OSK Holdings Berhad (207075-U)

QUARTERLY REPORT FOR THE SECOND QUARTER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	As at 30.6.2019 RM'000	As at 31.12.2018 RM'000
Assets:		
Non-current		
Property, plant and equipment	**656,916**	659,213
Investment properties	**453,791**	452,718
Investments in associated companies and a joint venture	**3,582,187**	3,423,984
Intangible assets	**1,384**	1,461
Right-of-use assets	**1,281**	-
Inventories	**1,187,198**	1,174,439
Deferred tax assets	**94,882**	87,712
Capital financing	**212,245**	132,667
Trade receivables	**13,677**	21,860
Other assets	**2,093**	4,499
	6,205,654	5,958,553
Current		
Inventories	**360,741**	455,228
Capital financing	**396,368**	433,307
Trade receivables	**205,019**	259,593
Contract assets	**252,091**	299,909
Other assets	**60,486**	120,711
Biological assets	**179**	144
Tax recoverable	**32,934**	36,694
Securities at fair value through profit or loss	**192**	248
Cash, bank balances and short term funds	**441,354**	528,611
	1,749,364	2,134,445
Total Assets	**7,955,018**	8,092,998

QUARTERLY REPORT FOR THE SECOND QUARTER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019 (CONT'D)

	Note	As at 30.6.2019 RM'000	As at 31.12.2018 RM'000
Liabilities:			
Non-current			
Medium term notes and Sukuk	A5(c),(d),(e), B8(a)	**1,075,527**	1,069,190
Borrowings	B8(b)	**266,158**	424,189
Trade payables		**18,040**	20,168
Contract liabilities		**115,886**	135,396
Lease liabilities		**723**	-
Deferred tax liabilities		**118,425**	119,495
		1,594,759	1,768,438
Current			
Medium term notes and Sukuk	A5(c),(d),(e), B8(a)	**24,875**	40,329
Borrowings	B8(b)	**866,473**	941,006
Trade payables		**75,986**	116,470
Contract liabilities		**38,783**	38,610
Lease liabilities		**662**	-
Tax payable		**18,320**	5,108
Other liabilities		**480,518**	513,505
		1,505,617	1,655,028
Total Liabilities		**3,100,376**	3,423,466
Net Assets		**4,854,642**	4,669,532
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		**2,719,482**	2,532,465
Issued capital and reserves attributable to Owners of the Company		**4,784,555**	4,597,538
Non-controlling interests		**70,087**	71,994
Total Equity		**4,854,642**	4,669,532
Net Assets per share attributable to Owners of the Company (RM)		**2.30**	2.21
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 2018)

QUARTERLY REPORT FOR THE SECOND QUARTER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 30 JUNE 2019

	Note	**Current quarter ended 30.6.2019 RM'000**	Comparative quarter ended 30.6.2018 RM'000	**Current year to date ended 30.6.2019 RM'000**	Preceding year to date ended 30.6.2018 RM'000
Revenue		**336,402**	252,895	**600,270**	535,435
Cost of sales		**(250,072)**	(180,648)	**(431,867)**	(382,825)
Gross profit		**86,330**	72,247	**168,403**	152,610
Other income		**7,159**	5,180	**16,515**	28,383
Administrative expenses		**(48,729)**	(49,198)	**(91,952)**	(100,273)
Other expenses		**(665)**	(2,270)	**(826)**	(2,738)
		44,095	25,959	**92,140**	77,982
Finance costs		**(15,885)**	(20,667)	**(30,810)**	(40,163)
		28,210	5,292	**61,330**	37,819
Share of results of associated companies and a joint venture, net of tax		**66,063**	60,675	**139,143**	122,988
Profit before tax	B13	**94,273**	65,967	**200,473**	160,807
Tax expense	B6	**(10,367)**	(9,455)	**(23,697)**	(27,913)
Profit after tax		**83,906**	56,512	**176,776**	132,894
Profit attributable to:					
Owners of the Company		**82,905**	55,299	**174,260**	130,316
Non-controlling interests		**1,001**	1,213	**2,516**	2,578
		83,906	56,512	**176,776**	132,894
Earnings per share attributable to Owners of the Company (sen):					
Basic	B11(a)	**3.99**	2.66	**8.39**	6.27
Diluted	B11(b)	**3.99**	2.66	**8.39**	6.27

(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 2018)

QUARTERLY REPORT FOR THE SECOND QUARTER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2019

	Current quarter ended 30.6.2019 RM'000	Comparative quarter ended 30.6.2018 RM'000	**Current year to date ended 30.6.2019 RM'000**	Preceding year to date ended 30.6.2018 RM'000
Profit after tax	**83,906**	56,512	**176,776**	132,894
Other comprehensive (expenses)/income for the period, net of tax				
(a) Items of other comprehensive (expenses)/income will be reclassified subsequently to profit or loss when specific conditions are met:				
- Fair value (loss)/gain on cash flow hedge	**-**	(116)	**-**	93
- Foreign currency translation	**203**	(454)	**(52)**	(286)
(b) The share of other comprehensive income/ (expenses) and reserves of associated companies accounted for using equity method:				
(i) Items that will not be reclassified subsequently to profit or loss:				
- Fair values through other comprehensive income ("FVTOCI") and other reserves	**3,252**	1,033	**3,642**	884
(ii) Items that will be reclassified subsequently to profit or loss when specific conditions are met:				
- Foreign currency translation reserves	**8,202**	11,476	**595**	(27,616)
- FVTOCI and other reserves	**28,410**	(11,619)	**71,465**	(13,841)
Total other comprehensive income/(expenses) for the period, net of tax	**40,067**	320	**75,650**	(40,766)
Total comprehensive income	**123,973**	56,832	**252,426**	92,128
Total comprehensive income attributable to:				
Owners of the Company	**122,923**	55,579	**249,989**	90,294
Non-controlling interests	**1,050**	1,253	**2,437**	1,834
	123,973	56,832	**252,426**	92,128

(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 2018)

OSK Holdings Berhad (207075-U)5-U)

QUARTERLY REPORT FOR THE SECOND QUARTER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2019

	Note	Share capital	Treasury shares [Note A5(a)]	Revalua -tion reserve	Foreign currency translation reserves	Other reserves	Retained profits	Total issued share capital and reserves	Non-controlling interests	Total equity
		Attributable to Owners of the Company								
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1.1.2019										
As per previously reported		2,095,310	(30,237)	63,451	18,265	14,958	2,435,791	4,597,538	71,994	4,669,532
Effects of adoption of MFRS 16:	A1(a)(v)									
- subsidiary companies		-	-	-	-	-	(136)	(136)	(7)	(143)
- an associated company		-	-	-	-	-	(310)	(310)	-	(310)
As restated		2,095,310	(30,237)	63,451	18,265	14,958	2,435,345	4,597,092	71,987	4,669,079
Profit after tax		-	-	-	-	-	174,260	174,260	2,516	176,776
Foreign currency translation		-	-	-	(50)	-	-	(50)	(2)	(52)
Share of other comprehensive income/(expenses) and reserves of associated companies accounted for using equity method:										
- Foreign currency translation reserves		-	-	-	672	-	-	672	(77)	595
- FVTOCI and other reserves		-	-	-	-	75,107	-	75,107	-	75,107
Other comprehensive income/(expenses)		-	-	-	622	75,107	-	75,729	(79)	75,650
Total comprehensive income		-	-	-	622	75,107	174,260	249,989	2,437	252,426
Dividends paid to:										
- Owners of the Company	A6	-	-	-	-	-	(62,316)	(62,316)	-	(62,316)
- Non-controlling interests		-	-	-	-	-	-	-	(4,677)	(4,677)
Total distributions to Owners		-	-	-	-	-	(62,316)	(62,316)	(4,677)	(66,993)
Acquisitions of additional interests in a subsidiary company from non-controlling interests:										
- Accretion of equity interests	A8(a)(i)	-	-	-	-	-	-	-	(87)	(87)
- Gain on acquisitions	A8(a)(i)	-	-	-	-	-	46	46	-	46
Exercise of warrants of a subsidiary company:										
- Shares issued by a subsidiary company	A8(a)(ii)	-	-	-	-	-	-	-	171	171
- Effects of dilution of interests in a subsidiary company		-	-	-	-	-	(256)	(256)	256	-
Total changes in ownership interest in a subsidiary company		-	-	-	-	-	(210)	(210)	340	130
Total transactions with Owners in their capacity as Owners		-	-	-	-	-	(62,526)	(62,526)	(4,337)	(66,863)
As at 30.6.2019		2,095,310	(30,237)	63,451	18,887	90,065	2,547,079	4,784,555	70,087	4,854,642

QUARTERLY REPORT FOR THE SECOND QUARTER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2019 (CONT'D)

	Attributable to Owners of the Company									
	Share capital	Treasury shares [Note A5(a)]	Revalua-tion reserve	Foreign currency translation reserves	Hedging reserve	Other reserves	Retained profits	Total issued share capital and reserves	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1.1.2018										
As per previously reported	2,095,310	(30,237)	63,451	42,969	(85)	4,110	2,363,172	4,538,690	68,234	4,606,924
Effects of adoption of MFRS 9:										
- subsidiary companies	-	-	-	-	-	-	(1,553)	(1,553)	(44)	(1,597)
- an associated company	-	-	-	26	-	1,614	(126,351)	(124,711)	-	(124,711)
As restated	2,095,310	(30,237)	63,451	42,995	(85)	5,724	2,235,268	4,412,426	68,190	4,480,616
Profit after tax	-	-	-	-	-	-	130,316	130,316	2,578	132,894
Fair value gain on cash flow hedge	-	-	-	-	90	-	-	90	3	93
Foreign currency translation	-	-	-	(277)	-	-	-	(277)	(9)	(286)
Share of other comprehensive expenses and reserves of associated companies accounted for using equity method:										
- *Foreign currency translation reserves*	-	-	-	(26,878)	-	-	-	(26,878)	(738)	(27,616)
- *FVTOCI and other reserves*	-	-	-	-	-	(12,957)	-	(12,957)	-	(12,957)
Other comprehensive (expenses)/income	-	-	-	(27,155)	90	(12,957)	-	(40,022)	(744)	(40,766)
Total comprehensive (expenses)/income	-	-	-	(27,155)	90	(12,957)	130,316	90,294	1,834	92,128
Dividends paid to:										
- *Owners of the Company*	-	-	-	-	-	-	(72,702)	(72,702)	-	(72,702)
- *Non-controlling interests*	-	-	-	-	-	-	-	-	(1,007)	(1,007)
Total distributions to Owners	-	-	-	-	-	-	(72,702)	(72,702)	(1,007)	(73,709)
Acquisitions of additional interests in a subsidiary company from non-controlling interests:										
- *Accretion of equity interests*	-	-	-	-	-	-	-	-	(254)	(254)
- *Gain on acquisitions*	-	-	-	-	-	-	78	78	-	78
Exercise of warrants of a subsidiary company:										
- *Shares issued by a subsidiary company*	-	-	-	-	-	-	-	-	16	16
- *Effects of dilution of interest in a subsidiary company*	-	-	-	-	-	-	(24)	(24)	24	-
Total changes in ownership interest in subsidiary companies	-	-	-	-	-	-	54	54	(214)	(160)
Total transactions with Owners in their capacity as Owners	-	-	-	-	-	-	(72,648)	(72,648)	(1,221)	(73,869)
As at 30.6.2018	2,095,310	(30,237)	63,451	15,840	5	(7,233)	2,292,936	4,430,072	68,803	4,498,875

(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 2018)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2019

		Current year to date ended 30.6.2019 RM'000	Preceding year to date ended 30.6.2018 RM'000
Cash Flows From Operating Activities			
Profit before tax		**200,473**	160,807
Adjustments for:			
Non-cash and non-operating items		**16,240**	13,846
Share of results of associated companies and a joint venture		**(139,143)**	(122,988)
Operating profit before working capital changes		**77,570**	51,665
Decrease/(Increase) in operating assets:			
Inventories		**97,294**	22,939
Capital financing		**(42,490)**	(47,176)
Trade receivables		**64,605**	73,226
Contract assets		**47,851**	(63,376)
Other assets		**(5,384)**	(14,323)
(Decrease)/Increase in operating liabilities:			
Trade payables		**(42,626)**	91,220
Contract liabilities		**(19,334)**	(762)
Other liabilities		**(32,859)**	(152,410)
Cash generated from/(used in) operations		**144,627**	(38,997)
Interest received		**31,511**	29,254
Interest paid		**(25,539)**	(15,146)
Income tax paid		**(20,287)**	(29,656)
Income tax refunded		**5,325**	38
Net cash generated from/(used in) operating activities		**135,637**	(54,507)
Cash Flows From Investing Activities			
Acquisitions of additional shares in a subsidiary company from non-controlling interests	A8(a)(i)	**(41)**	(176)
Distribution from an associated company		**3,530**	11,950
Dividends received		**52,802**	40,640
Expenditure incurred on investment properties		**(1,073)**	(1,466)
Funds distribution income received		**5,565**	3,216
Proceeds from disposals of property, plant and equipment		**68,254**	29,827
Purchase of:			
- plant and equipment		**(12,063)**	(11,677)
- software licenses		**(96)**	(70)
Net cash generated from investing activities		**116,878**	72,244

QUARTERLY REPORT FOR THE SECOND QUARTER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2019 (CONT'D)

	Note	Current year to date ended 30.6.2019 RM'000	Preceding year to date ended 30.6.2018 RM'000
Cash Flows From Financing Activities			
Dividends paid to			
- Owners of the Company	A6	**(62,316)**	(72,702)
- Non-controlling interests		**(4,677)**	(1,007)
Drawdown of loans		**37,028**	64,868
Expenses incurred on borrowings and medium term notes and Sukuk		**(1,030)**	(1,813)
Repayment of revolving credits - net		**(240)**	(1,450)
Interest paid		**(29,460)**	(40,163)
Payment of lease liabilities		**(447)**	-
Proceeds from:			
- issuance of medium term notes and Sukuk	A5(d)(i),(e)	**364,200**	251,000
- exercise of warrants of a subsidiary company	A8(a)(ii)	**171**	16
Redemption of medium term notes	A5(c),(d)(i)	**(373,595)**	(233,907)
Repayment of loans		**(269,889)**	(118,832)
Net cash used in financing activities		**(340,255)**	(153,990)
Net decrease in cash and cash equivalents		**(87,740)**	(136,253)
Effects of exchange rate changes		**(54)**	(113)
Cash and cash equivalents at the beginning of the period		**528,329**	424,158
Cash and cash equivalents at the end of the period		**440,535**	287,792
Cash and cash equivalents comprised:			
Cash, bank balances and short term funds		**441,354**	287,792
Bank overdrafts		**(819)**	-
		440,535	287,792

(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 2018)

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

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

A1. Basis of preparation

This quarterly report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2018 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 2018.

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 2018.

(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 2019:

(i) IC Interpretation 23 'Uncertainty over Income Tax Treatments'

IC Interpretation 23 'Uncertainty over Income Tax Treatments' clarifies the application on the recognition and measurement requirements in MFRS 112 'Income Taxes' 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 'Income Taxes' 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.

(ii) Amendments to MFRS 9 'Financial Instruments'

Amendments to MFRS 9 'Financial Instruments' 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 Group has no prepayable financial assets, hence Amendments to MFRS 9 'Financial Instruments' has no impact to the Group.

(iii) 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.

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 2019: (Cont'd)

(iv) 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.

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. 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 interpretation, amendments to published standards and improvement do not have any material financial impact to the Group.

A1. Basis of preparation (Cont'd)

(a) The Group adopted the following amendments to published standards and interpretation to the existing MFRSs and standard issued by MASB that are applicable and effective for the Group's financial year beginning on 1 January 2019: (Cont'd)

(v) MFRS 16 'Leases'

MFRS 16 'Leases' 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 adoption of MFRS 16 constitutes a change in accounting policy and the Group has applied this standard to its leases retrospectively with the cumulative effect of initial application of MFRS 16 at 1 January 2019 in accordance with the transition requirements. As such, the comparative figure of the report are remained unchanged.

The effects of adoption of MFRS 16 for the Group on items of the Statement of Financial Position as at 1 January 2019 are as follows:

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	-	1,461	1,461
Investment in associated companies and a joint venture	3,423,984	*(310)	3,423,674
Liabilities			
Lease liabilities	-	1,604	1,604
Equity			
Retained profits	2,435,791	*(446)	2,435,345
Non-controlling interests	71,994	(7)	71,987

* Included a share of an associated company effect of adoption of MFRS 16.

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:

(i) 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

(2) Amendments to MFRS 3 'Business Combination'

Amendments to MFRS 3 'Business Combination' 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.

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

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

(ii) 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 or 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 financial period.

A5. Issues, repurchases and repayments of debts and equity securities

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

(a) Share buybacks/Treasury shares of the Company

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

	Number of shares	Highest price RM	Lowest price RM	Average cost (included transaction costs) RM	Total amount paid RM
As at 1.1.2019/ 30.6.2019	18,100,253	2.82	0.90	1.67	30,237,575

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

(b) Warrants C 2015/2020

On 23 July 2015, the Company issued 237,732,751 new 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 current year to date ended 30 June 2019.

The stock name, stock code and ISIN code of the Warrants C 2015/2020 are "OSK-WC", "5053WC" and "MYL5053WCU71" respectively. The main features of Warrants C 2015/2020 are as follows:

(i) Each warrant entitles the holder to subscribe for one (1) new ordinary share in the Company at an exercise price of RM1.80 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 pursuant to the bonus shares as issued in year 2017. 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.

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
Number 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.

As at 30.6.2019, the total number of Warrants C 2015/2020 which remained unexercised was 356,577,165 (31.12.2018: 356,577,165).

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

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.

On 30 January 2019, the Company redeemed a total of RM350.00 million of MTN 1. As at 30 June 2019, the outstanding amount of MTN 1 stood at RM266.21 million.

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

(a) the Group shall maintain a gearing ratio of not exceeding 1.50 times throughout the tenure of the MTN 1.
(b) the Company shall maintain a security cover ratio of not less than 1.50 times throughout the tenure of the MTN 1.
(c) 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.

MTN 1 is secured by:

(a) first party legal charge by way of Memorandum of Deposit with Power of Attorney over shares and warrants in certain subsidiary companies; and
(b) 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.

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

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.

(i) Tranche 1 and 2 of MTN 2

The total amount of Tranche 1 of MTN 2 issued and outstanding as at 31 December 2018 stood at RM232.50 million with maturities commencing from year 2023 to year 2028.

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.

On 30 May 2019 and 17 June 2019, OSKICM redeemed RM10.59 million of Tranche 2 of MTN 2 and RM13.00 million of Tranche 1 of MTN 2. As at 30 June 2019, the outstanding Tranche 2 of MTN 2 and Tranche 1 of MTN 2 stood at RM189.41 million and RM219.50 million respectively.

Both Tranche 1 and 2 of MTN 2 require a Security Cover of not less than 2.0 times and are secured by:

(a) shares in an associated company of the Company ("Tranche 1 and 2 Pledged Shares"); and
(b) all its rights, titles, interests and benefits in and under the share proceeds account for Tranche 1 and 2 ("Tranche 1 and 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).

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) Tranche 2 of Sukuk 1

The total amount of Tranche 2 of Sukuk 1 issued and outstanding as at 31 December 2018 stood at RM92.97 million with maturities commencing from year 2021 to year 2024, redeemable every 3 months commencing 36 months after the first issuance date.

There were no redemption of Tranche 2 of Sukuk 1 during the current year to date ended 30 June 2019. As at 30 June 2019, the outstanding Tranche 2 of Sukuk 1 stood at RM92.97 million.

The Tranche 2 of Sukuk 1 is secured by:

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

(iii) Tranche 3 of Sukuk 1

The total amount of Tranche 3 of Sukuk 1 issued and outstanding as at 31 December 2018 stood at RM170.00 million with maturities commencing from year 2021 to year 2025, redeemable every 6 months commencing 36 months after the first issuance date.

There were no redemption of Tranche 3 of Sukuk 1 during the current year to date ended 30 June 2019. As at 30 June 2019, the outstanding Tranche 3 of Sukuk 1 stood at RM170.00 million.

The Tranche 3 of Sukuk 1 requires a Security Cover of not less than 1.5 times and is secured by:

(a) shares in certain subsidiary companies ("Pledged Shares");
(b) 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);
(c) 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
(d) the OSKICM shall maintain a FSRA of a minimum amount equivalent to one periodic profit payment.

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)

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.

(e) Medium Term Note Programme ("MTN 3") for the issuance of medium term notes of up to RM980.00 million in nominal value

On 25 April 2019, OSKICM lodged a MTN 3 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. MTN 3 are unrated and tradeable with a limit of up to RM980.00 million and have a perpetual tenure.

The proceeds raised from the issuance of the MTN 3 shall be utilised by OSKICM and the Group for (i) Investment activities; (ii) Capital expenditure; (iii) Working capital requirements; (iv) General corporate exercise; and (v) Refinancing of existing financing/borrowing.

On 10 May 2019, OSKICM issued Tranche 1 of MTN 3 of RM164.20 million in 15 series with maturities commencing from year 2020 to year 2034, redeemable every 12 months commencing 12 months after the first issuance date. As at 30 June 2019, the outstanding amount of MTN 3 stood at RM164.20 million.

The terms of the MTN 3 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 Programme.
(2) OSKICM shall set up or procure Trustees' Reimbursement Account with a sum of RM30,000.00 in respect of MTN 3 which shall be maintained at all times throughout the tenure of the Programme.

The Tranche 1 of MTN 3 is secured by:

(1) all its rights, titles, interests and benefits to and in, amongst others:

(i) the Atria Mall Revenue Account and Carpark Revenue Account ("Revenue Accounts") maintained by Atria Shopping Gallery Sdn. Bhd. ("ASGSB") and Atria Parking Management Sdn. Bhd. ("APMSB") respectively, subsidiary companies of OSKPH, which in turn are subsidiary companies of the Company and all monies from time to time standing to the credit thereto;
(ii) Atria Mall Rental Proceed and Carpark Rental Proceed ("Rental Proceeds") maintained by ASGSB and APMSB respectively, and all monies from time to time standing to the credit thereto;
(iii) the Debt Service Reserve Account ("DSRA") maintained by a subsidiary company, ASGSB and all monies from time to time standing to the credit thereto;
(iv) the Insurances of ASGSB and APMSB;
(v) the Atria Mall and Carpark under the Sale and Purchase Agreement entered between ASGSB, APMSB and Atria Damansara Sdn. Bhd. ("ADSB"), a subsidiary company of OSKPH, which in turn is a subsidiary company of the Company;

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

(e) Medium Term Note Programme ("MTN 3") for the issuance of medium term notes of up to RM980.00 million in nominal value (Cont'd)

The Tranche 1 of MTN 3 is secured by: (Cont'd)

(2) debentures by ASGSB and APMSB creating a first fixed charge over Atria Mall and Carpark respectively, all fixtures, fittings, equipment, machinery, systems and all other appurtenant thereto both present and future affixed to or installed in or within Atria Mall and Carpark; and

(3) a piece of land owned by ADSB together with all buildings and fixtures erected thereon, charge under the provisions of the National Land Code 1965.

As at 30 June 2019, the outstanding MTNs and Sukuk, the DSRA, FSRA and Proceeds account balances are as follows:

		Outstanding amounts RM'000	DSRA balances RM'000	FSRA balances RM'000	Proceeds Account balances RM'000
(1)	MTN 1	266,206	4,026	-	-
(2)	Tranche 1 of MTN 2	219,500	-	-	43
(3)	Tranche 2 of MTN 2	189,405	-	-	8
(4)	Tranche 2 of Sukuk 1	92,971	-	1,164	-
(5)	Tranche 3 of Sukuk 1	170,000	-	725	-
(6)	MTN 3	164,200	688	-	-
		1,102,282	4,714	1,889	51

The interest rates of MTNs and profit rates of Sukuk 1 were ranging from 4.39% to 5.13% per annum.

A6. Dividends paid during the current year to date

On 23 May 2019, the Company paid a final single-tier dividend of 3.0 sen per share amounted to RM62.32 million in respect of the preceding financial year ended 31 December 2018. Dividends declared for the current year to date 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, provision of project management services and sharing of results of the associated companies.
(ii) Property Investment and Management	-	Management and letting of properties, contributing rental yield and appreciation of properties and sharing of results of an associated company and a joint venture.

(b) Construction - Building construction works.

(c) Industries

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

(d) Hospitality

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

(e) Financial Services & 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 result of an associated company.

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 current year to date, there is no single external customer amounted to ten percent or more of the Group's revenue.

A7. Segmental information (Cont'd)

(a) Business segment analysis

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

	Property RM'000	Cons-truction RM'000	Industries RM'000	Hospitality RM'000	Financial Services & Investment Holding RM'000	Consolidated RM'000
Current year to date ended 30.6.2019						
Revenue						
Total revenue	**386,762**	**119,447**	**148,301**	**35,896**	**397,585**	**1,087,991**
Inter-segment revenue	**(2,085)**	**(119,163)**	**(2,218)**	**(114)**	**(24,459)**	**(148,039)**
Dividends from:						
- subsidiary companies	**-**	**-**	**-**	**-**	**(286,880)**	**(286,880)**
- an associated company	**-**	**-**	**-**	**-**	**(52,802)**	**(52,802)**
Revenue from external parties	**384,677**	**284**	**146,083**	**35,782**	**33,444**	**600,270**
Results						
Segment profit/(loss)	**56,274**	**(194)**	**13,295**	**(6,647)**	**(356)**	**62,372**
Share of results of associated companies and a joint venture	**21,873**	**-**	**-**	**-**	**117,270**	**139,143**
	78,147	**(194)**	**13,295**	**(6,647)**	**116,914**	**201,515**
Realisation of profit upon completion of sale/(Eliminations of unrealised profit)	**-**	**1,249**	**-**	**-**	**(2,291)**	**(1,042)**
Profit/(Loss) before tax	**78,147**	**1,055**	**13,295**	**(6,647)**	**114,623**	**200,473**
Tax expense						**(23,697)**
Profit after tax						**176,776**
Preceding year to date ended 30.6.2018						
Revenue						
Total revenue	310,592	141,650	132,160	52,171	174,457	811,030
Inter-segment revenue	(1,864)	(132,052)	(946)	(236)	(9,414)	(144,512)
Dividends from:						
- subsidiary companies	-	-	-	-	(90,466)	(90,466)
- an associated company	-	-	-	-	(40,617)	(40,617)
Revenue from external parties	308,728	9,598	131,214	51,935	33,960	535,435
Results						
Segment profit/(loss)	26,632	5,644	13,350	(7,250)	(15,070)	23,306
Gain on disposal of a hotel property	-	-	-	17,505	-	17,505
Share of results of associated companies and a joint venture	14,569	-	-	-	108,419	122,988
	41,201	5,644	13,350	10,255	93,349	163,799
Eliminations of unrealised profit	-	(305)	-	-	(2,687)	(2,992)
Profit before tax	41,201	5,339	13,350	10,255	90,662	160,807
Tax expense						(27,913)
Profit after tax						132,894
Comparison of profit/(loss) before tax:						
Increase/(Decrease) in profit/(loss) before tax	36,946	(4,284)	(55)	(16,902)	23,961	39,666
Percentage of increase/(decrease)	90%	(80%)	(0%)	(>100%)	26%	25%

A7. Segmental information (Cont'd)

(a) Business segment analysis (Cont'd)

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

	Property RM'000	Cons-truction RM'000	Industries RM'000	Hospitality RM'000	Financial Services & Investment Holding RM'000	Consolidated RM'000
As at 30.6.2019						
Assets						
Tangible assets	**2,874,133**	**50,450**	**219,876**	**382,078**	**717,094**	**4,243,631**
Intangible assets	**431**	**-**	**-**	**-**	**953**	**1,384**
	2,874,564	**50,450**	**219,876**	**382,078**	**718,047**	**4,245,015**
Investments in associated companies and a joint venture	**538,759**	**-**	**-**	**-**	**3,043,428**	**3,582,187**
Segment assets	**3,413,323**	**50,450**	**219,876**	**382,078**	**3,761,475**	**7,827,202**
Deferred tax assets and tax recoverable						**127,816**
Total assets						**7,955,018**
Liabilities						
Segment liabilities	**1,380,230**	**88,189**	**35,299**	**266,146**	**1,193,767**	**2,963,631**
Deferred tax liabilities and tax payable						**136,745**
Total liabilities						**3,100,376**
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
Comparison of segment assets:						
(Decrease)/Increase in segment assets	(49,208)	(20,686)	(8,537)	(173,220)	110,261	(141,390)
Percentage of (decrease)/increase	(1%)	(29%)	(4%)	(31%)	3%	(2%)
Comparison of segment liabilities:						
Decrease in segment liabilities	(77,131)	(24,207)	(13,778)	(12,777)	(207,339)	(335,232)
Percentage of decrease	(5%)	(22%)	(28%)	(5%)	(15%)	(10%)

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 Vietnam, Singapore, British Virgin Islands and Cayman Islands. In presenting information on the basis of geographical areas, segment performance is based on the geographical location of customers.

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

	Malaysia RM'000	Australia RM'000	Others RM'000	Consolidated RM'000
Current year to date ended 30.6.2019				
Revenue	**584,980**	**-**	**15,290**	**600,270**
Profit/(Loss) before tax	**196,133**	**4,579**	**(239)**	**200,473**
Preceding year to date ended 30.6.2018				
Revenue	519,557	301	15,577	535,435
Profit/(Loss) before tax	146,905	14,572	(670)	160,807

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

	Malaysia RM'000	Others RM'000	Consolidated RM'000
As at 30.6.2019			
Non-current assets ^	**2,294,022**	**5,267**	**2,299,289**
As at 31.12.2018			
Non-current assets ^	2,282,416	5,415	2,287,831

^ 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 current year to date, the Company further acquired the following ordinary shares of PJD:

	Shares
Number of units	34,000
Average price per share (RM)	1.20
Total purchase consideration (RM)	40,800

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	(87)
Gains on consolidation recognised in equity	46
Cash outflow on acquisitions of additional ordinary shares in PJD	(41)

(ii) Issuance of 171,200 PJD's ordinary shares pursuant to conversion of PJD's Warrants C

During the current year to date, PJD issued 171,200 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:

(i) PJD's ordinary shares decreased from 96.96% to 96.94%; and
(ii) PJD's warrants increased from 91.88% to 91.99% respectively.

(b) Acquisition of OSK Design Sdn. Bhd. ("OSKD") (f.k.a. Evolusi Esplanad Sdn. Bhd.) and OSK Building Materials Sdn. Bhd. ("OSKBM") (f.k.a. Pinggiran Prestasi Sdn. Bhd.)

On 26 June 2019, PJD, a subsidiary company of the Company acquired 100% equity interests in OSKD and OSKBM for a total consideration of RM2.00 for each company. The issued and paid up capital of both companies are RM2.00 comprising of 2 ordinary shares.

On 15 July 2019, OSKBM changed its name to OSK Supplies Sdn. Bhd..

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

(a) Acquisitions of additional equity interests in PJD after 30 June 2019

From 1 July 2019 to 22 August 2019, the Company further acquired the following ordinary shares of PJD:

	Shares
Number of units	32,200
Average price per unit (RM)	1.20
Total purchase consideration (RM)	38,640

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

(b) Issuance of 200 PJD's ordinary shares pursuant to conversion of PJD's Warrants C

From 1 July 2019 to 22 August 2019, PJD issued 200 new ordinary shares for cash pursuant to the exercise of warrants for the equivalent numbers by the registered holders.

Accordingly, the Company's effective interest in:

(i) PJD's ordinary shares remained at 96.94%; and
(ii) PJD's warrants remained at 91.99% respectively.

(c) OSK Holdings Berhad ("OSKH" or "The Company") entered into a Joint Development Agreement Term Sheet ("JDA-TS") With Marubeni Corporation ("Marubeni")

On 19 August 2019, the Company entered into a JDA-TS with Marubeni to jointly submit a bid in response to the Request for Proposal (RFP) by Energy Commission of Malaysia for a Large Scale Solar Photovoltaic Plant in Peninsular Malaysia ("LSS3 Project") ("Joint Development").

Marubeni is a company incorporated in Japan and is one of the largest Independent Power Producers in the world, owning and operating a global portfolio of around 41,041MW, and having acted as Engineering Procurement Construction contractor in completing 110,174MW of power projects.

With this Joint Development, the Company and Marubeni (collectively referred to as the "Parties") plan to jointly develop, operate and maintain the LSS3 Project. The Joint Development will enable the Company and Marubeni to share experience and expertise in various areas, including but not limited to the engineering, procurement and construction works of the LSS3 Project.

The salient terms and conditions of the JDA-TS include, amongst others, the following:

(a) The Parties, through their affiliate company or subsidiary company (where applicable), intend to form a special purpose company pursuant to the Companies Act 2016 for further development of the LSS3 Project ("Project Company").
(b) The proportions of the Parties' participating interest shall be 51% for OSKH and 49% for Marubeni.
(c) The JDA-TS shall be terminated among others, when any one of the following situations occurs:

    (i) Tendering process being cancelled by Energy Commission of Malaysia;
    (ii) Failure to obtain bid award from Energy Commission of Malaysia;
    (iii) Execution of the Shareholders' Agreement for the Project Company which shall replace the JDA-TS;
    (iv) Insolvency of either party; or
    (v) Upon agreement of the Parties.

The Joint Development is not expected to have any material financial impact to the Group for the financial year ending 31 December 2019.

A10. Commitments

	As at 30.6.2019 RM'000	As at 31.12.2018 RM'000
(a) Significant unrecognised contractual commitments		
Contracted but not provided for:		
- Acquisition of office equipment and software licences	**1,899**	1,121
- Acquisition of plant and equipment	**3,200**	-
- Factory expansion	**4,972**	-
- Renovation costs	**1,742**	1,166
	11,813	2,287
(b) Operating lease commitments - the Group as lessor		
Not later than one year	**27,124**	26,275
Later than one year and not later than five years	**32,606**	34,663
Later than five years	**34,990**	32,713
	94,720	93,651

A11. Changes in contingent liabilities or contingent assets

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

A12. Significant related party transactions

Entities	Nature of transactions	Income/(Expenses) Current year to date ended 30.6.2019 RM'000
(a) Associated companies:		
Agile PJD Development Sdn. Bhd.	- Rental income	221
RHB Asset Management Sdn. Bhd.	- Fund distribution income	5,120
RHB Bank Berhad	- Office rental income	422
	- Interest expense	(12,261)
RHB Islamic Bank Berhad	- Interest expense	(6,099)
(b) Other related parties:		
DC Services Sdn. Bhd.	- Insurance premium expense	(600)
Dindings Consolidated Sdn. Bhd.	- Construction revenue	1,942
	- Office rental income	324
Dindings Design Sdn. Bhd.	- Renovation costs	(9,820)
Nova Terrace Sdn. Bhd.	- Project management fee income	600
Raslan Loong, Shen & Eow	- Legal fees expense	(861)
Sincere Source Sdn. Bhd.	- Insurance premium expense	(1,387)

A13. Fair value measurement

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: valuation techniques for which all inputs that have a significant effect on the recorded fair values are observable for the assets, either directly or indirectly.

Level 3: valuation techniques which use inputs that 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 assets and non-financial assets recorded at fair value within the fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
As at 30.6.2019				
Non-financial assets				
Biological assets	**-**	**-**	**179**	**179**
Investment properties	**-**	**91,522**	**362,269**	**453,791**
Financial assets				
Securities at fair value through profit or loss	**192**	**-**	**-**	**192**
Short term funds	**269,739**	**-**	**-**	**269,739**
	269,931	**91,522**	**362,448**	**723,901**
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
Short term funds	376,928	-	-	376,928
	377,176	91,518	361,344	830,038

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.

Financial instruments carried at amortised cost

The carrying amounts of financial assets and financial liabilities which were classified as amortised cost assets were approximated their fair values. These financial assets and liabilities including trade and other receivables or payables, capital financing, cash and bank balances, medium term notes and Sukuk and borrowings.

PART B - Explanatory Notes Pursuant to Chapter 9, Part K - Periodic Disclosures, Part A of Appendix 9B, of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")

B1. Performance analysis of the Group for the current quarter and current year to date ended 30 June 2019

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

	Current quarter ended 30.6.2019 2Q19 RM'000	Comparative quarter ended 30.6.2018 2Q18 RM'000	% change	**Current year to date ended 30.6.2019 6M19 RM'000**	Preceding year to date ended 30.6.2018 6M18 RM'000	% change
Overall performance analysis						
Revenue	**336,402**	252,895	33%	**600,270**	535,435	12%
Pre-tax profit from the business	**28,210**	5,292	433%	**61,330**	37,819	62%
Share of results of associated companies and a joint venture	**66,063**	60,675	9%	**139,143**	122,988	13%
Pre-tax profit	**94,273**	65,967	43%	**200,473**	160,807	25%
Profit before interest and tax	**110,158**	86,634	27%	**231,283**	200,970	15%
Profit after tax	**83,906**	56,512	48%	**176,776**	132,894	33%
Profit attributable to Owners of the Company	**82,905**	55,299	50%	**174,260**	130,316	34%
Pre-tax profit analysis for business segments						
1. Property	**35,707**	14,342	149%	**78,147**	41,201	90%
2. Construction	**366**	1,572	(77%)	**1,055**	5,339	(80%)
3. Industries	**6,954**	5,764	21%	**13,295**	13,350	(0%)
Segment performance	*(4,088)*	*(1,339)*	*(205%)*	*(6,647)*	*(7,250)*	*8%*
Gain on disposal of a hotel	*-*	*-*		*-*	*17,505*	
4. Hospitality	**(4,088)**	(1,339)	(205%)	**(6,647)**	10,255	(>100%)
Capital Financing	*7,738*	*4,906*	*58%*	*15,538*	*13,122*	*18%*
Investment Holding	*47,596*	*40,722*	*17%*	*99,085*	*77,540*	*28%*
5. Financial Services & Investment Holding	**55,334**	45,628	21%	**114,623**	90,662	26%
Pre-tax profit	**94,273**	65,967	43%	**200,473**	160,807	25%

B1. Performance analysis of the Group for the current quarter and current year to date ended 30 June 2019 (Cont'd)

(a) Current Quarter ("2Q19") compared with Comparative Quarter of Preceding Year ("2Q18")

The Group registered revenue of RM336.40 million and pre-tax profit of RM94.27 million in 2Q19 compared with revenue of RM252.90 million and pre-tax profit of RM65.97 million in 2Q18, representing an increase of RM83.50 million or 33% in revenue and RM28.30 million or 43% in pre-tax profit. Overall performance of all the Segments have improved except for Hospitality and Construction Segments.

The Property Segment recorded revenue of RM226.74 million and pre-tax profit of RM35.71 million in 2Q19 compared with revenue of RM141.83 million and pre-tax profit of RM14.34 million in 2Q18, representing an increase of RM84.91 million or 60% in revenue and RM21.37 million or 2.49 times in pre-tax profit. The performance of Property Segment saw a substantial improvement following the launch of the Home Ownership Campaign ("HOC") on 1 January 2019 which boosted the sales of most of its existing projects e.g. Ryan & Miho, Iringan Bayu and Luminari, as buyers rushed to sign and conclude Sales and Purchase Agreements to beat the original deadline of 30 June 2019 to benefit from the stamp duty exemption on the Instrument of Transfer and Instrument on Loan. In addition, Windmill percentage of progress billings to purchasers during the current quarter was higher than 2Q18 as the project was completed in June 2019 which resulted in higher profit recognition.

The Construction Segment registered revenue of RM61.08 million and pre-tax profit of RM0.37 million in 2Q19 compared with revenue of RM56.84 million and pre-tax profit of RM1.57 million in 2Q18, representing an increase of RM4.24 million or 7% in revenue and a decrease of RM1.20 million or 77% in pre-tax profit. The decrease in pre-tax profit despite higher revenue was mainly due to lower realisation of profit from internal projects i.e. Windmill and TimurBay.

The Industries Segment registered revenue of RM75.64 million and pre-tax profit of RM6.95 million in 2Q19 compared with revenue of RM63.01 million and pre-tax profit of RM5.76 million in 2Q18, representing an increase of RM12.63 million or 20% in revenue and RM1.19 million or 21% in pre-tax profit. The increase in profit for both the Cables and IBS is in line with the higher sales to customers.

The Hospitality Segment reported revenue of RM17.54 million and pre-tax loss of RM4.09 million in 2Q19 compared with revenue of RM28.63 million and pre-tax loss of RM1.34 million in 2Q18, representing a decrease of RM11.09 million or 39% in revenue and an increase of RM2.75 million or 3.05 times in pre-tax loss. Apart from deconsolidation of revenue from hotel that was disposed in last quarter of year 2018, the reduction in revenue and pre-tax performance were mainly due to low occupancy and room rates suffered across all the hotels managed by the Group.

The Capital Financing Division registered revenue of RM15.07 million and pre-tax profit of RM7.74 million in 2Q19 compared with revenue of RM16.54 million and pre-tax profit of RM6.91 million, excluding one-off expense of RM2.00 million in 2Q18, representing a decrease of RM1.47 million or 9% in revenue and an increase of RM0.83 million or 12% in pre-tax profit. The lower revenue reported was mainly due to lower fee income from loan disbursed in 2Q19.

The Investment Holding Division reported pre-tax profit of RM47.60 million in 2Q19 compared to RM40.72 million in 2Q18, representing an increase of RM6.88 million or 17% in pre-tax profit. The increase in pre-tax profit was mainly due to higher contribution from share of RHB group's profit of RM57.66 million in 2Q19 as compared to RM53.17 million in 2Q18. In addition, the Group incurred lower finance cost of RM10.39 million in 2Q19 as compared to RM14.89 million in 2Q18 as a result of the reduction in the Overnight Policy Rate ("OPR") which reduced the interest rate charged by the banks.

B1. Performance analysis of the Group for the current quarter and current year to date ended 30 June 2019 (Cont'd)

(b) Current Year To Date ("6M19") compared with Preceding Year To Date ("6M18")

In spite of the challenging market environment, the Group managed to register revenue of RM600.27 million and pre-tax profit of RM200.47 million in 6M19 compared with revenue of RM535.44 million and pre-tax profit of RM160.81 million in 6M18. As the pre-tax profit in 6M18 includes an one-off gain of RM17.51 million from sale of a hotel asset, the recurring normalised core pre-tax profits improved by 40% year-on-year. The improvement in the core pre-tax profit were contributed by Property and Financial Services and Investment Holding Segments.

The Property Segment registered revenue of RM384.68 million and pre-tax profit of RM78.15 million in 6M19 compared with revenue of RM308.73 million and pre-tax profit of RM41.20 million in 6M18, representing an increase of RM75.95 million or 25% in revenue and RM36.95 million or 90% in pre-tax profit. The increase in revenue and pre-tax profit were mainly due to the completion of Windmill project and finalisation of accounts of completed projects that gave rise to additional profit being recognised. During the period, the Property Development Division saw a pick-up in sales for Luminari and Ryan & Miho projects due to the nationwide HOC. The Property Investment Division also saw a slight improvement in revenue and pre-tax profit due to higher occupancy rate at Plaza OSK and Atria.

The Construction Segment generated revenue of RM119.45 million and pre-tax profit of RM1.06 million in 6M19 compared with revenue of RM141.65 million and pre-tax profit of RM5.34 million in 6M18, representing a decrease of RM22.20 million or 16% in revenue and RM4.28 million or 80% in pre-tax profit. The pre-tax profit of this Segment decrease mainly due to lesser number of construction projects in progress in 6M19.

The Industries Segment registered revenue of RM146.08 million and pre-tax profit of RM13.30 million in 6M19 compared with revenue of RM131.21 million and pre-tax profit of RM13.35 million in 6M18, representing an increase of RM14.87 million or 11% in revenue and a slight decrease of RM0.05 million in pre-tax profit. The improved performance were mainly contributed by the Cables Division which saw increased orders from its major customers.

The Hospitality Segment registered revenue of RM35.78 million and pre-tax loss of RM6.65 million in 6M19 compared with revenue of RM51.94 million and pre-tax profit of RM10.26 million in 6M18, including an one-off gain from the disposal of hotel property of RM17.51 million, representing a decrease of RM16.16 million or 31% in revenue and RM16.91 million in pre-tax performance. The lower revenue recorded were due to deconsolidation of the revenue of 2 hotels which were disposed in February 2018 and December 2018. Excluding the gain on disposal of one of the hotels amounted to RM17.51 million recorded in 6M18, the losses recorded was slightly lower in 6M19 as operational losses from the hotel disposed were no longer consolidated. The losses from the Hotel Division were also cushioned by profit from Vacation Club Division due to the higher membership sales.

The Capital Financing Division posted revenue of RM30.95 million and pre-tax profit of RM15.54 million in 6M19 compared with revenue of RM31.73 million and pre-tax profit of RM13.12 million in 6M18, representing a decrease of RM0.78 million or 2% in revenue and an increase of RM2.42 million or 18% in pre-tax profit. The Capital Financing Division reported improvement in pre-tax profit mainly due to lower financing costs.

The Investment Holding Division contributed pre-tax profit of RM99.09 million in 6M19 compared with RM77.54 million in 6M18, representing an increase of RM21.55 million or 28% in pre-tax profit. The pre-tax profit of the Division improved mainly due to higher share of profit of RHB group from RM108.42 million in 6M18 to RM117.27 million in 6M19 coupled with lower financing cost incurred in 6M19 in line with OPR cut in May 2019.

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

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

	Current quarter ended 30.6.2019 2Q19 RM'000	Immediate preceding quarter ended 31.3.2019 1Q19 RM'000	% change
Overall performance analysis			
Revenue	**336,402**	263,868	27%
Pre-tax profit from the business	**28,210**	33,120	(15%)
Share of results of associated companies and a joint venture	**66,063**	73,080	(10%)
Pre-tax profit	**94,273**	106,200	(11%)
Profit before interest and tax	**110,158**	121,125	(9%)
Profit after tax	**83,906**	92,870	(10%)
Profit attributable to Owners of the Company	**82,905**	91,355	(9%)
Pre-tax profit analysis for business segments			
1. Property	**35,707**	42,440	(16%)
2. Construction	**366**	689	(47%)
3. Industries	**6,954**	6,341	10%
4. Hospitality	**(4,088)**	(2,559)	(60%)
Capital Financing	*7,738*	*7,800*	*(1%)*
Investment Holding	*47,596*	*51,489*	*(8%)*
5. Financial Services & Investment Holding	**55,334**	59,289	(7%)
Pre-tax profit	**94,273**	106,200	(11%)

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

Current Quarter ("2Q19") compared with Immediate Preceding Quarter ("1Q19")

The Group registered revenue of RM336.40 million and pre-tax profit of RM94.27 million in 2Q19 compared with revenue of RM263.87 million and pre-tax profit of RM106.20 million in 1Q19, representing an increase of RM72.53 million or 27% in revenue and a decrease of RM11.93 million or 11% in pre-tax profit. The 2Q19 pre-tax profits were impacted by lower contributions from Property, Construction, Hospitality and Financial Services and Investment Holding Segments cushioned by higher performance by Industries Segment.

The Property Segment recorded revenue of RM226.74 million and pre-tax profit of RM35.71 million in 2Q19 compared with revenue of RM157.94 million and pre-tax profit of RM42.44 million in 1Q19. The results in 1Q19 included a reversal of tax provision in associated companies amounted to RM9.60 million. Excluding the aforesaid reversal, the performance of the Segment saw an increase of RM68.80 million or 44% in revenue and RM2.87 million or 9% in pre-tax profit. The 2Q19 performance of the Segment improved due to higher sales contributed by all its on-going projects coupled with completion of Windmill project in June 2019 that contributed additional profit.

The Construction Segment recorded revenue of RM61.08 million and pre-tax profit of RM0.37 million in 2Q19 compared with revenue of RM58.36 million and pre-tax profit of RM0.69 million in 1Q19, representing an increase of RM2.72 million or 5% in revenue and a decrease of RM0.32 million or 46% in pre-tax profit. The decrease in pre-tax profit was mainly due to lower construction profits generated from external construction projects.

The Industries Segment recorded revenue of RM75.64 million and pre-tax profit of RM6.95 million in 2Q19 compared with revenue of RM70.45 million and pre-tax profit of RM6.34 million in 1Q19, representing an increase of RM5.19 million or 7% in revenue and RM0.61 million or 10% in pre-tax profit. The Cable Division continues to perform well and IBS Division's Acotec showed an improvement in margin due to sale of a higher margin products.

The Hospitality Segment registered revenue of RM17.54 million and pre-tax loss of RM4.09 million in 2Q19, compared with revenue of RM18.25 million and pre-tax loss of RM2.56 million in 1Q19, representing a decrease of RM0.71 million or 4% in revenue and RM1.53 million or 60% in pre-tax performance. The decrease in revenue was mainly due to lower revenue generated from Hotel Division as occupancy and room rates were affected by the fasting month in May 2019. The performance for Vacation Club Division saw a slight improvement as a result of higher sale of memberships.

The Capital Financing Division recorded revenue of RM15.07 million and pre-tax profit of RM7.74 million in 2Q19, compared with revenue of RM15.88 million and pre-tax profit of RM8.30 million, excluding one-off expense of RM0.50 million in 1Q19, representing a decrease of RM0.81 million or 5% in revenue and RM0.56 million or 7% in pre-tax profit. The margin earned by Capital Financing Division has remained fairly consistent in both quarters.

The Investment Holding Division reported pre-tax profit of RM47.60 million in 2Q19 compared with RM51.49 million in 1Q19, representing a decrease of RM3.89 million or 8% in pre-tax profit. The reduction was mainly due to lower profits of RHB group.

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

(a) Prospects for the remaining year 2019

The performance of the **Property Development Division** continues to be led by sales and progress billings from the existing on-going projects i.e. (i) Ryan & Miho in Section 13, Petaling Jaya, Tower 1 and Tower 2; (ii) Phase 1 & 2 of Pastura and Astera, Iringan Bayu township in Seremban; (iii) You City III in Cheras; and (iv) Precinct 4 in Bandar Puteri Jaya in Sungai Petani, Kedah with combined gross development value ("GDV") amounting to RM1.68 billion. In addition, the Division will complete and handover 3 projects in FY2019 namely Windmill, TimurBay and Luminari which have achieved high take-up rates. The Tower A of You City III which was launched in May 2019 has received encouraging take-up rate of 67%. The extension of HOC till end of year 2019 will continue to boost sales of the foregoing projects. You City III which is strategically located in Cheras, has direct link bridge to Taman Suntex MRT Station and convenience of retail shops at its podium will be the main focus in Klang Valley apart from the existing Ryan & Miho project.

Apart from the foregoing, the Group will launch 2 new projects i.e. Precinct 3 and 5 comprising 245 units of Single Storey Bungalow, Double Storey Bungalow and Single Storey Terrace Home at Bandar Puteri Jaya in Sungai Petani, Kedah and Phase 3A - 312 units of Single Storey Terrace Homes and Phase 3C - 219 units of Double Storey Terrace Homes at Iringan Bayu Township in Seremban with a combined GDV of RM271.57 million in second half of year 2019.

The Melbourne Square project in Australia has recorded good take-up rate of above 69% since its launch and the construction is progressing as scheduled. FY2019 will see the maiden profit recognition from Melbourne Square upon completion and settlement of Stage 1 towards end of 2019.

As at 30 June 2019, the Group has unbilled sales of RM1.62 billion with minimal unsold completed stocks. The Group currently has land bank of 1,722 acres with an estimated GDV of RM10.60 billion in Klang Valley, Sungai Petani, Butterworth, Kuantan, Seremban and Melbourne, Australia.

The Property Investment Division is expected to contribute steady rental income from its office and retail tenants. Plaza OSK has achieved full occupancy and Faber Towers has seen a gradual increase over the period. The opening of the cinema in early January 2019 at Atria Shopping Gallery has attracted higher footfall into the mall and the average occupancy rate has remained strong.

The Construction Segment will continue to focus on delivering its current order book on time. The property-construction collaboration under the Prop-Con Model is expected to yield better cost efficiency and development planning for internal projects for the remaining year 2019. The outstanding order book of this Segment stood at RM336.63 million as at 30 June 2019.

The Industries Segment is anticipated to perform satisfactory as it continues to tap on private and public sectors projects undertaken by its customers. The Segment will also continue to explore new customer bases and look to expand its product offerings.

The Hospitality Segment is expected to improve with marketing efforts to attract local and foreign travellers. Renovation plans for some of the hotel properties are underway. Occupancy and room rates are expected to increase once the renovations are completed. Swiss-Garden Damai Laut has entered into the Branding and Management Agreement with Hilton in July 2019. The foregoing re-branding exercise to DoubleTree by Hilton Damai Laut upon completion in the middle of year 2020 is expected to improve the performance of the property. The Vacation Club Division's new 15-years SGI Vacation Club Membership Scheme 2 which was launched in last quarter of year 2018 will form the main revenue source for this Division in addition to contribution from the annual maintenance fees from the existing 30-years scheme.

The performance of **Financial Services & Investment Holding Segment** is expected to be stable in second half of year 2019.

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

B3. Commentary on remaining 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 30.6.2019 RM'000	Current year to date ended 30.6.2019 RM'000
In respect of the current year income tax	(21,392)	(33,363)
Over provision of income tax in respect of prior years	1,209	1,430
Deferred income tax	9,816	8,236
Income tax expense	(10,367)	(23,697)

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 22 August 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") and Vietnamese Dong ("VND"), are as follows:

(a) Debt securities

	Non-current	Current	Total
	RM'000	RM'000	RM'000
As at 30.6.2019			
Secured			
Medium term notes and Sukuk - MYR	**1,075,527**	**24,875**	**1,100,402**
As at 31.12.2018			
Secured			
Medium term notes and Sukuk - MYR	1,069,190	40,329	1,109,519

The details of Medium term notes and Sukuk are disclosed in Note A5(c), (d) and (e).

(b) Borrowings

	Non-current		Current		Total
	Foreign Currency '000	RM'000	Foreign Currency '000	RM'000	RM'000
As at 30.6.2019					
Secured					
Revolving credits - MYR	-	-	-	**169,449**	**169,449**
Term/Bridging - MYR	-	**266,158**	-	**17,818**	**283,976**
		266,158		**187,267**	**453,425**
Unsecured					
Bank overdrafts - MYR	-	-	-	**819**	**819**
Revolving credits - MYR	-	-	-	**673,716**	**673,716**
Trust receipt - VND (100 : 0.0178)	-	-	**VND26,199,064**	**4,671**	**4,671**
		-		**679,206**	**679,206**
Total		**266,158**		**866,473**	**1,132,631**
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

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

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

(c) Commentaries on the Group borrowings and debt securities

(i) During the period, 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), (d) and (e);

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

(iii) The VND26.2 billion (equivalent to approximately RM4.67 million) borrowings has not been hedged due to the borrowings were used as working capital for business operations in Vietnam.

B9. Changes in material litigation

Since the date of the last annual report, the Group is not engaged in any material litigation which might materially and adversely affect the financial position of the Group.

B10. Dividends declaration for the current year to date

(a) The Board of Directors has approved to declare a single-tier interim dividend of 2.0 sen (6M18: 2.0 sen) per share for the year ending 31 December 2019. The entitlement and payment dates have been fixed on 18 September 2019 and 3 October 2019 respectively.

(b) Total dividend declared for the current year to date is 2.0 sen (6M18: 2.0 sen) per ordinary share.

B11. Earnings Per Share ("EPS")

	Current quarter ended 30.6.2019	Comparative quarter ended 30.6.2018	**Current year to date ended 30.6.2019**	Preceding year to date ended 30.6.2018
(a) Basic				
Profit attributable to Owners of the Company (RM'000)	**82,905**	55,299	**174,260**	130,316
Weighted average number of ordinary shares outstanding ('000)	**2,077,200**	2,077,200	**2,077,200**	2,077,200
Basic EPS (sen)	**3.99**	2.66	**8.39**	6.27
(b) Diluted				
Profit attributable to Owners of the Company (RM'000)	**82,905**	55,299	**174,260**	130,316
Weighted average number of ordinary shares outstanding ('000)	**2,077,200**	2,077,200	**2,077,200**	2,077,200
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**	2,077,200	**2,077,200**	2,077,200
Diluted EPS (sen)	**3.99**	2.66	**8.39**	6.27

^ 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 30.6.2019 RM'000	Comparative quarter ended 30.6.2018 RM'000	Current year to date ended 30.6.2019 RM'000	Preceding year to date ended 30.6.2018 RM'000
(i) Revenue				
Interest income	**13,546**	13,470	**27,556**	26,235
Rental income	**10,524**	9,277	**21,038**	19,076
(ii) Cost of sales				
Interest expense	**(4,815)**	(4,359)	**(9,855)**	(8,471)
(iii) Other income				
Dividend income	**-**	23	**-**	23
Funds distribution income	**2,629**	1,670	**5,565**	3,216
Gain on disposals of property, plant and equipment	**25**	65	**216**	17,607
Gain on fair valuation of biological assets	**2**	-	**35**	-
Gain on foreign exchange transactions	**25**	21	**206**	187
Gain on foreign exchange translations	**-**	978	**20**	-
Interest income	**1,548**	1,198	**3,955**	3,019
Recovery of bad debts of:				
- capital financing	**131**	1	**131**	1
- trade receivables	**-**	454	**-**	814
Write back of allowance for impairment losses on:				
- capital financing:				
- individual assessment	**18**	70	**18**	21
- trade and other receivables:				
- collective assessment	**-**	54	**310**	54
- individual assessment	**-**	307	**36**	243
(iv) Administrative expenses				
Depreciation and amortisation	**(5,421)**	(5,376)	**(10,722)**	(11,335)
(v) Other items of expense				
Impairment loss on trade and other receivables:				
- collective assessment	**(106)**	(29)	**(106)**	(29)
- individual assessment	**(375)**	-	**(365)**	(226)
Loss on disposals of plant and equipment	**(2)**	-	**(13)**	-
Loss on fair valuation of securities at fair value through profit or loss	**(26)**	(46)	**(56)**	(60)
Loss on foreign exchange transactions	**(28)**	-	**(39)**	(23)
Loss on foreign exchange translations	**(29)**	(74)	**(42)**	(532)
Write off of:				
- bad debts on trade and other receivables	**-**	(330)	**-**	(330)
- plant and equipment	**(13)**	(714)	**(33)**	(716)
(vi) Finance costs				
Interest expense	**(15,885)**	(20,667)	**(30,810)**	(40,163)

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

There were no outstanding derivative financial instruments as at 30 June 2019.

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 year to date ended 30 June 2019.

By Order of the Board

Tan Sri Ong Leong Huat
Executive Chairman
Kuala Lumpur
29 August 2019