OSK Holdings Berhad 199001015406 (207075-U)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE SECOND QUARTER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	As at 30.6.2020 RM'000	As at 31.12.2019 RM'000
Assets:			
Non-current			
Property, plant and equipment		**599,704**	605,518
Investment properties		**469,079**	464,780
Investments in associated companies and a joint venture		**3,805,503**	3,681,201
Intangible assets		**1,072**	1,205
Right-of-use assets		**83,887**	78,886
Inventories		**1,350,179**	1,198,764
Deferred tax assets		**84,703**	93,891
Capital financing		**245,358**	182,629
Trade receivables		**28,760**	26,080
Other assets		**882**	882
		6,669,127	6,333,836
Current			
Inventories		**283,559**	355,129
Capital financing		**618,903**	594,557
Trade receivables		**163,248**	254,533
Contract assets		**97,763**	129,742
Other assets		**64,847**	79,238
Derivative assets		**2,110**	-
Biological assets		**219**	251
Tax recoverable		**13,017**	12,038
Securities at fair value through profit or loss		**176**	264
Cash, bank balances and short term funds		**615,233**	585,844
		1,859,075	2,011,596
Assets of disposal group classified as held for sale	A8(c)	**-**	21,998
		1,859,075	2,033,594
Total Assets		**8,528,202**	8,367,430

QUARTERLY REPORT FOR THE SECOND QUARTER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020 (CONT'D)

	Note	**As at 30.6.2020 RM'000**	As at 31.12.2019 RM'000
Liabilities:			
Non-current			
Medium term notes and Sukuk	A5(c),(d),(e), B8(a)(i)	**1,201,903**	1,156,057
Borrowings	B8(a)(ii)	**335,785**	237,380
Trade payables		**8,238**	17,543
Contract liabilities		**97,999**	107,131
Lease liabilities		**23,622**	20,801
Other liabilities		**51,272**	6,469
Deferred tax liabilities		**114,358**	115,546
		1,833,177	1,660,927
Current			
Medium term notes and Sukuk	A5(c),(d),(e), B8(a)(i)	**20,874**	24,871
Borrowings	B8(a)(ii)	**830,826**	960,224
Trade payables		**71,405**	80,079
Contract liabilities		**47,340**	33,516
Lease liabilities		**11,835**	8,894
Tax payable		**12,447**	11,209
Other liabilities		**452,977**	514,126
		1,447,704	1,632,919
Liabilities of disposal group classified as held for sale		**-**	10,135
		1,447,704	1,643,054
Total Liabilities		**3,280,881**	3,303,981
Net Assets		**5,247,321**	5,063,449
Equity:			
Share capital		**2,095,310**	2,095,310
Treasury shares, at cost	A5(a)	**(36,674)**	(35,636)
		2,058,636	2,059,674
Reserves		**3,117,263**	2,929,789
Issued capital and reserves attributable to Owners of the Company		**5,175,899**	4,989,463
Non-controlling interests		**71,422**	73,986
Total Equity		**5,247,321**	5,063,449
Net Assets per share attributable to Owners of the Company (RM)		**2.50**	2.41
Number of outstanding ordinary shares in issue ('000)		**2,070,813**	2,071,836

(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 2019)

QUARTERLY REPORT FOR THE SECOND QUARTER 2020

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	Note	**Current quarter ended 30.6.2020**	Comparative quarter ended 30.6.2019	**Current year to date ended 30.6.2020**	Preceding year to date ended 30.6.2019
		RM'000	RM'000	**RM'000**	RM'000
Revenue		**174,572**	336,402	**430,299**	600,270
Cost of sales		**(109,301)**	(250,072)	**(298,250)**	(431,867)
Gross profit		**65,271**	86,330	**132,049**	168,403
Gain on disposal of a subsidiary company		**7,657**	-	**7,657**	-
Other income		**12,961**	7,159	**15,930**	16,515
Administrative expenses		**(46,387)**	(48,729)	**(94,184)**	(91,952)
Other expenses		**(6,247)**	(665)	**(9,031)**	(826)
		33,255	44,095	**52,421**	92,140
Finance costs		**(15,320)**	(15,885)	**(29,289)**	(30,810)
		17,935	28,210	**23,132**	61,330
Share of results of associated companies and a joint venture, net of tax		**54,394**	66,063	**136,180**	139,143
Profit before tax	B13	**72,329**	94,273	**159,312**	200,473
Tax expense	B6	**(11,696)**	(10,367)	**(21,048)**	(23,697)
Profit after tax		**60,633**	83,906	**138,264**	176,776
Profit attributable to:					
Owners of the Company		**59,923**	82,905	**136,689**	174,260
Non-controlling interests		**710**	1,001	**1,575**	2,516
		60,633	83,906	**138,264**	176,776
Earnings per share attributable to Owners of the Company (sen):					
Basic	B11(a)	**2.89**	3.99	**6.60**	8.39
Diluted	B11(b)	**2.89**	3.99	**6.60**	8.39

(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 2019)

QUARTERLY REPORT FOR THE SECOND QUARTER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Current quarter ended 30.6.2020	Comparative quarter ended 30.6.2019	**Current year to date ended 30.6.2020**	Preceding year to date ended 30.6.2019
	RM'000	RM'000	**RM'000**	RM'000
Profit after tax	**60,633**	83,906	**138,264**	176,776
Other comprehensive income/(expenses) for the period, net of tax				
(a) Items of other comprehensive income/(expenses):				
(i) Will be reclassified subsequently to profit or loss when specific conditions are met:				
- *Cash flow hedge*	**227**	-	**(4,946)**	-
- *Foreign currency translation*	**(884)**	203	**(688)**	(52)
(ii) Reclassified to profit or loss:				
- *Foreign currency translation upon disposal of a subsidiary company [Note A8(c)]*	**(2,025)**	-	**(2,025)**	-
	(2,682)	203	**(7,659)**	(52)
(b) The share of other comprehensive 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*	**3,224**	3,252	**3,517**	3,642
(ii) Items that will be reclassified subsequently to profit or loss when specific conditions are met:				
- *Foreign currency translation reserves*	**40,237**	8,202	**22,637**	595
- *FVTOCI and other reserves*	**76,900**	28,410	**37,110**	71,465
	120,361	39,864	**63,264**	75,702
Total other comprehensive income for the period, net of tax	**117,679**	40,067	**55,605**	75,650
Total comprehensive income	**178,312**	123,973	**193,869**	252,426
Total comprehensive income attributable to:				
Owners of the Company	**176,574**	122,923	**192,078**	249,989
Non-controlling interests	**1,738**	1,050	**1,791**	2,437
	178,312	123,973	**193,869**	252,426

(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 2019)

QUARTERLY REPORT FOR THE SECOND QUARTER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Note	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
		Attributable to Owners of the Company									
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1.1.2020		2,095,310	(35,636)	63,451	11,221	-	111,790	2,743,327	4,989,463	73,986	5,063,449
Profit after tax		-	-	-	-	-	-	136,689	136,689	1,575	138,264
Fair value loss on cash flow hedge	B14	-	-	-	-	(4,946)	-	-	(4,946)	-	(4,946)
Foreign currency translation loss		-	-	-	(606)	-	-	-	(606)	(82)	(688)
Foreign currency translation reclassified to profit or loss upon disposal of a subsidiary company	A8(c)	-	-	-	(2,025)	-	-	-	(2,025)	-	(2,025)
Share of other comprehensive income and reserves of associated companies accounted for using equity method:											
- Foreign currency translation reserves		-	-	-	22,339	-	-	-	22,339	298	22,637
- FVTOCI and other reserves		-	-	-	-	-	40,627	-	40,627	-	40,627
Other comprehensive income/(expenses)		-	-	-	19,708	(4,946)	40,627	-	55,389	216	55,605
Total comprehensive income/(expenses)		-	-	-	19,708	(4,946)	40,627	136,689	192,078	1,791	193,869
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	(23)	(23)
Total distributions to Owners		-	-	-	-	-	-	-	-	(23)	(23)
Acquisitions of additional interests in a subsidiary company from non-controlling interests:											
- *Accretion of equity interests*	A8(a)(i)	-	-	-	-	-	-	-	-	(4,411)	(4,411)
- *Gain on acquisitions*	A8(a)(i)	-	-	-	-	-	-	2,056	2,056	-	2,056
Effects of acquisitions of warrants in a subsidiary company	A8(a)(i)	-	-	-	-	-	-	(6,611)	(6,611)	-	(6,611)
Exercise of warrants of a subsidiary company:											
- *Shares issued by a subsidiary company*	A8(a)(ii)	-	-	-	-	-	-	-	-	30	30
- *Effects of dilution of interests in a subsidiary company*	A8(a)(ii)	-	-	-	-	-	-	(49)	(49)	49	-
Total changes in ownership interest in a subsidiary company		-	-	-	-	-	-	(4,604)	(4,604)	(4,332)	(8,936)
Share buybacks by the Company	A5(a)	-	(1,038)	-	-	-	-	-	(1,038)	-	(1,038)
Total transactions with Owners in their capacity as Owners		-	(1,038)	-	-	-	-	(4,604)	(5,642)	(4,355)	(9,997)
As at 30.6.2020		2,095,310	(36,674)	63,451	30,929	(4,946)	152,417	2,875,412	5,175,899	71,422	5,247,321

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONT'D)

	Attributable to Owners of the Company								
	Share capital	Treasury shares	Revalua -tion reserve	Foreign currency translation reserves	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
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 'Leases':									
- 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 loss	-	-	-	(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*	-	-	-	-	-	(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*	-	-	-	-	-	-	-	(87)	(87)
- *Gain on acquisitions*	-	-	-	-	-	46	46	-	46
Exercise of warrants of a subsidiary company:									
- *Shares issued by a subsidiary company*	-	-	-	-	-	-	-	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

(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 2019)

QUARTERLY REPORT FOR THE SECOND QUARTER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Note	**Current year to date ended 30.6.2020**	Preceding year to date ended 30.6.2019
		RM'000	RM'000
Cash Flows From Operating Activities			
Profit before tax		**159,312**	200,473
Adjustments for:			
Non-cash and non-operating items		**13,847**	16,240
Share of results of associated companies and a joint venture		**(136,180)**	(139,143)
Operating profit before working capital changes		**36,979**	77,570
Decrease/(Increase) in operating assets:			
Inventories		**57,363**	97,294
Capital financing		**(87,035)**	(42,490)
Trade receivables		**86,216**	64,605
Contract assets		**31,979**	47,851
Other assets		* **14,675**	(5,384)
(Decrease)/Increase in operating liabilities:			
Trade payables		**(22,285)**	(42,626)
Contract liabilities		**4,692**	(19,334)
Other liabilities		**(48,537)**	(32,859)
Cash generated from operations		**74,047**	144,627
Income tax paid		**(16,674)**	(20,287)
Income tax refunded		**3,886**	5,325
Interest paid		**(23,033)**	(25,539)
Interest received		**38,148**	27,556
Net cash generated from operating activities		**76,374**	131,682
Cash Flows From Investing Activities			
Acquisitions of:			
- additional shares in a subsidiary company from non-controlling interests	A8(a)(i)	**(2,355)**	(41)
- warrants in a subsidiary company	A8(a)(i)	**(6,611)**	-
Distribution from an associated company		**-**	3,530
Dividends received		**75,142**	52,802
Expenditure incurred on investment properties		**(4,299)**	(1,073)
Funds distribution income received		**4,582**	5,565
Interest received		**2,021**	3,955
Net cash outflow from disposal of a subsidiary company	A8(c)	^ **(4,143)**	-
Proceeds from disposals of property, plant and equipment		**86**	68,254
Purchase of:			
- land held for property development		**(69,300)**	-
- plant and equipment		**(7,914)**	(12,063)
- software licenses		**(23)**	(96)
Net cash (used in)/generated from investing activities		**(12,814)**	120,833

QUARTERLY REPORT FOR THE SECOND QUARTER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONT'D)

	Note	**Current year to date ended 30.6.2020**	Preceding year to date ended 30.6.2019
		RM'000	RM'000
Cash Flows From Financing Activities			
Dividends paid to:			
- Owners of the Company		**-**	(62,316)
- non-controlling interests		**(23)**	(4,677)
Drawdown of loans		**172,995**	37,028
Expenses incurred on borrowings, medium term notes and Sukuk		**-**	(1,030)
Interest paid		**(27,967)**	(29,460)
Payment of lease liabilities		**(7,416)**	(447)
Proceeds from:			
- exercise of warrants of a subsidiary company	A8(a)(ii)	**30**	171
- issuance of medium term notes and Sukuk	A5(e)(ii)	**100,000**	364,200
Redemption of medium term notes	A5(d)(i),(e)(i)	**(58,400)**	(373,595)
Repayment of:			
- loans		**(85,500)**	(269,889)
- revolving credits - net		**(130,121)**	(240)
Share buybacks	A5(a)	**(1,038)**	-
Net cash used in financing activities		**(37,440)**	(340,255)
Net increase/(decrease) in cash and cash equivalents		**26,120**	(87,740)
Effects of exchange rate changes		**(931)**	(54)
Cash and cash equivalents at the beginning of the period		**590,044**	528,329
Cash and cash equivalents at the end of the period		**615,233**	440,535
Cash and cash equivalents comprised:			
Cash, bank balances and short term funds		**615,233**	441,354
Bank overdrafts		**-**	(819)
		615,233	440,535

∗ Changes in other assets included the net proceeds receivable on the disposal of a subsidiary company		**13,326**	-
∧ Cash and cash equivalents of a disposed subsidiary company		**(4,143)**	-
Net cash inflow from disposal of a subsidiary company	A8(c)	**9,183**	-

(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 2019)

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2020

Explanatory notes to Quarterly Report for the current year to date ended 30 June 2020

The unaudited interim financial report ("the quarterly report"), a condensed consolidated financial statement of the Group, has 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 2019 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 2019.

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 2019.

(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 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.

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 2020: (Cont'd)

(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 do not have any material financial impact to the Group.

(b) The Group has early adopted the following amendment to published standards that is applicable to the Group:

Amendment to MFRS 16 'Leases' - COVID-19 - Related Rent Concessions

As a practical expedient, a lessee may elect not to assess whether a rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this Standard if the change were not a lease modification. This applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

(i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

(iii) there is no substantive change to other terms and conditions of the lease.

The Group has early adopted the Amendment to MFRS 16 with election to apply the practical expedient as mentioned above to all rent concession received that meet the conditions in as stated above where effectively the Group recognised these concession separately under other income in Profit or Loss as disclosed in Note B13.

A1. Basis of preparation (Cont'd)

(c) 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 2022</u>

(1) <u>Amendments to MFRS 3 'Business Combination - Reference to the Conceptual Framework'</u>

Amendments to MFRS 3 is applicable to business combinations for which the acquisition date is on or after the beginning on or after 1 January 2022.

The amendments replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to 2018 Conceptual Framework for Financial Reporting.

Amendments to MFRS 3 'Business Combination' clarify that the acquirer shall account for contingent liabilities and levy in accordance to MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets' and IC Interpretation 21 'Levies' respectively.

The amendments also define a contingent asset as 'a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity'. The acquirer shall not recognise a contingent asset at the acquisition date.

(2) <u>Amendments to MFRS 101 'Presentation of Financial Statements'</u>

Amendments to MFRS 101 'Presentation of Financial Statements' clarify the requirements for the classification of liabilities as current or non-current. The amendments aim to promote consistency in applying the requirements for the debt and other liabilities with an uncertain settlement date.

The classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. A liability to be classified as a current liability when an entity does not has the right to defer its settlement for at least twelve months.

(3) <u>Amendments to MFRS 116 'Property, Plant and Equipment - Proceeds before Intended Use'</u>

Amendments to MFRS 116 'Property, Plant and Equipment' ("PPE") prohibit a company from deducting the amounts received from selling items produced while bringing the asset for its intended use to the costs of PPE. Instead, a company shall recognise such sales proceeds and related cost in profit or loss.

(4) <u>Annual Improvements to MFRS Standards 2018-2020 Cycle</u>

Annual Improvements to MFRS Standards 2018-2020 Cycle cover minor amendments to MFRS 1 'First-time Adoption of Malaysian Financial Reporting Standards', MFRS 9 'Financial Instruments' and MFRS 141 'Agriculture'.

A1. Basis of preparation (Cont'd)

(c) 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 2022 (Cont'd)

(4) Annual Improvements to MFRS Standards 2018-2020 Cycle (Cont'd)

MFRS 1 ‘First-time Adoption of Malaysian Financial Reporting Standards’ has been amended to simplify the application of MFRS 1 of a subsidiary (first time adopter) in relation to the measurement of cumulative translation differences by using the amounts reported by its parent, based on the parent’s date of transition to MFRSs.

MFRS 9 ‘Financial Instruments’ has been amended to clarify that the fees an entity includes when it applies the ‘10 per cent’ test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

MFRS 141 ‘Agriculture’ has been amended to remove the requirement for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The adoption of these amendments do not have any material financial impact to the Group.

(ii) For financial year beginning on/after 1 January 2023

Amendments to MFRS 137 ‘Provisions, Contingent Liabilities and Contingent Assets’ - Onerous Contracts - Cost of Fulfilling a Contract

Amendments to MFRS 137 ‘Provisions, Contingent Liabilities and Contingent Assets’ specify the costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The costs that relate directly to a contract consist the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The adoption of this amendment does not have any material financial 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 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

The performance of the Hotels and Resorts division of the Group is dependant on holiday seasons. The other business operations of the Group for the current year to date were not affected by any seasonal or cyclical factors.

However, most of the Group's operations were affected during the various stages of Movement Control Order, which started on 18 March 2020 to date to curb the spread of COVID-19 pandemic.

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

Save as disclosed in Note B1 and B2 in relation to the impact of the Movement Control Order ("MCO"), there were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group because of their nature, size or incidence during the current year to date.

A4. Changes in estimates of amounts reported previously

There were no material changes in estimates of amounts reported previously that have a material effect in the current quarter ended 30 June 2020 except for the change in expected credit loss rates adopted in assessing the impairment of trade receivables in accordance to MFRS 9. We have reviewed historical credit losses and assessed the expected credit loss due to the impact of the current economic conditions as there were delay in collections of trade receivables compared to the basis used in the previous historical credit losses. The additional impact has been recognised in the profit or loss as disclosed in Note B13.

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

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

(a) Share buybacks/Treasury shares of the Company

The shares repurchased are being held as treasury shares and treated in accordance with the requirements of Section 127 of the Companies Act 2016. Summary of share buybacks is as follows:

	Number of shares	Highest price	Lowest price	Average cost includes transaction costs	Total amount paid
	'000	RM	RM	RM	RM'000
As at 1.1.2020	23,464	2.82	0.90	1.52	35,636
Share buybacks in January 2020	1,023	1.04	0.99	1.01	1,038
As at 30.6.2020	24,487	2.82	0.90	1.50	36,674

(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 2020.

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

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

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 on 29 November 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 30.6.2020, the total number of Warrants C 2015/2020 which remained unexercised was 356,577,165 (31.12.2019: 356,577,165).

On 22 July 2020, being the expiry date of Warrants C 2015/2020, a total 356,576,114 unexercised Warrants C 2015/2020 have lapsed and became null and void. Accordingly, the Warrants C 2015/2020 was removed from the Official List of Bursa Malaysia with effect from 9.00 am on 23 July 2020. The expiry of Warrants C 2015/2020 does not have any financial impact to the Group.

(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.

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)

In 2015 and 2016, the Company issued a total of RM940.11 million of MTN 1 with maturities commencing from year 2017 to 2022 and redeemable every 6 months commencing 18 and 30 months after the first issuance date. Subsequent to issuance date, the Company redeemed for a total of RM673.91 million of MTN 1.

As at 30 June 2020, the outstanding amount of MTN 1 stood at RM266.21 million.

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

(i) the Group shall maintain a gearing ratio of not exceeding 1.50 times throughout the tenure of the MTN 1.
(ii) the Company shall maintain a security cover ratio of not less than 1.50 times throughout the tenure of the MTN 1.
(iii) the Company shall maintain a Debt Service Reserve Account ("DSRA") 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:

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

(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 repayment of borrowings of the Group.

(i) Tranche 1 and 2 of MTN 2

In 2018, OSKICM issued a total of RM250.00 million of Tranche 1 of MTN 2 in 4 series with maturities commencing from year 2021 to 2028 and redeemable every 12 months commencing 12 months after the first issuance date. Subsequently, the Company redeemed for a total of RM17.50 million of the Tranche 1 of MTN 2.

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) Tranche 1 and 2 of MTN 2 (Cont'd)

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

OSKICM redeemed RM23.60 million for Tranche 1 of MTN 2 and RM19.72 million for Tranche 2 of MTN 2 in 2019.

On 30 January 2020, OSKICM redeemed RM20.00 million for series matured under Tranche 2 of MTN 2.

As at 30 June 2020, OSKICM further redeemed RM18.90 million for Tranche 1 of MTN 2 and RM14.50 million for Tranche 2 of MTN 2, which had brought down the outstanding amount to RM190.00 million and RM145.79 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 ("PA") for Tranche 1 and 2 ("Tranche 1 and 2 PA") 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).

(ii) Tranche 2 of Sukuk 1

In 2019, OSKICM issued a total of RM92.97 million with maturities commencing from year 2021 to 2024 and redeemable every 3 months commencing 36 months after the first issuance date.

As at 30 June 2020, 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 (3) periodic profit payments.

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)

(iii) Tranche 3 of Sukuk 1

In 2019, OSKICM issued Tranche 3 of Sukuk 1 of RM170.00 million with maturities commencing from year 2021 to 2025 and redeemable every 6 months commencing 36 months after the first issuance date.

As at 30 June 2020, 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 PA") 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.

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

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

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)

(i) Tranche 1 of MTN 3

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 2034, redeemable every 12 months commencing 12 months after the first issuance date.

On 8 May 2020, OSKICM redeemed RM5.00 million for a series matured and the outstanding amount thereafter stood at RM159.2 million.

The Tranche 1 of MTN 3 is secured by:

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

(1) the Atria Mall Revenue Account and Carpark Revenue Account ("Revenue Accounts") maintained by Atria Shopping Gallery Sdn. Bhd. ("ASG") and Atria Parking Management Sdn. Bhd. ("APM") 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;
(2) Atria Mall Rental Proceed and Carpark Rental Proceed ("Rental Proceeds") maintained by ASG and APM respectively, and all monies from time to time standing to the credit thereto;
(3) the Debt Service Reserve Account ("DSRA") maintained by ASG and all monies from time to time standing to the credit thereto;
(4) the Insurances of ASG and APM;
(5) the Atria Mall and Carpark under the Sale and Purchase Agreement entered between ASG, APM and Atria Damansara Sdn. Bhd. ("AD"), a subsidiary company of OSKPH, which in turn is a subsidiary company of the Company;

(b) debentures by ASG and APM 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

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

(ii) Tranche 2 and Tranche 3 of MTN 3

On 30 September 2019, OSKICM issued Tranche 2 of MTN 3 for RM100.00 million. On 30 January 2020, OSKICM issued Tranche 3 of MTN 3 for RM100.00 million. Both tranches redeemable after 5 years from the issuance date. As at 30 June 2020, the outstanding amount of Tranche 2 and Tranche 3 of MTN 3 stood at RM100.00 million and RM100.00 million respectively.

The Tranche 2 and Tranche 3 of MTN3 are secured by:

(a) first party legal charge by the way of Memorandum of Deposit with Power of Attorney over shares of an associated company of the Company;
(b) all its rights, titles, interests and benefits to and in the DSRA maintained by OSKICM and all monies from time to time standing to the credit thereto; and
(c) OSKICM shall maintain a minimum amount equivalent to one month coupon payment in the DSRA.

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 terms of the MTN 3 contain various covenants, including the following:

(i) the Group shall maintain a gearing ratio of not exceeding 1.50 times throughout the tenure of the Programme.

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

The issuances and redemptions for the current year to date and the outstanding MTNs and Sukuk, the DSRA, FSRA and PA balances as at 30 June 2020 are summarised as follows:

	For current year to date		As at 30 June 2020			
	Issuance RM'000	Redemption RM'000	Outstanding amounts RM'000	DSRA balances RM'000	FSRA balances RM'000	PA balances RM'000
(1) MTN 1	-	-	266,206	4,161	-	-
(2) Tranche 1 of MTN 2	-	18,900	190,000	-	-	39
(3) Tranche 2 of MTN 2	-	34,500	145,785	-	-	27
(4) Tranche 2 of Sukuk 1	-	-	92,971	-	1,209	-
(5) Tranche 3 of Sukuk 1	-	-	170,000	-	744	36
(6) Tranche 1 of MTN 3	-	5,000	159,200	698	-	-
(7) Tranche 2 of MTN 3	-	-	100,000	368	-	-
(8) Tranche 3 of MTN 3	100,000	-	100,000	368	-	-
	100,000	58,400	1,224,162	5,595	1,953	102
Less: Unamortised issuance expenses			(1,385)			
			1,222,777			

The interest rates of MTNs and profit rates of Sukuk 1 were ranging from 4.28% to 4.85% per annum. Following Bank Negara Malaysia announcements on decision to reduce Overnight Policy Rate ("OPR") on 22 January 2020, 3 March 2020 and 5 May 2020, the interest rates of MTNs and profit rates of Sukuk 1 had adjusted to a range from 3.30% to 3.80% per annum.

A6. Dividends paid during the current year to date

There were no dividend paid during the current year to date ended 30 June 2020. Subsequent to 30 June 2020, a final dividend for the financial year ended 31 December 2019 of 3.0 sen per share was paid on 2 July 2020.

A7. Segmental information

The Group's businesses are organised into five (5) core business segments, based on the nature of the products and services, which operating results are regularly reviewed by the chief operating decision makers comprising the Board of Directors and senior management of the Group to make decisions about resources allocation to the segment and assess its performance. The core business segments are 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 associated companies which are involved in property development activities.

(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 which dealt with letting of office and retails space.

(b) Construction – Building construction works.

(c) Industries

(i) Olympic Cables – Manufacturing and sale 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.

(ii) Vacation Club – Management of SGI vacation timeshare and sale of timeshare membership.

(e) Financial Services & Investment Holding

(i) Capital Financing – Financing activities include generating interest, fee and related income on loans and financing portfolio.

(ii) Investment Holding – Investing activities and other insignificant business segments, where investments contribute dividend income and interest income as well as sharing of results of an associated company which engaged in financial services business.

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.

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 five (5) core business segments:

	Property	Construction	Industries	Hospitality	Financial Services & Investment Holding	Consolidated
Current year to date ended 30.6.2020	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue						
Total revenue	**243,569**	**80,489**	**107,044**	**26,085**	**314,838**	**772,025**
Inter-segment revenue	**(2,407)**	**(80,489)**	**(83)**	**(1,734)**	**(33,917)**	**(118,630)**
Dividends from:						
- subsidiary companies	-	-	-	-	**(147,954)**	**(147,954)**
- an associated company	-	-	-	-	**(75,142)**	**(75,142)**
Revenue from external parties	**241,162**	-	**106,961**	**24,351**	**57,825**	**430,299**
Results						
Segment profit/(loss)	**15,669**	**(5,828)**	**2,652**	**(14,883)**	**18,194**	**15,804**
Gain on disposal of a subsidiary company [Note A8(c)]	-	-	**7,657**	-	-	**7,657**
Share of results of associated companies and a joint venture	**42,552**	-	-	-	**93,628**	**136,180**
	58,221	**(5,828)**	**10,309**	**(14,883)**	**111,822**	**159,641**
Realisation of profit upon completion of sale/(Elimination of unrealised profit)	-	**927**	-	-	**(1,256)**	**(329)**
Profit/(Loss) before tax	**58,221**	**(4,901)**	**10,309**	**(14,883)**	**110,566**	**159,312**
Tax (expense)/income	**(11,003)**	**266**	**(1,802)**	**72**	**(8,581)**	**(21,048)**
Profit/(Loss) after tax	**47,218**	**(4,635)**	**8,507**	**(14,811)**	**101,985**	**138,264**
Preceding 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)	56,999	(194)	13,295	(7,372)	(356)	62,372
Share of results of associated companies and a joint venture	21,873	-	-	-	117,270	139,143
	78,872	(194)	13,295	(7,372)	116,914	201,515
Realisation of profit upon completion of sale/(Elimination of unrealised profit)	-	1,249	-	-	(2,291)	(1,042)
Profit/(Loss) before tax	78,872	1,055	13,295	(7,372)	114,623	200,473
Tax expense	(14,637)	(37)	(3,001)	(726)	(5,296)	(23,697)
Profit/(Loss) after tax	64,235	1,018	10,294	(8,098)	109,327	176,776
Comparison of profit/(loss) before tax:						
Decrease in profit/(loss) before tax	(20,651)	(5,956)	(2,986)	(7,511)	(4,057)	(41,161)
% of decrease	(26%)	(>100%)	(22%)	(>100%)	(4%)	(21%)

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 five (5) core business segments:

	Property	Construction	Industries	Hospitality	Financial Services & Investment Holding	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30.6.2020						
Assets						
Tangible assets	**2,810,682**	**30,983**	**198,404**	**367,053**	**1,216,785**	**4,623,907**
Intangible assets	**297**	**-**	**-**	**-**	**775**	**1,072**
	2,810,979	**30,983**	**198,404**	**367,053**	**1,217,560**	**4,624,979**
Investments in associated companies and a joint venture	**605,369**	**-**	**-**	**-**	**3,200,134**	**3,805,503**
Segment assets	**3,416,348**	**30,983**	**198,404**	**367,053**	**4,417,694**	**8,430,482**
Deferred tax assets and tax recoverable						**97,720**
Total assets						**8,528,202**
Liabilities						
Segment liabilities	**1,350,717**	**57,726**	**27,061**	**252,960**	**1,465,612**	**3,154,076**
Deferred tax liabilities and tax payable						**126,805**
Total liabilities						**3,280,881**
As at 31.12.2019						
Assets						
Tangible assets	2,991,765	39,214	195,527	376,165	954,426	4,557,097
Intangible assets	364	-	-	-	841	1,205
	2,992,129	39,214	195,527	376,165	955,267	4,558,302
Investments in associated companies and a joint venture	552,649	-	-	-	3,128,552	3,681,201
Assets of disposal group classified as held for sale	-	-	21,998	-	-	21,998
Segment assets	3,544,778	39,214	217,525	376,165	4,083,819	8,261,501
Deferred tax assets and tax recoverable						105,929
Total assets						8,367,430
Liabilities						
Other segment liabilities	1,419,344	68,044	29,740	253,336	1,396,627	3,167,091
Liabilities of disposal group classified as held for sale	-	-	10,135	-	-	10,135
Segment liabilities	1,419,344	68,044	39,875	253,336	1,396,627	3,177,226
Deferred tax liabilities and tax payable						126,755
Total liabilities						3,303,981
Comparison of segment assets and liabilities:						
(Decrease)/Increase in segment assets	(128,430)	(8,231)	(19,121)	(9,112)	333,875	168,981
% of (decrease)/increase	(4%)	(21%)	(9%)	(2%)	8%	2%
(Decrease)/Increase in segment liabilities	(68,627)	(10,318)	(12,814)	(376)	68,985	(23,150)
% of (decrease)/increase	(5%)	(15%)	(32%)	(<1%)	5%	(<1%)

A7. Segmental information (Cont'd)

(b) Geographical segments analysis

The Group's operations are mainly based in Malaysia (for all the five (5) core businesses), Australia (Property Development and Property Investment) and Vietnam (Cables). Other geographical segments mainly include investment holding entities in Singapore, British Virgin Islands and Cayman Islands.

The following table provides an analysis of the Group's revenue, results and non-current assets by geographical segments:

	Malaysia	Australia	Vietnam	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Current year to date ended 30.6.2020					
Revenue	**411,232**	**-**	**19,067**	**-**	**430,299**
Profit/(Loss) before tax	**120,520**@	**38,843** #	**-**	**(51)**	**159,312**
Preceding 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
As at 30.6.2020					
Non-current assets ^	**2,503,921**	**-**	**-**	**-**	**2,503,921**
As at 31.12.2019					
Non-current assets ^	2,349,153	-	-	-	2,349,153

@ Included a gain on disposal of a subsidiary company of RM7.66 million.

Share of results of an associated company, Yarra Park City Pty. Ltd., of RM38.58 million.

^ Non-current assets exclude financial instruments, deferred tax assets and investments in associated companies and a joint venture.

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 ("PJDH")

(i) Acquisitions of additional equity interests from non-controlling interests of PJDH, a subsidiary company of the Company

During the current year to date, the Company acquired the following ordinary shares and warrants of PJDH:

	Shares	**Warrants**
Number of units	1,579,000	8,264,200
Average price per share (RM)	1.49	0.80
Total purchase consideration (RM)	2,354,520	6,611,360

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

	RM'000
Net assets acquired from non-controlling interests	(4,411)
Gains on consolidation recognised in equity	2,056
Cash outflow on acquisitions of additional ordinary shares in PJDH	(2,355)

(ii) Issuance of 29,800 PJDH's ordinary shares pursuant to conversion of PJDH's Warrants C

During the current year to date, PJDH issued 29,800 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. The effects of the new issuance of ordinary shares in PJDH are as follows:

	RM'000
Net assets upon issuance of new ordinary shares	79
Loss on consolidation recognised in equity	(49)
Cash inflow on exercise of warrants in PJDH	30

According to the (i) and (ii) above, the Company's effective interest in:

- PJDH's ordinary shares increased from 96.94% to 97.24%; and
- PJDH's warrants increased from 91.99% to 97.89%.

(b) Striking off of dormant companies

On 26 February 2020, Dikir Dagang Sdn. Bhd. ("DD") a dormant company and wholly-owned subsidiary company of OSKPH, which in turn is a subsidiary company of the Company, had been struck off from the register and dissolved following the publication of the notice of striking off pursuant to Section 551(3) of the CA2016 in the Gazette on 26 February 2020. The striking off of DD 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)

(c) Disposal of OVI Cables (Vietnam) Co., Ltd. ("OVI")

On 31 December 2019, Olympic Cable Company Sdn. Bhd. ("OCC"), a wholly-owned subsidiary company of OCC Malaysia Sdn. Bhd. ("OCCM"), an indirect wholly-owned subsidiary company of PJDH, which in turn is a subsidiary company of the Company, entered into a Sale and Purchase Agreement with Sunhouse Group JSC ("Sunhouse") for the disposal of 100% Contributed Charter Capital of VND122 billion and all ownership rights and titles in OVI to Sunhouse for a total cash consideration of VND75 billion.

The disposal of OVI was duly completed on 30 June 2020 and the financial impact to the Group arising from the disposal is disclosed below.

Gain on the disposal of OVI, including realisation of foreign currency translation gain based on a prevailing foreign currency exchange rate on 30 June 2020, on the Group’s financial statements:

	RM'000
Cash proceeds	13,878
Less: Expenses incurred on disposal	(552)
Net disposal proceeds	13,326
Less: Cost of investment in a subsidiary company	(8,718)
Gain on deemed disposal of a subsidiary company at a subsidiary company, OCC, level	4,608
Post-acquisition reserves recognised up to the date of disposal	11,393
Realisation of write-down on investment in a subsidiary company	(10,369)
	5,632
Realisation of foreign currency translation gain reclassified from reserve	2,025
Gain on disposal of a subsidiary company at the Group level	7,657

The value of assets and liabilities of OVI recorded in the consolidated financial statements as at 30 June 2020 are as follows:

	RM'000
Property, plant and equipment	5,770
Right-of-use assets	533
Inventories	5,229
Trade receivables	4,849
Other assets	2,260
Cash, bank balances and short term funds	4,143
Trade payables	(2,826)
Lease liabilities	(659)
Amount due to related companies	(3,604)
Other liabilities	(8,001)
Net assets	7,694
Realisation of foreign currency translation gain reclassified from reserve	(2,025)
	5,669
Gain on disposal of a subsidiary company at Group level	7,657
Net disposal proceeds	13,326
Cash and cash equivalents of OVI	(4,143)
Net cash inflow from disposal of a subsidiary company	9,183

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 end of the current quarter.

A10. Commitments

	As at 30.6.2020 RM'000	As at 31.12.2019 RM'000
(a) Significant unrecognised contractual commitments		
Contracted but not provided for:		
- Acquisition of land held for property development	**174,643**	243,943
- Acquisition of office equipment and software licences	**1,114**	1,121
- Acquisition of plant and equipment	**1,489**	3,200
- Factory expansion	**397**	1,241
- Renovation costs	**4,726**	1,980
	182,369	251,485
(b) Operating lease commitments - the Group as lessor		
Not later than one year	**24,230**	28,422
Later than one year and not later than five years	**22,207**	29,756
Later than five years	**32,494**	33,749
	78,931	91,927

A11. Changes in contingent liabilities or contingent assets

There were no significant changes in contingent liabilities or contingent assets of the Group during the current year to date.

A12. Significant related party transactions

Entities	Nature of transactions	Income/(Expenses) Current year to date ended 30.6.2020 RM'000
(a) Associated companies:		
RHB Asset Management Sdn. Bhd.	- Fund distribution income	3,065
RHB Bank Berhad	- Dividend income	75,142
	- Office rental income	422
	- Interest expense	(9,560)
RHB Islamic Bank Berhad	- Interest expense	(5,361)
(b) Other related parties:		
DC Services Sdn. Bhd.	- Insurance premium expense	(317)
Dindings Consolidated Sdn. Bhd.	- Office rental income	324
Dindings Design Sdn. Bhd.	- Construction works	(557)
Raslan Loong, Shen & Eow	- Legal fees expense	(499)
Sincere Source Sdn. Bhd.	- Insurance premium expense	(1,762)

A13. Fair value measurement

Fair value hierarchy pursuant to MFRS 7

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 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	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
As at 30.6.2020				
Non-financial assets				
Biological assets	-	-	**219**	**219**
Investment properties	-	**10,309**	**442,520**	**452,829**
Financial assets				
Derivative assets	-	**2,110**	-	**2,110**
Securities at fair value through profit or loss	**176**	-	-	**176**
Short term funds	**496,773**	-	-	**496,773**
	496,949	**12,419**	**442,739**	**952,107**
As at 31.12.2019				
Non-financial assets				
Biological assets	-	-	251	251
Investment properties	-	10,309	442,520	452,829
Financial assets				
Securities at fair value through profit or loss	264	-	-	264
Short term funds	446,335	-	-	446,335
	446,599	10,309	442,771	899,679

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 and liabilities were approximated their fair values. These financial assets and liabilities including trade and other receivables or payables, capital financing, cash and bank balances, lease liabilities, medium term notes and Sukuk and borrowings.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2020

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 2020

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

	Current quarter ended 30.6.2020 2Q20 RM'000	Comparative quarter ended 30.6.2019 2Q19 RM'000	change %	**Current year to date ended 30.6.2020 6M20 RM'000**	Preceding year to date ended 30.6.2019 6M19 RM'000	change %
Revenue						
1. Property	**97,388**	226,738	(57%)	**241,162**	384,677	(37%)
Construction revenue	*29,564*	*61,083*	*(52%)*	*80,489*	*119,447*	*(33%)*
Inter-segment revenue	*(29,564)*	*(61,058)*	*52%*	*(80,489)*	*(119,163)*	*32%*
2. Construction	**-**	25	(100%)	**-**	284	(100%)
3. Industries	**41,111**	75,638	(46%)	**106,961**	146,083	(27%)
4. Hospitality	**6,797**	17,535	(61%)	**24,351**	35,782	(32%)
5. Financial Services & Investment Holding	**29,276**	16,466	78%	**57,825**	33,444	73%
Revenue	**174,572**	336,402	(48%)	**430,299**	600,270	(28%)
Pre-tax profit/(loss)						
1. Property	**27,140**	36,432	(26%)	**58,221**	78,872	(26%)
2. Construction	**(3,773)**	366	(>100%)	**(4,901)**	1,055	(>100%)
Industries performance	*(1,599)*	*6,954*	*(>100%)*	*2,652*	*13,295*	*(80%)*
Gain on disposal of a subsidiary company	*7,657*	*-*		*7,657*	*-*	
3. Industries	**6,058**	6,954	(13%)	**10,309**	13,295	(22%)
4. Hospitality	**(8,419)**	(4,813)	(75%)	**(14,883)**	(7,372)	(>100%)
5. Financial Services & Investment Holding	**51,323**	55,334	(7%)	**110,566**	114,623	(4%)
Pre-tax profit	**72,329**	94,273	(23%)	**159,312**	200,473	(21%)
Comprised of:						
Pre-tax profit from the business	**17,935**	28,210	(36%)	**23,132**	61,330	(62%)
Share of results of associated companies and a joint venture	**54,394**	66,063	(18%)	**136,180**	139,143	(2%)
Pre-tax profit	**72,329**	94,273	(23%)	**159,312**	200,473	(21%)

B1. Performance analysis of the Group for the current quarter and current year to date ended 30 June 2020 (Cont'd)

(a) Current Quarter ("2Q20") compared with Comparative Quarter of Preceding Year ("2Q19")

The Group registered revenue of RM174.57 million and pre-tax profit of RM72.33 million in 2Q20 compared with revenue of RM336.40 million and pre-tax profit of RM94.27 million in 2Q19, representing a decrease of RM161.83 million or 48% in revenue and RM21.94 million or 23% in pre-tax profit. Core pre-tax profit for the current quarter was at RM64.67 million compared to RM94.27 million in 2Q19.

During the implementation of the Movement Control Order ("MCO"), most of the Group's businesses were categorised under "non-essential" services, and have thus remained closed until 4 May 2020. Upon implementation of the Conditional MCO ("CMCO") beginning 5 May 2020, all our businesses resumed operations at a reduced capacity except for the Hotel Division which remained closed until 30 June 2020. Arising from this, the Group's revenue and pre-tax profit for 2Q20 were lower compared to 2Q19.

The Property Segment recorded revenue of RM97.39 million and pre-tax profit of RM27.14 million (including share of profit of RM16.20 million) in 2Q20 compared with revenue of RM226.74 million and pre-tax profit of RM36.43 million (including share of profit of RM8.41 million) in 2Q19, representing a decrease of RM129.35 million or 57% in revenue and RM9.29 million or 26% in pre-tax profit.

The 2Q20 performance was mainly contributed by Ryan & Miho and Iringan Bayu in Malaysia and share of profit amounting to RM15.09 million from the development of Melbourne Square ("MSQ") in Melbourne, Australia. Other than impact of the MCO, there were fewer on-going property projects during the quarter. The revenue and pre-tax profit were further compressed by the rental concession granted to retail tenants of our shopping mall in the "non-essential" services who could not operate during the MCO period.

The Construction Segment registered revenue of RM29.56 million and pre-tax loss of RM3.77 million in 2Q20 compared with revenue of RM61.08 million and pre-tax profit of RM0.37 million in 2Q19, representing a decrease of RM31.52 million or 52% in revenue and RM4.14 million in pre-tax performance. The lower performance recorded was mainly due to fewer on-going projects and a slow pick-up in construction activities during the CMCO period due to strict compliance with Standard Operating Procedures ("SOPs") at construction sites.

The Industries Segment registered revenue of RM41.11 million and pre-tax loss of RM1.60 million (excluding gain on disposal of a subsidiary company of RM7.66 million) in 2Q20 compared with revenue of RM75.64 million and pre-tax profit of RM6.95 million in 2Q19, representing a decrease of RM34.53 million or 46% in revenue and RM8.55 million in pre-tax performance. The lower revenue and pre-tax profit were mainly due to the disruption in business activities during the MCO period affecting the production and deliveries to customers.

The Hospitality Segment reported revenue of RM6.80 million and pre-tax loss of RM8.42 million in 2Q20 compared with revenue of RM17.54 million and pre-tax loss of RM4.81 million in 2Q19, representing a decrease of RM10.74 million or 61% in revenue and an increase of RM3.61 million or 75% in pre-tax loss. All our hotels remained closed for business from 18 March 2020 till 30 June 2020, except for Swiss-Inn Johor Bahru and Swiss-Garden Bukit Bintang which operated as quarantine hotels for Malaysians returning from abroad. This has severely impacted the revenue of the Hospitality Division, and resulted in poor performance. In additional, the SGI Vacation Club Division also recorded weak membership sales in 2Q20.

The Capital Financing Division registered revenue of RM21.86 million and pre-tax profit of RM12.51 million in 2Q20 compared with revenue of RM15.07 million and pre-tax profit of RM7.74 million in 2Q19, representing an increase of RM6.79 million or 45% in revenue and RM4.77 million or 62% in pre-tax profit. The improved performance was due to higher loan disbursement in 2Q20 compared with 2Q19.

The Investment Holding Division reported a pre-tax profit of RM38.82 million in 2Q20 compared with RM47.60 million in 2Q19, representing a decrease of RM8.78 million or 18% in pre-tax profit. The lower pre-tax profit was mainly due to a lower profit being recorded by RHB, which contributed a profit of RM38.20 million in 2Q20 compared to RM57.66 million in 2Q19.

B1. Performance analysis of the Group for the current quarter and current year to date ended 30 June 2020 (Cont'd)

(b) Current Year To Date (''6M20'') compared with Preceding Year To Date (''6M19'')

The Group registered revenue of RM430.30 million and pre-tax profit of RM159.31 million in 6M20 compared with revenue of RM600.27 million and pre-tax profit of RM200.47 million in 6M19, representing a decrease of RM169.97 million or 28% in revenue and RM41.16 million or 21% in pre-tax profit. Core pre-tax profit for 6M20 was at RM151.65 million compared to RM200.47 million in 6M19.

The Property Segment registered revenue of RM241.16 million and pre-tax profit of RM58.22 million (including share of profit of RM42.55 million) in 6M20 compared with revenue of RM384.68 million and pre-tax profit of RM78.87 million (including share of profit of RM21.87 million) in 6M19, representing a decrease of RM143.52 million or 37% in revenue and RM20.65 million or 26% in pre-tax profit. The revenue and pre-tax profit of the Property Development Division were mainly contributed by the existing on-going projects which were able to restart its construction activities during the CMCO in May 2020.

The progressive completion, hand-over and settlement of Phase 1 in MSQ since Jan 2020 has contributed about RM38.58 million to the pre-tax profit of the division during the period. The Property Investment Division's performance was impacted negatively as rental concessions and rebates were given to retail tenants who could not operate during the MCO period at the shopping mall.

The Construction Segment generated revenue of RM80.49 million and pre-tax loss of RM4.90 million in 6M20 compared with revenue of RM119.45 million and pre-tax profit of RM1.06 million in 6M19, representing a decrease of RM38.96 million or 33% in revenue and RM5.96 million in pre-tax performance. The lower revenue and pre-tax performance recorded were mainly due to fewer on-going projects and lower construction progress billings generated due to MCO.

The Industries Segment registered revenue of RM106.96 million and pre-tax profit of RM2.65 million (excluding gain on disposal of a subsidiary company of RM7.66 million) in 6M20 compared with revenue of RM146.08 million and pre-tax profit of RM13.30 million in 6M19, representing a decrease of RM39.12 million or 27% in revenue and RM10.65 million or 80% in pre-tax profit. The factories were closed during the MCO period and restarted operations during the CMCO period with reduced manpower due to compliance with the necessary SOPs.

The Hospitality Segment registered revenue of RM24.35 million and pre-tax loss of RM14.88 million in 6M20 compared with revenue of RM35.78 million and pre-tax loss of RM7.37 million in 6M19, representing a decrease of RM11.43 million or 32% in revenue and an increase of RM7.51 million or 2.02 times in pre-tax loss. The Hotel Division's performance was affected by low occupancy rates since the outbreak of COVID-19 in January 2020, which has adversely impacted the tourism, meeting and convention activities. All our hotels remained closed as at 30 June 2020 except for Swiss-Inn Johor Bahru and Swiss-Garden Bukit Bintang which were used as quarantine hotels for Malaysians returning from abroad. In addition, the SGI Vacation Club Division also recorded weak membership sales in 2Q20.

The Capital Financing Division posted revenue of RM45.84 million and pre-tax profit of RM26.39 million in 6M20 compared with revenue of RM30.95 million and pre-tax profit of RM15.54 million in 6M19, representing an increase of RM14.89 million or 48% in revenue and RM10.85 million or 70% in pre-tax profit. The increase in revenue and pre-tax profit were the result of the growth in the size of our loan portfolio.

The Investment Holding Division contributed pre-tax profit of RM84.18 million in 6M20 compared with RM99.09 million in 6M19, representing a decrease of RM14.91 million or 15% in pre-tax profit. The decrease in pre-tax profit was mainly due to a lower profit being recorded by RHB, which contributed a profit of RM93.63 million in 6M20 compared to RM117.27 million in 6M19.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2020

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

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

Overall performance analysis for current quarter compared with immediate preceding quarter

	Current quarter ended 30.6.2020 2Q20	Immediate preceding quarter ended 31.3.2020 1Q20	change
	RM'000	RM'000	%
Revenue			
1. Property	**97,388**	143,774	(32%)
Construction revenue	*29,564*	*50,925*	*(42%)*
Inter-segment revenue	*(29,564)*	*(50,925)*	*42%*
2. Construction	**-**	-	
3. Industries	**41,111**	65,850	(38%)
4. Hospitality	**6,797**	17,554	(61%)
5. Financial Services & Investment Holding	**29,276**	28,549	3%
Revenue	**174,572**	255,727	(32%)
Pre-tax profit/(loss)			
1. Property	**27,140**	31,081	(13%)
2. Construction	**(3,773)**	(1,128)	(234%)
Industries performance	*(1,599)*	*4,251*	*(>100%)*
Gain on disposal of a subsidiary company	*7,657*	*-*	
3. Industries	**6,058**	4,251	43%
4. Hospitality	**(8,419)**	(6,464)	(30%)
5. Financial Services & Investment Holding	**51,323**	59,243	(13%)
Pre-tax profit	**72,329**	86,983	(17%)
Comprised of:			
Pre-tax profit from the business	**17,935**	5,197	245%
Share of results of associated companies and a joint venture	**54,394**	81,786	(33%)
Pre-tax profit	**72,329**	86,983	(17%)

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

Current Quarter ("2Q20") compared with Immediate Preceding Quarter ("1Q20")

The Group registered revenue of RM174.57 million and pre-tax profit of RM72.33 million in 2Q20 compared with revenue of RM255.73 million and pre-tax profit of RM86.98 million in 1Q20, representing a decrease of RM81.16 million or 32% in revenue and RM14.65 million or 17% in pre-tax profit. Core pre-tax profit for the current quarter was at RM64.67 million compared to RM86.98 million in 1Q20.

The Property Segment recorded revenue of RM97.39 million and pre-tax profit of RM27.14 million (including share of profit of RM16.20 million) in 2Q20 compared with revenue of RM143.77 million and pre-tax profit of RM31.08 million (including share of profit of RM26.36 million) in 1Q20, representing a decrease of RM46.38 million or 32% in revenue and RM3.94 million or 13% in pre-tax profit. The Property Development Division recorded lower profit due to temporary closure of the construction sites during MCO period which resulted in lower work done for the on-going projects and progress billings to customers. MSQ development in Melbourne, Australia also contributed lower profit, hence lower share of profit of RM15.09 million in 2Q20 compared to RM23.49 million in 1Q20. Stage 2 hand-over which was triggered in late May saw settlement and recognition of profit progressively upon settlement in June 2020 as compared to Stage 1 settlement which happened throughout Jan 2020 till March 2020. In addition, rental concessions were given to retail tenants whose businesses were affected during the MCO period at the shopping mall impacting the Property Investment Division's revenue and pre-tax profit.

The Construction Segment recorded revenue of RM29.56 million and pre-tax loss of RM3.77 million in 2Q20 compared with revenue of RM50.93 million and pre-tax loss of RM1.13 million in 1Q20, representing a decrease of RM21.37 million or 42% in revenue and an increase of RM2.64 million or 3.34 times in pre-tax loss. This segment recorded lower progress billings due to lesser work done for the on-going projects in 2Q20 in compliance with the necessary SOPs.

The Industries Segment recorded revenue of RM41.11 million and pre-tax loss of RM1.60 million (excluding gain on disposal of a subsidiary company of RM7.66 million) in 2Q20 compared with revenue of RM65.85 million and pre-tax profit of RM4.25 million in 1Q20, representing a decrease of RM24.74 million or 38% in revenue and RM5.85 million in pre-tax performance. The lower pre-tax profit was due to temporary closure of the factories in compliance with the MCO.

The Hospitality Segment registered revenue of RM6.80 million and pre-tax loss of RM8.42 million in 2Q20 compared with revenue of RM17.55 million and pre-tax loss of RM6.46 million in 1Q20, representing a decrease of RM10.75 million or 61% in revenue and an increase of RM1.96 million or 30% in pre-tax loss. All our hotels remained closed as at 30 June 2020 except for Swiss-Inn Johor Bahru and Swiss-Garden Bukit Bintang which were used as quarantine hotels for Malaysians returning from abroad. In addition, the SGI Vacation Club Division also recorded weak membership sales in 2Q20.

The Capital Financing Division recorded revenue of RM21.86 million and pre-tax profit of RM12.51 million in 2Q20 compared with revenue of RM23.97 million and pre-tax profit of RM13.88 million in 1Q20, representing a decrease of RM2.11 million or 9% in revenue and RM1.37 million or 10% in pre-tax profit. The decrease in revenue and pre-tax profit were mainly due to lower amount of loan disbursed during the MCO period.

The Investment Holding Division reported pre-tax profit of RM38.82 million in 2Q20 compared with RM45.36 million in 1Q20, representing a decrease of RM6.54 million or 14% in pre-tax profit. The decrease of the pre-tax profit was mainly due to a lower profit being recorded by RHB, which contributed a profit of RM38.20 million in 2Q20 compared to RM55.43 million in 1Q20.

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

(a) Prospects for the remaining year 2020 ("FY2020")

Many countries in the world are still facing challenges in containing the spread of COVID-19 and the economic contraction due to restriction orders and the closing of borders. This has had a direct impact on our businesses in Malaysia and Australia.

During these trying times, we have taken proactive steps to ensure that we prioritise the safety and wellbeing of our employees and customers. We have also done our best to make sure that our balance sheet is strong and our cash flow is healthy. We continue to make strategic reviews of our businesses to identify areas where we need to trim our costs, without losing sight of the importance of pursuing opportunities for future growth. As the course of the COVID-19 pandemic remained uncertain, the Board is cautious in making any definitive forward-looking statements.

The performance of the Property Division should continue to be supported by sales and progress billings from on-going projects which have secured high take-up rates. It is expected that the construction progress will be slower due to strict compliance with SOPs at all our construction sites resulting in slower progress billings to our customers.

The Division will target to launch products within the affordable range, which is targeted at owner occupiers and young working adults. In this respect, the Property Division has in the pipeline two projects with a combined GDV of RM166.52 million that are ready to be launched before the end of FY2020 if the market condition permits.

The Property Division will focus on marketing the products that have been launched with innovative marketing strategies including utilising digital strategies to reach out to potential home buyers. The low interest rates environment should help improve the ability of the purchasers to service their mortgages and support the home-buying demand.

Melbourne in Victoria has gone into Stage 4 Restriction at the time of this report. During this period, our offices are closed and sales activities can only be carried out virtually. Construction at site is still on-going with lower manpower and we do not foresee significant delay in completing the last stage of Phase 1 which was targeted in 4Q20. Despite the challenges, MSQ has recorded a take-up rate of over 77% for Phase 1. Settlement has been triggered for Stage 1 and 2 of Phase 1, representing about 60% of the total available units. MSQ will continue to contribute positively to the Group upon successful settlement by our purchasers.

As at 30 June 2020, the Group has unbilled sales of RM1.26 billion with nominal unsold completed stocks and land bank totalling 1,483 acres with an estimated effective GDV of RM11.93 billion in the Klang Valley, Sungai Petani, Butterworth, Kuantan, Seremban and Melbourne, Australia. With the balance land bank covering various locations, 2 township developments in Peninsular Malaysia and the integrated development in Australia, the Property Development Division will remain a key contributor to the performance of the Group for the remainder of FY2020.

The Property Investment Division is expected to improve after the MCO period. As at 30 June 2020, the occupancies of Atria Shopping Gallery, Plaza OSK and Faber Towers stood at 97%, 95% and 74% respectively. The rental support scheme through rental concessions and rebates to those affected tenants during the MCO were rolled-out in June 2020. Moving forward, the Division will focus on continuous marketing and promotional support to retail tenants and improve the tenant mix in our properties.

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

(a) Prospects for the remaining year 2020 ("FY2020") (Cont'd)

The progress of some of the construction projects has been derailed by the implementation of the MCO. We have revised and re-strategised our construction plans with the aim to effectively deliver on our current outstanding order book of RM309.31 million as at 30 June 2020. This segment will continue to focus on our internal projects, and strive to ensure that our projects are delivered within the stipulated time and quality and at the same time optimising the development cost.

The Industries Segment continues to tap on private and public sector projects undertaken by its existing customers. The Division will continue to focus on expanding its customer base via sales and marketing strategies including new product offerings and continuous research and development to improve its existing products. The IBS Division offers "supply and install" capabilities for external property developers. This Segment has reviewed its cost structure and undergone the cost optimisation exercise during the period as it does not foresee a significant pick-up in production volume for the remaining year as the revenue generating capability of this Segment will be dependent on the overall level of activities in the property and construction markets.

The pandemic has severely affected the tourism industry. Subsequent to 30 June 2020, the management has taken drastic actions to close a few of our hotels for a longer period to reduce the negative impact of further operational losses. Apart from Swiss-Inn Johor Bahru and Swiss-Garden Bukit Bintang which were open as quarantine hotels, Swiss-Garden Hotel & Residences Genting Highlands and Swiss-Garden Beach Resort Kuantan have re-opened as at the date of this report at a lower room inventory and have thus far seen an encouraging take-up rate from domestic tourists.

SGI Vacation Club's sales of memberships is expected to be slower this year due to shift of consumer preferences in spending on necessities rather than on lifestyle.

The performance of the Financial Services & Investment Holding Segment is dependent on RHB Group's performance and our Capital Financing business. This Division will continue to monitor the loan portfolio and asset quality of the financing portfolio and grow the business carefully.

The impact of the COVID-19 pandemic and the uncertainties arising from the global political environment and macroeconomic challenges will continue to linger with businesses battling to adapt to the new normal. Fortunately, our government and indeed many governments around the world have taken proactive steps to introduce stimulus packages to cushion the impact from the economic fallout caused by the pandemic. Barring any unforeseen circumstances, the Board expects the performance of the Group to remain satisfactory with the adoption of prudent business strategies.

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

There was 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 30.6.2020 RM'000	**Current year to date ended 30.6.2020 RM'000**
In respect of the current year income tax	(6,050)	(14,786)
Over provision of income tax in respect of prior years	1,619	1,739
Deferred income tax	(7,265)	(8,001)
Income tax expense	(11,696)	(21,048)

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, losses in certain subsidiary companies that are not available to offset against taxable profits in other subsidiary companies within the Group and reversal of deferred tax assets of a subsidiary company as it is not probable that the temporary differences could be utilised in foreseeable future.

B7. Status of corporate proposals and utilisation of proceeds

As at 21 August 2020 (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

(a) The Group's borrowings and debt securities at the end of the current year to date, denominated in Malaysian Ringgit ("MYR") and United States Dollar ("USD") (2019: MYR), are as follows:

(i) Debt securities

	Note	Non-current RM'000	Current RM'000	Total RM'000
As at 30.6.2020				
Secured				
Medium term notes and Sukuk - MYR	A5	**1,201,903**	**20,874**	**1,222,777**
As at 31.12.2019				
Secured				
Medium term notes and Sukuk - MYR		1,156,057	24,871	1,180,928

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

(ii) Borrowings

	Non-current		Current		Total
	USD'000	RM'000	USD'000	RM'000	RM'000
As at 30.6.2020					
Secured					
Bankers' acceptances - MYR	-	-	-	**6,920**	**6,920**
Revolving credits - MYR	-	-	-	**140,682**	**140,682**
Term/Bridging - MYR	-	**181,705**	-	**11,376**	**193,081**
Term/Bridging - USD (1 : 4.2800) #	**36,000**	**154,080**	-	-	**154,080**
		335,785		**158,978**	**494,763**
Unsecured					
Revolving credits - MYR	-	-	-	**671,848**	**671,848**
		-		**671,848**	**671,848**
Total		**335,785**		**830,826**	**1,166,611**
As at 31.12.2019					
Secured					
Revolving credits - MYR	-	-	-	154,950	154,950
Term/Bridging - MYR	-	237,380	-	17,510	254,890
		237,380		172,460	409,840
Unsecured					
Bank overdrafts - MYR	-	-	-	63	63
Revolving credits - MYR	-	-	-	787,701	787,701
		-		787,764	787,764
Total		237,380		960,224	1,197,604

As disclosed in Note B14, a cross-currency interest rate swap is formalised to hedge the forex exchange, changes in forex is accounted for in Statement of Comprehensive Income. Upon expiring of such CCIRS, such changes will be reversed accordingly.

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

(b) Commentaries on the Group borrowings and debt securities

(i) During the period, there were no material changes in debt securities 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) Borrowing of USD36.00 million has been hedged to MYR via USD/MYR cross currency interest rate swap transaction and the contracted USD/MYR forex rate was 4.0840.

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 1.0 sen (6M19: 2.0 sen) per share for the year ending 31 December 2020.

(b) Total dividend declared for the current year to date is 1.0 sen (6M19: 2.0 sen) per ordinary share.

B11. Earnings Per Share ("EPS")

	Current quarter ended 30.6.2020	Comparative quarter ended 30.6.2019	Current year to date ended 30.6.2020	Preceding year to date ended 30.6.2019
(a) Basic				
Profit attributable to Owners of the Company (RM'000)	**59,923**	82,905	**136,689**	174,260
Weighted average number of ordinary shares outstanding ('000)	**2,070,813**	2,077,200	**2,070,880**	2,077,200
Basic EPS (sen)	**2.89**	3.99	**6.60**	8.39
(b) Diluted				
Profit attributable to Owners of the Company (RM'000)	**59,923**	82,905	**136,689**	174,260
Weighted average number of ordinary shares outstanding ('000)	**2,070,813**	2,077,200	**2,070,880**	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)	**2,070,813**	2,077,200	**2,070,880**	2,077,200
Diluted EPS (sen)	**2.89**	3.99	**6.60**	8.39

^ 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. The Warrants C 2015/2020 has expired on 22 July 2020.

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.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2020

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 30.6.2020 RM'000**	Comparative quarter ended 30.6.2019 RM'000	**Current year to date ended 30.6.2020 RM'000**	Preceding year to date ended 30.6.2019 RM'000
(i) Revenue				
Interest income	**18,112**	13,546	**38,148**	27,556
Rental income	**9,597**	10,524	**18,582**	21,038
(ii) Cost of sales				
Interest expense	**(3,117)**	(4,815)	**(10,762)**	(9,855)
(iii) Other income				
Funds distribution income	**2,323**	2,629	**4,582**	5,565
Gain on disposals of:				
- a subsidiary company	**7,657**	-	**7,657**	-
- plant and equipment	**-**	25	**57**	216
Gain on fair valuation of:				
- biological assets	**39**	2	**-**	35
- securities at fair value through profit or loss	**14**	-	**-**	-
- short term funds	**7,268**	-	**5,223**	-
Gain on foreign exchange transactions	**-**	25	**-**	206
Gain on foreign exchange translations	**173**	-	**48**	20
Interest income	**1,284**	1,548	**2,021**	3,955
Recovery of bad debts of:				
- capital financing	**-**	131	**50**	131
- trade receivables	**3**	-	**3**	-
Rental concession received*	**4**	-	**4**	-
Write back of allowance for impairment losses on:				
- capital financing:				
- individual assessment	**-**	18	**-**	18
- trade and other receivables:				
- collective assessment	**101**	-	**101**	310
- individual assessment	**-**	-	**126**	36
(iv) Administrative expenses				
Depreciation and amortisation	**(9,362)**	(5,421)	**(17,602)**	(10,722)
(v) Other items of expense				
Impairment loss on:				
- capital financing:				
- collective assessment	**-**	-	**(10)**	-
- trade and other receivables:				
- collective assessment	**(2,123)**	(106)	**(3,092)**	(106)
- individual assessment	**(3,782)**	(375)	**(5,482)**	(365)
Loss on disposals of plant and equipment	**-**	(2)	**-**	(13)
Loss on fair valuation of:				
- biological assets	**-**	-	**(32)**	-
- securities at fair value through profit or loss	**-**	(26)	**(88)**	(56)

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2020

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): (Cont'd)	**Current quarter ended 30.6.2020 RM'000**	Comparative quarter ended 30.6.2019 RM'000	**Current year to date ended 30.6.2020 RM'000**	Preceding year to date ended 30.6.2019 RM'000
(v) Other items of expense (Cont'd)				
Loss on foreign exchange transactions	**(187)**	(28)	**(147)**	(39)
Loss on foreign exchange translations	-	(29)	**(16)**	(42)
Write off of:				
- bad debts on trade and other receivables	-	-	**(4)**	-
- plant and equipment	-	(13)	-	(33)
(vi) Finance costs				
Interest expense	**(15,320)**	(15,885)	**(29,289)**	(30,810)

* Variable lease payments arising from the Amendment to MFRS 16 'Leases' as disclosed in Note A1(b).

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	**Note**	**Contract / Notional Amount RM'000**	**Carrying Amount at Fair Value RM'000**	**Cash Flow Hedge Reserve RM'000**
As at 30.6.2020				
Cross-currency interest rate swap ("CCIRS") contract				
- 1 year to 3 years	B8(a)(ii)	**147,024**	**2,110**	**(4,946)**

The cross-currency interest rate swap has been entered into in order to operationally hedge the borrowing denominated in United States Dollar ("USD") and floating monthly interest payments on borrowing that would mature on 30 January 2023. The fair value of these components has been determined based on the difference between the monthly future rates and the strike rate.

The derivative is initially recognised at fair value on the date the derivative contract is entered into. Pursuant to inception of the cash flow hedge, subsequent gain or loss on remeasurement of the hedging instrument that is determined to be an effective hedge is recognised in Statement of Comprehensive Income and the ineffective portion is recognised in profit or loss. Upon expiring of such CCIRS, the changes accounted for in OCI will be reversed accordingly.

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

There were no gains or losses arising from fair value changes of financial liabilities for the current year to date ended 30 June 2020.

By Order of the Board

Tan Sri Ong Leong Huat
Executive Chairman
Kuala Lumpur
28 August 2020