued billings for the on-going development projects.

(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)

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:

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

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

(3) 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 past 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) 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.

<u>Classification and measurement of financial assets under MFRS 9</u>

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) 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.

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, 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 was ruled-based has been replaced with an objective-based test which includes the principle of an 'economic relationship'.

The Group dealt with cross-currency interest rate swap which was 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.

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 the incorporation of available forward looking information without undue cost or effort in accordance with the requirements of MFRS 9.

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) 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
Investments in associated companies and a joint venture	3,443,134	*(150,180)	3,292,954
Equity			
Retained profits	2,363,172	*(159,340)	2,203,832
Non-controlling interests	68,234	(44)	68,190
Foreign exchange reserves	42,969	* 26	42,995
Other reserves	4,110	* 7,581	11,691

* Being share of MFRS 9 adoption effect contributed by RHB Bank Berhad.

(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.

The Group will adopt MFRS 16 in accordance with the transition provisions where comparative information will not be restated and the cumulative effect of initially applying MFRS 16 will be adjusted to the opening balance of retained profits.

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)

(1) MFRS 16 'Leases' (Cont'd)

The Group has carried out an initial assessment on adoption of MFRS 16. The adoption of this standard is not expected to have any material financial impact to the Group. Summarised below is the estimated impact of the initial assessment:

Statement of Financial Position	As at 31.12.2018 RM'000	Effects of adoption of MFRS 16 RM'000	As at 1.1.2019 RM'000
Assets			
Right-of-use assets	-	3,811	3,811
Liabilities			
Lease liabilities	-	4,069	4,069
Equity			
Retained profits	2,435,791	(258)	2,435,533

(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.

The adoption of this standard is not expected to have any material financial impact to the Group.

(3) Amendments to MFRS 9

Amendments to MFRS 9 allow 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.

The adoption of this standard is not expected to have any material financial impact to the Group.

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)

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

Amendments to MFRS 128 'Investments in Associates and Joint Ventures' clarify 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.

The adoption of this standard is not expected to have any material financial impact to the Group.

(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.

The adoption of the above standards are not expected to have any material financial impact to the Group.

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

(1) Revised Conceptual Framework

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

The above amendments are not expected to have any material financial impact to the Group.

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)

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

(2) Amendments to MFRS 3 'Business Combination'

Amendments to MFRS 3 clarify the definition of a business to assist the entity to determine whether a transaction should be accounted for as a business combination or as an asset acquisition where an acquirer does not recognise goodwill in an asset acquisition.

The adoption of this standard is not expected to have any material financial impact to the Group.

(3) Amendments to MFRS 101 'Presentation of Financial Statements' and MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors'

Amendments to MFRS 101 and MFRS 108 clarify the definition of 'Material' and to align the definition used in the revised Conceptual Framework and the standards themselves. The definition of 'material' is refined by including 'obscuring information' to respond to concerns that the effect of including immaterial information should not reduce the understandability of a company's financial statements.

The adoption of the above standards are not expected to have any material impact to the Group.

(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.

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 years that have a material effect in the current year.

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

There were no repurchase of its own equity share capital and sold or reissued during the year. The shares repurchased are being held as treasury shares and treated in accordance with the requirements of Section 127 of the Companies Act 2016. Summary of share buybacks is as follows:

	Number of shares	Highest price RM	Lowest price RM	Average cost (included transaction costs) RM	Total amount paid RM
As at 1.1.2018 / 31.12.2018	18,100,253	2.82	0.90	1.67	30,237,575

(b) Warrants C 2015/2020

The stock short name, stock number and ISIN Code of the Warrants C 2015/2020 are "OSK-WC", "5053WC" and "MYL5053WCU71" respectively.

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.

There were no Warrants C 2015/2020 being exercised during the year. In previous year, the Company issued 12,294 new ordinary shares pursuant to the exercise 12,294 Warrants C 2015/2020 at an exercise price of RM1.80 per warrant for cash.

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

The main features of Warrants C 2015/2020 are as follows:

(i) Each warrant 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 at any time during normal business hours up to 5.00 pm on or before 22 July 2020.

On 29 November 2017, the Company issued 118,856,788 additional Warrants C 2015/2020 based on one (1) additional Warrants C for two (2) existing Warrants C held and the exercise price adjusted from RM1.80 to RM1.20 per share pursuant to the Bonus Issue as disclosed in above 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.

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

(b) Warrants C 2015/2020 (Cont'd)

The main features of Warrants C 2015/2020 are as follows: (Cont'd)

The adjustments to the exercise price and number of the outstanding Warrants C pursuant to the Bonus Issue is set out below:

	Before the Bonus Issue	After the Bonus Issue
Exercise price (RM)	1.80	1.20
No. of outstanding Warrants C 2015/2020	237,720,377	356,577,165

(ii) Full provisions regarding the transferability of Warrants C 2015/2020 to new ordinary shares, adjustment of the Exercise Price in certain circumstances, quotation on Bursa Securities and other terms and conditions pertaining to the Warrants C 2015/2020 are set out in details in a Deed Poll executed by the Company on 7 July 2015. The Deed Poll is available for inspection at the registered office of the Company.

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

(i) Salient terms of MTN 1

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:

(1) the Group shall maintain a gearing ratio of not exceeding 1.50 times throughout the tenure of the MTN 1.
(2) the Company shall maintain a security cover ratio of not less than 1.50 times throughout the tenure of the MTN 1.
(3) the Company shall maintain a Debt Service Reserve Account ("DSRA") with a minimum amount equivalent to one month 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.

(ii) Issuance and redemption of MTN 1

On 30 October 2015, the Company issued MTN 1 of RM750.00 million to refinance its bridging borrowings. Such MTNs were issued in 12 series with maturities commencing from year 2017 to year 2022 and redeemable every 6 months commencing 18 months after the first issuance date.

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)

(ii) Issuance and redemption of MTN 1 (Cont'd)

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 series for each issuance date with maturities commencing from year 2018 to year 2022 and redeemable every 6 months commencing 30 months after the first issuance date, 30 October 2015. 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.

MTN 1 is secured by:

(1) First party legal charge by way of Memorandum of Deposit with Power of Attorney over shares and warrants in certain subsidiary companies; and
(2) First party assignment and charge over the Company's right (including rights 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 MTN 1 which was issued between October 2015 and December 2016.

As at 31 December 2018, the DSRA balance was RM3.95 million (2017: RM3.80 million) and the balance outstanding in MTN 1 was RM616.21 million (2017: RM840.11 million). The interest rates of MTN 1 were ranging from 4.75% to 5.00% per annum.

(iii) Redemption after 31 December 2018

On 30 January 2019, the Company redeemed a total of RM350.00 million of MTN 1 which was issued between October 2015 and December 2016.

(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

(i) Salient terms of Sukuk 1 and MTN 2

On 9 March 2018, OSK I CM Sdn. Bhd. ("OSKICM"), a wholly-owned subsidiary company of the Company, lodged a Sukuk 1 with the SC. On 20 April 2018, OSKICM 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 are unrated and tradeable with a combined limit of up to RM1.80 billion and have a perpetual tenure.

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 repayments of the Group's borrowings.

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)

(i) Salient terms of Sukuk 1 and MTN 2 (Cont'd)

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

(1) the Group shall maintain a gearing ratio of not exceeding 1.50 times at all times throughout the tenure of the Programme.
(2) OSKICM, shall set up or procure Trustees' Reimbursement Account with RM30,000.00 each in respect of Sukuk 1 and MTN 2 which shall be maintained at all times throughout the tenure of the Programme.

(ii) Issuance and redemption of Sukuk 1 and MTN 2

<u>Tranche 1 of MTN 2</u>

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 is secured by:

(1) all its rights, titles, interests and benefits in and under the shares proceeds account for Tranche 1 ("Tranche 1 Proceeds Account") maintained by the Company and all monies from time to time standing to the credit thereto (this proceeds account mainly to capture dividend income receivable from an associated company); and
(2) shares in an associated company of the Company ("Tranche 1 Pledged Shares").

The Tranche 1 of MTN 2 requires a Security Cover of not less than 2.0 times.

On 29 June 2018 and 17 October 2018, OSKICM redeemed a total of RM17.5 million Tranche 1 of the MTN 2 issued on 30 April 2018 and 17 May 2018.

<u>Tranche 1 of Sukuk 1</u>

On 28 June 2018, OSKICM issued Tranche 1 of Sukuk 1 of RM1.00 million for Shariah-compliant working capital.

The Tranche 1 of Sukuk 1 is secured by:

(1) 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
(2) islamic fixed deposit evidenced by the fixed deposit receipts.

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

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)

(ii) Issuance and redemption of Sukuk 1 and MTN 2 (Cont'd)

Tranche 2 of Sukuk 1

On 23 July 2018, OSKICM issued Tranche 2 of 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 is secured by:

(1) all its rights, titles, interests and benefits in and under the operating account for Tranche 2 ("Tranche 2 Operating Account") maintained by OSKICM and all monies from time to time standing to the credit thereto;
(2) all its rights, titles, interests and benefits in and under the Finance Service Reserve Account ("FSRA") and operating account maintained by Perspektif Vista Sdn. Bhd. ("PV"), a subsidiary company of OSKP, which in turn is a subsidiary company of the Company and all monies from time to time standing to the credit thereto;
(3) a development land charge under the provisions of the National Land Code, 1965;
(4) a debenture creating a first ranking fixed and floating charge over all its present and future assets in respect of the project; and
(5) PV shall maintain a FSRA of a minimum amount equivalent to three periodic profit payments.

Tranche 3 of Sukuk 1

On 5 November 2018, OSKICM issued Tranche 3 of Sukuk 1 of RM170.00 million in 9 series with maturities commencing from year 2021 to year 2025, redeemable every 6 months commencing 36 months after the first issuance date.

The Tranche 3 of Sukuk 1 is secured by:

(1) shares in certain subsidiary companies ("Pledged Shares");
(2) all its rights, titles, interests and benefits in and under the shares proceeds account for Tranche 3 ("Tranche 3 Proceeds Account") maintained by the Company and all monies from time to time standing to the credit thereto (this proceeds account mainly to capture dividend income receivable from certain subsidiary companies);
(3) all its rights, titles, interests and benefits in and under FSRA and operating account maintained by OSKICM and all monies from time to time standing to the credit thereto; and
(4) the OSKICM shall maintain a FSRA of a minimum amount equivalent to one periodic profit payment.

The Tranche 3 of Sukuk 1 requires a Security Cover of not less than 1.5 times.

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)

As at 31 December 2018, the outstanding MTNs and Sukuk, the DSRA and FSRA balances are as follows:

		Outstanding amounts RM'000	DSRA balances RM'000	FSRA balances RM'000
(1)	MTN 1	616,207	3,952	-
(2)	Tranche 1 of MTN 2	232,500	-	-
(3)	Tranche 2 of Sukuk 1	92,971	-	1,151
(4)	Tranche 3 of Sukuk 1	170,000	-	713
		1,111,678	3,952	1,864

The profit rates of Sukuk 1 and interest rates of MTN 2 were ranging from 4.08% to 5.21% per annum.

(iii) Issuance after 31 December 2018

Tranche 2 of MTN 2

On 30 January 2019, OSKICM issued Tranche 2 of MTN 2 of RM200.00 million in 7 series with maturities commencing from year 2020 to year 2026, redeemable every 12 months commencing 12 months after the first issuance date.

The Tranche 2 of MTN 2 is secured by:

(1) all its rights, titles, interests and benefits in and under the share proceeds account for Tranche 2 ("Tranche 2 Proceeds Account") maintained by the Company and all monies from time to time standing to the credit thereto (this proceeds account mainly to capture dividend income receivable from an associated company); and
(2) shares in an associated company of the Company ("Tranche 2 Pledged Shares").

The Tranche 2 of MTN 2 requires a Security Cover of not less than 2.0 times.

The interest rates of Tranche 2 of MTN 2 were ranging from 4.63% to 4.82% per annum.

A6. Dividends paid during the current year to date

Dividends declared and paid by the Company since the end of the previous year are as follows:

		RM'000
(a)	A single-tier final dividend of 3.5 sen per ordinary share in respect of the preceding year ended 31 December 2017 was paid on 13 June 2018	72,702
(b)	A single-tier interim dividend of 2.0 sen per ordinary share in respect of the current year ended 31 December 2018 was paid on 10 October 2018	41,544
		114,246

The proposed dividend is disclosed in Note B10.

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 as follows:

(a) Property

(i) Property Development	-	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 include generating interest, fee and related income on loans and financing portfolio.
(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 are 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 with terms mutually agreed between the segments and have been eliminated to arrive at the Group's results. During the year, there is no single external customer amounted to ten 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 changes as compared with previous year, other than certain comparative figure 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 31.12.2018						
Revenue						
Total revenue	**724,645**	**281,591**	**294,595**	**112,814**	**414,102**	**1,827,747**
Inter-segment revenue	**(3,797)**	**(270,545)**	**(1,590)**	**(421)**	**(15,896)**	**(292,249)**
Dividends from:						
- subsidiary companies	**-**	**-**	**-**	**-**	**(260,331)**	**(260,331)**
- an associated company	**-**	**-**	**-**	**-**	**(71,080)**	**(71,080)**
Revenue from external parties	**720,848**	**11,046**	**293,005**	**112,393**	**66,795**	**1,204,087**
Results						
Segment profit/(loss)	**86,048**	**9,556**	**25,928**	**83,803** #	**(39,446)**	**165,889**
Share of results of associated companies and a joint venture	**21,621**	**-**	**-**	**-**	**215,122**	**236,743**
	107,669	**9,556**	**25,928**	**83,803**	**175,676**	**402,632**
(Eliminations of unrealised profit)/ realisation of profit upon completion of sale	**(3,439)**	**2,550**	**-**	**-**	**(6,333)**	**(7,222)**
Profit before tax	**104,230**	**12,106**	**25,928**	**83,803**	**169,343**	**395,410**
Tax expense						**(43,142)**
Profit after tax						**352,268**
Preceding year to date ended 31.12.2017						
Revenue						
Total revenue	691,584	309,324	294,293	107,325	654,192	2,056,718
Inter-segment revenue	(2,769)	(279,025)	(5,023)	(690)	(27,505)	(315,012)
Dividends from:						
- subsidiary companies	-	-	-	-	(523,686)	(523,686)
- an associated company	-	-	-	-	(48,741)	(48,741)
Revenue from external parties	688,815	30,299	289,270	106,635	54,260	1,169,279
Results						
Segment profit/(loss)	127,214	16,826	25,593	(11,178)	153,225 *	311,680
Share of results of associated companies and a joint venture	4,221	-	-	-	178,245	182,466
	131,435	16,826	25,593	(11,178)	331,470	494,146
Eliminations of unrealised profit	-	(4,846)	-	-	(4,120)	(8,966)
Profit/(Loss) before tax	131,435	11,980	25,593	(11,178)	327,350	485,180
Tax expense						(81,574)
Profit after tax						403,606

Included gains of RM93.45 million on disposal of hotel properties.
* Included a gain on deemed disposal of RM177.61 million of a subsidiary company.

	Property	Cons-truction	Industries	Hospitality	Financial Services & Investment Holding	Consolidated
Comparison of profit/(loss) before tax:						
(Decrease)/Increase in profit/(loss) before tax	(27,205)	126	335	94,981	(158,007)	(89,770)
Percentage of (decrease)/increase	(21%)	1%	1%	>100%	(48%)	(19%)

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 31.12.2018						
Assets						
Tangible assets	**2,942,688**	**71,136**	**228,413**	**555,298**	**745,612**	**4,543,147**
Intangible assets	**414**	**-**	**-**	**-**	**1,047**	**1,461**
	2,943,102	**71,136**	**228,413**	**555,298**	**746,659**	**4,544,608**
Investments in associated companies and a joint venture	**519,429**	**-**	**-**	**-**	**2,904,555**	**3,423,984**
Segment assets	**3,462,531**	**71,136**	**228,413**	**555,298**	**3,651,214**	**7,968,592**
Deferred tax assets and tax recoverable						**124,406**
Total assets						**8,092,998**
Liabilities						
Segment liabilities	**1,457,361**	**112,396**	**49,077**	**278,923**	**1,401,106**	**3,298,863**
Deferred tax liabilities and tax payable						**124,603**
Total liabilities						**3,423,466**
As at 31.12.2017						
Assets						
Tangible assets	2,926,077	76,992	215,269	501,240	610,062	4,329,640
Intangible assets	531	-	-	-	1,195	1,726
	2,926,608	76,992	215,269	501,240	611,257	4,331,366
Investments in associated companies and a joint venture	529,358	-	-	-	2,913,776	3,443,134
Segment assets	3,455,966	76,992	215,269	501,240	3,525,033	7,774,500
Deferred tax assets and tax recoverable						128,169
Total assets						7,902,669
Liabilities						
Segment liabilities	1,235,708	137,885	45,986	269,768	1,458,482	3,147,829
Deferred tax liabilities and tax payable						147,916
Total liabilities						3,295,745
Comparison of segment assets:						
Increase/(Decrease) in segment assets	6,565	(5,856)	13,144	54,058	126,181	194,092
Percentage of increase/(decrease)	1%	(8%)	6%	11%	4%	2%
Comparison of segment liabilities:						
Increase/(Decrease) in segment liabilities	221,653	(25,489)	3,091	9,155	(57,376)	151,034
Percentage of increase/(decrease)	18%	(18%)	7%	3%	(4%)	5%

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 31.12.2018				
Revenue	**1,165,454**	**301**	**38,332**	**1,204,087**
Profit/(Loss) before tax #	**384,774**	**11,785**	**(1,149)**	**395,410**
Preceding year to date ended 31.12.2017				
Revenue	1,133,665	3,405	32,209	1,169,279
Profit/(Loss) before tax	496,981 *	(10,656)	(1,145)	485,180

\# Included gains of RM93.45 million on disposal of hotel properties in Australia and Malaysia.

* 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 31.12.2018			
Non-current assets ^	**2,282,416**	**5,415**	**2,287,831**
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, a subsidiary company of the Company

During the year, 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	(487)
Gains on consolidation recognised in equity	176
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

During the year, PJD 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. This Company is presently dormant.

(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. This Company is the issuer of MTN and Sukuk.

(d) Subscription of ordinary shares and conversion of Redeemable Convertible Preference Shares ("RCPS") in OSK Realty Sdn. Bhd. ("OSKR")

On 27 February 2018, the Company subscribed for 30,000,000 new ordinary shares in OSKR, a wholly-owned subsidiary company of the Company, for a cash consideration of RM30,000,000.

On 18 October 2018, the Company converted 75,000,000 RCPS of RM1.00 each into 75,000,000 new ordinary shares in OSKR.

Accordingly, the issued and paid up ordinary share capital of OSKR increased from RM174,000,000 to RM279,000,000. The equity interest in OSKR remained at 100%.

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

(e) Subscription of ordinary shares in OSK Capital Management Sdn. Bhd. ("OSKCM")

On 23 March 2018, the Company subscribed for 300,000 new ordinary shares in OSKCM, a wholly-owned subsidiary company of the Company, of which RM134,947 by way of capitalisation of amount due by OSKCM to the Company and RM165,053 by way of cash consideration.

Accordingly, the issued and paid up ordinary share capital of OSKCM increased from RM1,000,000 to RM1,300,000. The equity interest in OSKCM remained at 100%.

(f) 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")

On 26 March 2018, the Company announced on Bursa Securities that the Company was considering to list its cables business on the Main Board operated by 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.

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 and that the Company had, on even date, through Fortune Financial Capital Limited, the sole sponsor of the Proposed Listing, submitted an application to the HK Exchange for the Proposed Listing.

The Proposed Listing, 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, 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 were 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.

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 did not have any material impact to the Group.

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

(f) 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") (Cont'd)

On 18 September 2018, PJD subscribed for 30,000,000 new ordinary shares in OSK Industries for a total consideration of RM128,213,000 to be satisfied by way of capitalising the amount due by OSK Industries to PJD. Accordingly, the issued and paid-up share capital of OSK Industries increased from HKD200,000 to HKD500,000. The equity interest in OSK Industries remained at 100%.

On 28 September 2018, approval in-principle for the application of the Proposed Listing were obtained from HK Exchange. 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 Proposed Listing as scheduled. On 26 December 2018, in view of the continuous adverse global market conditions, the management has decided to abort the Proposed Listing. Save for RM12.33 million costs incurred in relation to the Proposed Listing which was expensed off in the previous quarter, the abortion of the exercise did not have any material impact to the earnings of the Group.

(g) De-registration of Swiss-Garden International Hotels & Resorts (Australia) Pty. Ltd. ("SGIH&R")

On 21 November 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, had been deregistered from the registration of the Australian Securities & Investments Commission ("ASIC").

On 27 November 2018, SGIH&R received notification from the ASIC that SGIH&R was deregistered with effect from 21 November 2018.

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

(h) Striking off of Dikir Venture Sdn. Bhd. ("Dikir Venture") and Perspektif Pertama Sdn. Bhd. ("Perspektif Pertama")

On 28 December 2018, Dikir Venture and Perspektif Pertama, wholly-owned subsidiary companies of OSKP, which in turn a subsidiary company of the Company, applied to the Companies Commission of Malaysia for striking off pursuant to Section 550 of CA2016.

The striking off of Dikir Venture and Perspektif Pertama did not have any material financial impact to the Group.

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

(i) Conversion of Redeemable Convertible Preference Shares ("RCPS") and subscription of ordinary shares in Damai Laut Golf Resort Sdn. Bhd. ("DLGR") by PJD Hotels Sdn. Bhd. ("PJD Hotels")

On 20 December 2018, PJD Hotels, a wholly-owned subsidiary company of PJD, which in turn is a subsidiary company of the Company, converted 20,685,900 RCPS of RM1.00 each into 20,685,900 new ordinary shares in DLGR.

On 31 December 2018, PJD Hotels subscribed for 9,762,000 new ordinary shares in DLGR for a total consideration of RM9,762,000 to be satisfied by way of capitalising the amount due by DLGR to PJD Hotels.

Accordingly, the issued and paid up ordinary share capital of DLGR increased from RM169,000,000 to RM199,447,900. The Group effective equity interest in DLGR increased from 95.99% to 96.36%.

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

There were no material subsequent events after the year end.

A10. Commitments

	As at 31.12.2018 RM'000	As at 31.12.2017 RM'000
(a) Significant unrecognised contractual commitments		
Contracted but not provided for:		
- Acquisition of office equipment and software licences	**1,121**	3,927
- Construction of an investment property	**-**	24,712
- Professional fee for a corporate exercise	**-**	308
- Renovation costs	**1,166**	-
	2,287	28,947
(b) Operating lease commitments		
(i) The Group as lessee		
Not later than one year	**4,599**	5,313
Later than one year and not later than five years	**2,592**	5,235
Later than five years	**1,201**	2,293
	8,392	12,841
(ii) The Group as lessor		
Not later than one year	**26,275**	20,167
Later than one year and not later than five years	**34,663**	14,831
Later than five years	**32,713**	36,899
	93,651	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 31.12.2018 RM'000
(a)	**Associated companies:**		
	Agile PJD Development Sdn. Bhd.	- Rental income	405
	Canggih Pesaka Sdn. Bhd.	- Office rental expense	(462)
	RHB Asset Management Sdn. Bhd.	- Fund distribution income	2,050
	RHB Bank Berhad	- Office rental income	815
		- Interest income	211
		- Interest expense	(44,907)
		- Commitment fee expense	(538)
	RHB Investment Bank Berhad	- Office rental income	508
	RHB Islamic Bank Berhad	- Interest expense	(1,014)
	RHB Nominees (Tempatan) Sdn. Bhd.	- Custodial and service fee expense	(275)
(b)	**Other related parties:**		
	Dindings Consolidated Sdn. Bhd.	- Construction revenue	1,262
		- Office rental income	648
	Dindings Construction Sdn. Bhd.	- Construction cost	(1,667)
	Dindings Design Sdn. Bhd.	- Renovation costs	(17,728)
	Dindings Life Agency Sdn. Bhd.	- Insurance premium expense	(302)
	Dindings Risks Management Services Sdn. Bhd.	- Insurance premium expense	(255)
	DC Services Sdn. Bhd.	- Insurance premium expense	(1,254)
	Nova Terrace Sdn. Bhd.	- Project management fee income	1,200
	Raslan Loong, Shen & Eow	- Legal fees expense	(1,323)
	Sincere Source Sdn. Bhd.	- Insurance premium expense	(1,441)

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.

A13. Fair value measurement (Cont'd)

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.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair values are observable for the assets, 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.

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 31.12.2018				
Non-financial assets				
Biological assets	**-**	**-**	**144**	**144**
Investment properties	**-**	**91,518**	**361,200**	**452,718**
Financial assets				
Securities at fair value through profit or loss	**248**	**-**	**-**	**248**
	248	**91,518**	**361,344**	**453,110**
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.

The total fair values of investment properties reduced to RM452.72 million from RM712.94 million was mainly due to the transfer of a piece of land under Level 2 to land held for property development at its fair value.

QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2018

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 31 December 2018

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

	Current quarter ended 31.12.2018 4Q18 RM'000	Comparative quarter ended 31.12.2017 4Q17 RM'000	% change	**Current year to date ended 31.12.2018 FY18 RM'000**	Preceding year to date ended 31.12.2017 FY17 RM'000	% change
Overall performance analysis						
Revenue	**317,412**	277,437	14%	**1,204,087**	1,169,279	3%
Pre-tax profit from the business	**107,071**	64,313	66%	**158,667**	125,102	27%
Share of results of associated companies and a joint venture	**54,915**	45,460	21%	**236,743**	182,466	30%
	161,986	109,773	48%	**395,410**	307,568	29%
Gain on deemed disposal of a subsidiary company	**-**	-		**-**	177,612	
Pre-tax profit	**161,986**	109,773	48%	**395,410**	485,180	(19%)
Profit before interest and tax	**183,022**	127,011	44%	**475,445**	558,151	(15%)
Profit after tax	**155,583**	60,617	157%	**352,268**	403,606	(13%)
Profit attributable to Owners of the Company	**152,215**	63,378	140%	**346,053**	400,219	(14%)
Pre-tax profit analysis for business segments						
1. Property	**35,343**	73,412	(52%)	**104,230**	131,435	(21%)
2. Construction	**4,686**	3,491	34%	**12,106**	11,980	1%
3. Industries	**4,560**	6,440	(29%)	**25,928**	25,593	1%
4. Hospitality	**71,295**	(7,599)	>100%	**83,803**	(11,178)	>100%
Capital Financing	*6,477*	*7,038*	*(8%)*	*26,881*	*32,177*	*(16%)*
Investment Holding	*39,625*	*26,991*	*47%*	*142,462*	*295,173*	*(52%)*
5. Financial Services and Investment Holding	**46,102**	34,029	35%	**169,343**	327,350	(48%)
Pre-tax profit	**161,986**	109,773	48%	**395,410**	485,180	(19%)

B1. Performance analysis of the Group for the current quarter and current year to date ended 31 December 2018 (Cont'd)

(a) Current Quarter (''4Q18'') compared with Comparative Quarter of Preceding Year (''4Q17'')

The Group registered revenue of RM317.41 million and pre-tax profit of RM161.99 million in 4Q18 compared with revenue of RM277.44 million and pre-tax profit of RM109.77 million in 4Q17, representing an increase of RM39.97 million or 14% in revenue and RM52.22 million or 48% in pre-tax profit. Excluding the one-off items, the Group reported pre-tax profit of RM86.04 million compared with RM52.07 million in 4Q17, representing an increase of RM33.97 million or 65% in pre-tax profit which was mainly contributed by Property, Construction, Hospitality, Financial Services and Investment Holding Segments. The one-off items included a gain of disposal of a hotel property in Kuala Lumpur of RM75.95 million in 4Q18 compared to a net fair value gain on its investment properties amounting to RM53.13 million and a gain of disposal of an investment property of RM4.57 million recognised in 4Q17.

The Property Segment recorded revenue of RM196.73 million and pre-tax profit of RM35.34 million in 4Q18 compared with revenue of RM158.11 million and pre-tax profit of RM73.41 million in 4Q17, representing an increase of RM38.62 million or 24% in revenue and a decrease of RM38.07 million or 52% in pre-tax profit. Included in 4Q17 a net fair value gain on its investment properties of RM53.13 million and a gain of disposal of an investment property of RM4.57 million. The fair value gain on investment properties were minimal in 4Q18. Excluding the said one-off gains of RM57.70 million in 4Q17, the operating profit showed an improvement of RM19.63 million due to contribution from completed projects i.e. Emira and Pan'gaea and on-going projects i.e. Windmill and TimurBay which were closed to completion and have achieved good take-up rate.

The Construction Segment registered total revenue of RM70.10 million and pre-tax profit of RM4.69 million in 4Q18 compared with total revenue of RM91.04 million and pre-tax profit of RM3.49 million in 4Q17, representing a decrease of RM20.94 million or 23% in total revenue and an increase of RM1.20 million or 34% in pre-tax profit. Despite the decrease in revenue which due to completion of external project, the higher pre-tax profit was mainly due to higher realisation of profit from internal projects in line with the progress billings of the development projects.

The Industries Segment registered revenue of RM77.08 million and pre-tax profit of RM4.56 million in 4Q18 compared with revenue of RM71.95 million and pre-tax profit of RM6.44 million in 4Q17, representing an increase of RM5.13 million or 7% in revenue and a decrease of RM1.88 million or 29% in pre-tax profit. Despite the increase in revenue, the lower pre-tax profit was mainly due to lower margin from sale of different product mix and low production capacity utilisation at the IBS division resulting in production overhead not adequately absorbed.

The Hospitality Segment registered revenue of RM26.48 million and pre-tax profit of RM71.30 million, including a gain on disposal of a hotel property in Kuala Lumpur of RM75.95 million in 4Q18 compared with revenue of RM24.43 million and pre-tax loss of RM7.60 million in 4Q17, representing an increase of RM2.05 million or 8% in revenue and RM78.90 million in pre-tax performance. Excluding the gain on disposal of a hotel property of RM75.95 million in 4Q18 and an impairment loss on infrastructure development cost of RM1.85 million in 4Q17, the results of the Segment were effected by the poor performance of the Hotel and Resorts Division cushioned by an improved of RM1.10 million contribution from the Vacation Club Division due to new membership sold.

The Capital Financing Division registered revenue of RM14.35 million and pre-tax profit of RM6.48 million in 4Q18 compared with revenue of RM13.56 million and pre-tax profit of RM7.04 million in 4Q17, representing an increase of RM0.79 million or 6% in revenue and a decrease of RM0.56 million or 8% in pre-tax profit. The total loan disbursed and outstanding stood at RM565.97 million as at 31 December 2018 compared to RM512.89 million as at 31 December 2017. Despite the increase in revenue due to larger loan disbursement, the lower pre-tax profit was mainly due to slightly higher funding cost for the increased portfolio.

The Investment Holding Division reported pre-tax profit of RM39.63 million in 4Q18 compared to RM26.99 million in 4Q17, representing an increase of RM12.64 million or 47% in pre-tax profit. The pre-tax profit improved mainly due to higher contributions from share of RHB group's profit of RM52.68 million in 4Q18 as compared to RM41.78 million in 4Q17.

B1. Performance analysis of the Group for the current quarter and current year to date ended 31 December 2018 (Cont'd)

(b) Current Year To Date (''FY18'') compared with Preceding Year To Date (''FY17'')

The Group registered revenue of RM1,204.09 million and core pre-tax profit of RM301.95 million in FY18 compared with revenue of RM1,169.28 million and core pre-tax profit of RM254.44 million in FY17, representing an increase of RM34.81 million or 3% in revenue and RM47.51 million or 19% in core pre-tax profit, which was mainly due to higher contribution from all of the business segments except for the Hotels and Resorts Division. Apart from the core pre-tax profit, the Group recorded one-off gains of RM93.46 million on disposals of hotel properties in FY18. In FY17, the Group recorded a fair value gain of RM53.13 million for its investment properties and a gain on deemed disposal of RM177.61 million arising from the dilution of equity interest in a subsidiary company in Melbourne, Australia and realisation of foreign exchange translation gains.

The Property Segment registered revenue of RM720.85 million and pre-tax profit of RM104.23 million in FY18 compared with revenue of RM688.82 million and pre-tax profit of RM131.44 million in FY17, representing an increase of RM32.03 million or 5% in revenue and a decrease of RM27.21 million or 21% in pre-tax profit. Included in FY17 pre-tax profit were a net fair value gain of on its investment properties amounting to RM53.13 million and a gain of disposal of an investment property of RM4.57 million. Excluding such one-off gains, the Property Segment recorded a higher profit of RM30.49 million mainly due to higher profit recognition on the recently completed Emira project and additional cost savings upon finalisation of accounts for projects completed in prior years. Higher share of profits were recognised by an associated company, Agile PJD Development Sdn. Bhd. amounting to RM27.56 million in FY18 compared to RM6.06 million in FY17 due to construction progress as the project recorded a good take-up rate.

The Construction Segment generated total revenue of RM281.59 million and pre-tax profit of RM12.11 million in FY18 compared with total revenue of RM309.32 million and pre-tax profit of RM11.98 million in FY17, representing a decrease of RM27.73 million or 9% in total revenue and a slight increase of RM0.13 million or 1% in pre-tax profit. Despite lower revenue recorded in FY18 due to completion of external project, the Segment recorded higher pre-tax profit mainly due to higher realisation of profit upon finalisation of accounts of completed internal projects including You City and You One and progressive recognition of construction profit in line with billings to its purchasers by the Property Division.

The Industries Segment registered revenue of RM293.01 million and pre-tax profit of RM25.93 million in FY18 compared with revenue of RM289.27 million and pre-tax profit of RM25.59 million in FY17, representing an increase of RM3.74 million or 1% in revenue and RM0.34 million or 1% in pre-tax profit. The Segment has performed fairly well despite some of the projects targeted were delayed or cancelled. Pre-tax profit margin has remained consistent with prior years as the factory utilisation rate remains constant and controlled wastages.

The Hospitality Segment registered revenue of RM112.39 million and pre-tax profit of RM83.80 million in FY18 compared with revenue of RM106.64 million and pre-tax loss of RM11.18 million in FY17, representing an increase of RM5.75 million or 5% in revenue and RM94.98 million in pre-tax performance. Excluding the one-off gains from the disposals of hotel properties of RM93.46 million, the Hotels and Resorts Division continues to show deteriorating results due to low occupancy and average room rates despite continuous effort to promote and market the destinations including adding new attractions at the properties. The losses of the Segment were, however, cushioned by higher profit recorded at Vacation Club Division as a result of better memberships administration and new memberships sold.

The Capital Financing Division posted revenue of RM60.91 million and pre-tax profit of RM26.88 million in FY18 compared with revenue of RM48.26 million and pre-tax profit of RM32.18 million in FY17, representing an increase of RM12.65 million or 26% in revenue and a decrease of RM5.30 million or 16% in pre-tax profit. Included in FY18 pre-tax profit were a write back of allowance for impairment loss of RM0.23 million (FY17: RM5.80 million) and donation of RM2.00 million made to an approved government tax exempt fund in FY18. Excluding such one-off items Capital Financing Division contributed higher profit of RM2.27 million on the back of higher interest income from higher loan disbursement during the year.

B1. Performance analysis of the Group for the current quarter and current year to date ended 31 December 2018 (Cont'd)

(b) Current Year To Date ("FY18") compared with Preceding Year To Date ("FY17") (Cont'd)

The Investment Holding Division contributed pre-tax profit of RM142.46 million in FY18 compared to RM295.17 million including a one-off gain on deemed disposal of RM177.61 million in FY17 arising from the dilution in equity interest in a subsidiary company in Melbourne, Australia and realisation of foreign exchange translation gains in FY17, representing a decrease of RM152.71 million or 52% in pre-tax profit. Excluding the one-off gain, the pre-tax profit of the Division improved by RM24.90 million or 21% mainly due to higher share of profit of RHB group from RM178.25 million in FY17 to RM215.12 million in FY18, which offset by one-off expenses charged to profit or loss of RM12.33 million in relation to the aborted Listing as disclosed in Note A8(f).

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 31.12.2018 4Q18 RM'000	Immediate preceding quarter ended 30.9.2018 3Q18 RM'000	% change
Overall performance analysis			
Revenue	**317,412**	351,240	(10%)
Pre-tax profit from the business	**107,071**	13,777	677%
Share of results of associated companies and a joint venture	**54,915**	58,840	(7%)
Pre-tax profit	**161,986**	72,617	123%
Profit before interest and tax	**183,022**	91,453	100%
Profit after tax	**155,583**	63,791	144%
Profit attributable to Owners of the Company	**152,215**	63,522	140%
Pre-tax profit analysis for business segments			
1. Property	**35,343**	26,950	31%
2. Construction	**4,686**	2,081	125%
3. Industries	**4,560**	8,018	(43%)
4. Hospitality	**71,295**	2,253	3,064%
Capital Financing	*6,477*	*7,282*	*(11%)*
Investment Holding	*39,625*	*26,033*	*52%*
5. Financial Services and Investment Holding	**46,102**	33,315	38%
Pre-tax profit	**161,986**	72,617	123%

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

Current Quarter ("4Q18") compared with Immediate Preceding Quarter ("3Q18")

The Group registered revenue of RM317.41 million and pre-tax profit of RM161.99 million in 4Q18 compared with revenue of RM351.24 million and pre-tax profit of RM72.62 million in 3Q18, representing a decrease of RM33.83 million or 10% in revenue and an increase of RM89.37 million or 2.23 times in pre-tax profit. The higher pre-tax profit was mainly contributed by the Property, Financial Service and Investment Holding Segments, including gain on disposal of a hotel property amounting to RM75.95 million.

The Property Segment recorded revenue of RM196.73 million and pre-tax profit of RM35.34 million in 4Q18 compared with revenue of RM215.39 million and pre-tax profit of RM26.95 million in 3Q18, representing a decrease of RM18.66 million or 9% in revenue and an increase of RM8.39 million or 31% in pre-tax profit. Despite a lower revenue recorded, the pre-tax profit increased mainly due to cost savings from completed projects i.e. You City, Gravitas and Pan'gaea upon finalisation of the project accounts.

The Construction Segment recorded total revenue of RM70.10 million and pre-tax profit of RM4.69 million in 4Q18 compared with total revenue of RM69.84 million and pre-tax profit of RM2.08 million in 3Q18, representing an increase of RM0.26 million in total revenue and RM2.61 million or 2.25 times in pre-tax profit. The increase in pre-tax profit mainly due to cost savings upon finalisation of the accounts with its sub-contractors.

The Industries Segment recorded revenue of RM77.08 million and pre-tax profit of RM4.56 million in 4Q18 compared with revenue of RM84.71 million and pre-tax profit of RM8.02 million in 3Q18, representing a decrease of RM7.63 million or 9% in revenue and RM3.46 million or 43% in pre-tax profit. The lower revenue and pre-tax profit were mainly due to higher sales in 3Q18 as bigger volume orders were received from customers to stock-up before the implementation of Sales and Services Tax on 1 September thus reducing the requirement to purchase in the subsequent months.

The Hospitality Segment registered revenue of RM26.48 million and pre-tax profit of RM71.30 million, including a gain on disposal of a hotel property of RM75.95 million in 4Q18, compared with revenue of RM33.98 million and pre-tax profit of RM2.25 million in 3Q18, representing a decrease of RM7.50 million or 22% in revenue and an increase of RM69.05 million or 31.69 times in pre-tax profit. Excluding the said gain, the lower performance for the Segment was mainly due to lower revenue generated from Vacation Club Division caused by lesser number of membership sold in 4Q18 whilst the Hotels and Resorts Division under-performed due to low occupancy and low average room rates.

The Capital Financing Division recorded revenue of RM14.35 million and pre-tax profit of RM6.48 million in 4Q18 compared with revenue of RM14.84 million and pre-tax profit of RM7.28 million in 3Q18, representing a decrease of RM0.49 million or 3% in revenue and RM0.80 million or 11% in pre-tax profit. The decrease in revenue was mainly due to shorter financing period not timely replenished by new loan disbursement resulting in lower average capital financing portfolio in 4Q18 compared to 3Q18.

The Investment Holding Division reported pre-tax profit of RM39.63 million in 4Q18 compared to RM26.03 million in 3Q18, representing an increase of RM13.60 million or 52% in pre-tax profit. Excluding the one-off expenses of RM12.33 million in relation to the aborted listing of a subsidiary company in 3Q18 as disclosed in Note A8(f), the Segment achieved consistent pre-tax profit for the two periods.

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

(a) Prospects for the year 2019

The performance of the Property Development Division continues to be led by sales and progress billings from the projects launched in Malaysia in 2018, supported by good response rate from these projects i.e. (i) Ryan & Miho in Section 13, Petaling Jaya, Tower 1 and Tower 2 and (ii) Phase 1 & 2 of Pastura and Astera, Iringan Bayu township in Seremban with combined gross development value amounting to RM1.00 billion and the completion of the 3 existing on-going projects namely Windmill, TimurBay and Luminari which have also achieved good take-up rate.

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. FY2019 will record the maiden profit recognition from Melbourne Square which will be recognised upon completion of Stage 1 (about 457 units out of total 1,054 units) of the development in accordance with the profit recognition criteria under MFRS 15 'Revenue from Contracts with Customers'.

In year 2019, we target to launch four projects, namely (i) You City 3 in Cheras; (ii) 3A Single Storey Terrace Homes and 3C Double Storey Terrace Homes of Riyasana at Iringan Bayu Township in Seremban; and (iii) Phase 1 at Sentul, Kuala Lumpur (iv) Precinct 3, 4 and 5 in Bandar Puteri Jaya, Sungai Petani with a total gross development value of RM1.21 billion. As at 31 December 2018, the Group has unbilled sales of RM1.54 billion with minimal unsold completed stocks as there were continuous effort to sell these unsold properties. The balance land bank is about 1,734 acres with estimated gross development value of RM10.44 billion located in Klang Valley, Sungai Petani, Butterworth, Kuantan, Seremban and Melbourne in Australia.

The Property Investment Division is expected to contribute steady rental income from its commercial and retail tenants. Occupancy rates at Plaza OSK and Faber Towers foresee a gradual increase on the back of the 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 strong at 93% after completing its first term tenants' renewal and refreshment exercise. The opening of the cinema in early January 2019 is expected to attract higher footfall to the mall.

The Construction Segment will continue to focus on delivering its current order book in a timely manner. The property-construction collaboration under the Prop-Con Model is expected to yield better cost efficiency and development planning in year 2019. The outstanding order book of this Segment stood at RM394.52 million as at 31 December 2018.

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. Cable business has implemented a new enterprise resource planning ("ERP") system to better manage its processes and resources.

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 better room rates supported by new attractions that were put in place. The Vacation Club Division has launched a new 15 years SGI Vacation Club Membership Scheme 2 ("Scheme 2") in 4Q18 with strong take-up rate. The sale of the new membership Scheme 2 will be the main focus for the Division in year 2019 in addition to contribution from the annual maintenance fee from the previous scheme.

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 and new target market segment including the Small-Medium Enterprises.

Premised on the foregoing, the Board is confident that the Group will deliver satisfactory results for financial year 2019.

B3. Commentary on next year prospects and progress on previously announced revenue or profit forecast (Cont'd)

(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 31.12.2018 RM'000	Current year to date ended 31.12.2018 RM'000
In respect of the current year income tax	(26,455)	(75,523)
Over/(Under) provision of income tax in respect of prior years	2,923	(4,938)
Deferred income tax	17,129	37,319
Income tax expense	(6,403)	(43,142)

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 February 2019 (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 31.12.2018			
Secured			
Medium term notes and Sukuk - MYR	**1,069,190**	**40,329**	**1,109,519**
As at 31.12.2017			
Secured			
Medium term notes and Sukuk - MYR	774,717	63,493	838,210

The details of Medium term notes and Sukuk 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 31.12.2018					
Secured					
Bankers' acceptances - MYR	-	-	-	**5,280**	**5,280**
Revolving credits - MYR	-	-	-	**180,050**	**180,050**
Term/Bridging - MYR	-	**424,189**	-	**88,300**	**512,489**
		424,189		**273,630**	**697,819**
Unsecured					
Bank overdrafts - MYR	-	-	-	**282**	**282**
Revolving credits - MYR	-	-	-	**663,355**	**663,355**
Trust receipt					
- VND (100 : 0.0179)	-	-	**VND20,907,249**	**3,739**	**3,739**
		-		**667,376**	**667,376**
Total		**424,189**		**941,006**	**1,365,195**
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 year, there were no material changes in borrowings other than the changes for working capital requirements. The 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 VND20.91 billion (equivalent to approximately RM3.74 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 February 2019 (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 had 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 had resigned due to conflict of interest. On 9 November 2017, BUCG had served its Defence and Counterclaim on the matter. Via its counterclaim, BUCG was 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 had 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 had entered into an amicable settlement with no further claims against each other.

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 was 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 had entered into an amicable settlement with no further claim against each other.

B10. Dividends for the year

(a) The single tier dividend declared or proposed for the year to date ended 31 December 2018 and 31 December 2017 are summarised as follow:

2018	Interim dividend paid	Proposed final dividend	Total
Amount per share (sen)	2.0	3.0	5.0
Number of ordinary share ('000)	2,077,200	2,077,200	-
Amount of dividend (RM'000)	41,544	62,316	103,860
Payment date	10.10.2018	*	-

2017	Interim dividend paid	Final dividend paid	Total
Amount per share (sen)	2.5	3.5	6.0
Number of ordinary share ('000)	1,384,791	2,077,200	-
Amount of dividend (RM'000)	34,620	72,702	107,322
Payment date	11.10.2017	13.06.2018	-

* The proposed final dividend is subject to Shareholders' approval at the forthcoming Annual General Meeting. The entitlement date for the final dividend shall be determined by the Board of Directors.

(b) Total dividend declared for the current year to date is 5.0 sen (FY17: 6.0 sen) per ordinary share based on the enlarged share capital as per (a) above.

B11. Earnings Per Share ("EPS")

	Current quarter ended 31.12.2018	Comparative quarter ended 31.12.2017	**Current year to date ended 31.12.2018**	Preceding year to date ended 31.12.2017
(a) Basic				
Profit attributable to Owners of the Company (RM'000)	**152,215**	63,378	**346,053**	400,219
Weighted average number of ordinary shares outstanding ('000)	**2,077,200**	2,077,195	**2,077,200**	2,077,190
Basic EPS (sen)	**7.33**	3.05	**16.66**	19.27
(b) Diluted				
Profit attributable to Owners of the Company (RM'000)	**152,215**	63,378	**346,053**	400,219
Weighted average number of ordinary shares outstanding ('000)	**2,077,200**	2,077,195	**2,077,200**	2,077,190
Effect of dilution of assumed conversion of Warrants C 2015/2020 ('000)^	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	**2,077,200**	2,077,195	**2,077,200**	2,077,190
Diluted EPS (sen)	**7.33**	3.05	**16.66**	19.27

^ 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 31.12.2018 RM'000	Comparative quarter ended 31.12.2017 RM'000	Current year to date ended 31.12.2018 RM'000	Preceding year to date ended 31.12.2017 RM'000
(i) Revenue				
Interest income	**12,602**	11,258	**50,997**	38,603
Rental income	**9,563**	8,812	**38,155**	39,379
(ii) Cost of sales				
Interest expense	**(4,407)**	(4,048)	**(16,800)**	(14,417)
(Written down)/Reversal of written down of inventories				
- completed properties held for sale	**(275)**	(665)	**(275)**	(665)
- raw materials	**104**	(7)	**(359)**	(312)
- finished goods	**(1,119)**	(888)	**(3,061)**	(2,411)
(iii) Other income				
Dividend income	**-**	-	**23**	67
Funds distribution income	**1,922**	1,678	**6,669**	5,716
Gain on disposals of:				
- available-for-sale securities	**-**	56	**-**	355
- intangible asset	**-**	28	**-**	-
- investment properties	**-**	4,570	**-**	4,868
- property, plant and equipment	**76,206**	318	**93,893**	165
Gain on fair valuation of:				
- biological assets	**64**	-	**64**	-
- investment properties	**61**	53,127	**61**	53,127
- securities at fair value through profit or loss	**14**	-	**-**	100
Gain on foreign exchange transactions	**-**	171	**153**	2,514
Gain on foreign exchange translations	**30**	100	**-**	100
Interest income	**1,068**	3,872	**5,717**	14,282
Recovery of bad debts of:				
- capital financing	**1**	-	**2**	1,639
- trade receivables	**60**	-	**1,295**	-
Write back of allowance for impairment losses on:				
- capital financing:				
- collective assessment	**-**	-	**-**	32
- individual assessment	**-**	76	**231**	4,131
- trade and other receivables:				
- collective assessment	**192**	-	**192**	-
- individual assessment	**888**	1,059	**1,655**	1,724
(iv) Administrative expenses				
Depreciation and amortisation	**(5,799)**	(6,089)	**(22,940)**	(24,090)

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 31.12.2018 RM'000	Comparative quarter ended 31.12.2017 RM'000	Current year to date ended 31.12.2018 RM'000	Preceding year to date ended 31.12.2017 RM'000
(v) Other items of expense				
Impairment loss on:				
- capital financing:				
- individual assessment	**(79)**	-	**(237)**	-
- infrastructure development costs	**-**	(10)	**-**	(10)
- property, plant and equipment	**-**	(2,051)	**-**	(2,051)
- trade and other receivables:				
- collective assessment	**(224)**	-	**(224)**	-
- individual assessment	**(2,366)**	-	**(5,268)**	(1,277)
Listing expenses	**-**	-	**(12,332)**	-
Loss on disposals of:				
- biological assets	**-**	(65)	**-**	(65)
- intangible asset	**-**	-	**-**	(51)
- plant and equipment	**(33)**	-	**(43)**	(26)
Loss on fair valuation of securities at fair value through profit or loss	**-**	(28)	**(51)**	-
Loss on foreign exchange transactions	**(253)**	-	**(272)**	(61)
Loss on foreign exchange translations	**-**	(1,874)	**(808)**	(1,995)
Write off of:				
- bad debts on trade and other receivables	**(488)**	(1,383)	**(1,042)**	(1,597)
- intangible asset	**-**	(172)	**-**	(172)
- plant and equipment	**-**	(187)	**(720)**	(376)
Finance costs				
- Interest expense	**(21,036)**	(17,238)	**(80,035)**	(72,971)

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 31.12.2018			
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 derivative is initially recognised at fair value based on the derivative contract is entered into. 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.

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.

On 28 September 2018, the hedge instrument has expired and the hedged transaction is no longer expected to occur. Hence, the hedge has been revoked. The total fair value changes of the hedge instrument of RM12,000 which previously recognised in other comprehensive income are reclassified to 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 ended 31 December 2018.

By Order of the Board

Tan Sri Ong Leong Huat
Executive Chairman
Kuala Lumpur
27 February 2019