

OSK PROPERTY HOLDINGS BERHAD (201666-D)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013 AUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Current quarter ended 30/06/2013 RM'000	Comparative quarter ended 30/06/2012 RM'000	Current year to date ended 30/06/2013 RM'000	Preceding year to date ended 30/06/2012 RM'000
Revenue	103,712	52,710	160,598	103,753
Cost of sales	(71,964)	(35,249)	(113,195)	(63,061)
Gross profit	31,748	17,461	47,403	40,692
Other income	970	1,527	1,627	2,600
Selling and marketing expenses	(9,013)	(4,806)	(13,621)	(7,495)
Administrative expenses	(5,187)	(2,922)	(8,276)	(5,149)
Finance costs	(1,993)	(526)	(2,067)	(558)
Profit before taxation	16,525	10,734	25,066	30,090
Income tax expense	(4,971)	(2,569)	(6,961)	(7,671)
Profit for the period	11,554	8,165	18,105	22,419
Profit attributable to:				
Owners of the Company	11,236	6,458	17,580	18,509
Non-controlling interests	318	1,707	525	3,910
	11,554	8,165	18,105	22,419
Earnings per share (sen) attributable to owners of the Company (Note B11):				
Basic	4.67	3.45	7.31	9.88
Diluted	4.43	3.45	7.00	9.88

(The accompanying explanatory notes attached to the interim financial statements form an integral part and should be read in conjunction with this quarterly report).

OSK PROPERTY HOLDINGS BERHAD (201666-D)**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013
AUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE
INCOME**

	Current quarter ended 30/06/2013 RM'000	Comparative quarter ended 30/06/2012 RM'000	Current year to date ended 30/06/2013 RM'000	Preceding year to date ended 30/06/2012 RM'000
Profit after tax for the period	11,554	8,165	18,105	22,419
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period, net of tax	11,554	8,165	18,105	22,419
Total comprehensive income attributable to:				
Owners of the Company	11,236	6,458	17,580	18,509
Non-controlling interests	318	1,707	525	3,910
	11,554	8,165	18,105	22,419

(The accompanying explanatory notes attached to the interim financial statements form an integral part and should be read in conjunction with this quarterly report).

OSK PROPERTY HOLDINGS BERHAD (201666-D)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013 AUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

	As at 30/06/2013	As at 30/06/2012	As at 31/12/2012
	RM'000	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	2,906	2,713	2,854
Investment properties	138,985	96,160	114,009
Land held for property development	267,226	288,789	278,847
Intangible assets	617	512	601
Deferred tax assets	10,560	8,446	11,424
Trade receivables	1,463	1,746	1,398
Other receivables, deposits and prepayments	2,481	1,739	2,445
	424,238	400,105	411,578
Current assets			
Property development costs	253,829	156,487	243,129
Inventories	162	162	162
Trade receivables	64,246	66,491	73,011
Accrued billings	30,211	24,479	23,490
Other receivables, deposits and prepayments	3,856	49,151	3,091
Tax recoverable	6,086	2,526	3,032
Cash, bank balances and deposits	104,536	81,327	132,233
	462,926	380,623	478,148
TOTAL ASSETS	887,164	780,728	889,726

OSK PROPERTY HOLDINGS BERHAD (201666-D)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013 AUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION (CONT'D)

	As at 30/06/2013 RM'000	As at 30/06/2012 RM'000	As at 31/12/2012 RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	243,700	187,380	243,686
Less: Treasury shares, at cost	(3,240)	(4)	(1,916)
	240,460	187,376	241,770
Reserves	142,543	163,202	129,503
	383,003	350,578	371,273
Non-controlling interests	16,024	26,832	16,528
Total equity	399,027	377,410	387,801
Non-current liabilities			
Long term borrowings	148,702	200,784	190,939
Trade payables	6,571	5,142	6,423
Other payables, deposits and accruals	13,122	4,510	11,668
Deferred tax liabilities	31,808	33,290	32,452
	200,203	243,726	241,482
Current liabilities			
Trade payables	60,274	34,978	44,905
Progress billings	155,075	65,257	148,116
Other payables, deposits and accruals	32,095	33,846	34,757
Short term borrowings	37,394	20,760	30,219
Tax payable	3,096	4,751	2,446
	287,934	159,592	260,443
Total liabilities	488,137	403,318	501,925
TOTAL EQUITY AND LIABILITIES	887,164	780,728	889,726
Net asset per share (RM) attributable to owners of the Company	1.59	1.87	1.54

(The accompanying explanatory notes attached to the interim financial statements form an integral part and should be read in conjunction with this quarterly report).

OSK PROPERTY HOLDINGS BERHAD (201666-D)

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013
AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributable to owners of the Company						Non-	Total equity	
	Share capital	Treasury shares	Share premium	Capital redemption reserve	Warrant reserve	Retained profits	Total	controlling	
								interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<u>Current year to date ended 30 June 2013</u>									
At 1 January 2013	243,686	(1,916)	30	-	10,485	118,988	371,273	16,528	387,801
Total comprehensive income	-	-	-	-	-	17,580	17,580	525	18,105
Dividend paid	-	-	-	-	-	(4,510)	(4,510)	-	(4,510)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(1,029)	(1,029)
Shares buyback of the Company	-	(1,324)	-	-	-	-	(1,324)	-	(1,324)
Share issued pursuant to the exercise of Warrants C	14	-	-	-	(3)	3	14	-	14
Rights issues expenses	-	-	(30)	-	-	-	(30)	-	(30)
At 30 June 2013	243,700	(3,240)	-	-	10,482	132,061	383,003	16,024	399,027
<u>Preceding year to date ended 30 June 2012</u>									
At 1 January 2012	187,380	(3)	6,984	12,622	-	132,221	339,204	30,072	369,276
Total comprehensive income	-	-	-	-	-	18,509	18,509	3,910	22,419
Dividend paid	-	-	-	-	-	(7,027)	(7,027)	-	(7,027)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(7,150)	(7,150)
Shares buyback of the Company	-	(1)	-	-	-	-	(1)	-	(1)
Share issues expenses	-	-	(107)	-	-	-	(107)	-	(107)
At 30 June 2012	187,380	(4)	6,877	12,622	-	143,703	350,578	26,832	377,410

(The accompanying explanatory notes attached to the interim financial statements form an integral part and should be read in conjunction with this quarterly report).

OSK PROPERTY HOLDINGS BERHAD (201666-D)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013 AUDITED CONDENSED STATEMENT OF CASH FLOWS

	Current year to date ended 30/06/2013 RM'000	Preceding year to date ended 30/06/2012 RM'000	Preceding year ended 31/12/2012 RM'000
Cash Flows From Operating Activities			
Profit before taxation	25,066	30,090	50,368
Adjustments for:			
Allowance for doubtful debts written back	-	-	(126)
Amortisation of intangible assets	31	20	42
Depreciation	344	309	629
Gain on disposal of property, plant and equipment	-	(6)	(14)
Gain on disposal of development land	-	(917)	(917)
Property, plant and equipment written off	-	108	108
Interest income	(1,134)	(1,458)	(2,975)
Unwinding of discount	1,790	428	(1,158)
Operating profit before working capital changes	26,097	28,574	45,957
Changes in working capital :-			
Net change in property development costs	5,708	8,516	(63,038)
Net change in receivables	8,006	(64,730)	(25,532)
Net change in payables	12,671	(11,031)	10,806
Net change in accrued/progress billings	238	50,184	134,032
Net cash generated from operations	52,720	11,513	102,225
Interest paid	(5,043)	(5,742)	(11,742)
Interest received	1,135	1,462	2,975
Tax paid	(9,168)	(8,274)	(21,150)
Tax refunded	23	247	525
Net cash generated from/(used in) operating activities	39,667	(794)	72,833
Cash Flows From Investing Activities			
Proceeds from disposal of property, plant and equipment	1	18	26
Purchase of property, plant and equipment	(336)	(561)	(966)
Purchase of intangible assets	(47)	-	(112)
Subsequent expenditure on investment properties	(25,041)	(16,462)	(34,372)
Net cash used in investing activities	(25,423)	(17,005)	(35,424)

OSK PROPERTY HOLDINGS BERHAD (201666-D)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013 AUDITED CONDENSED STATEMENT OF CASH FLOWS (CONT'D)

	(Audited)		
	Current	Preceding	Preceding
	year to date	year to date	year
	ended	ended	ended
	<u>30/06/2013</u>	<u>30/06/2012</u>	<u>31/12/2012</u>
	RM'000	RM'000	RM'000
Cash Flows From Financing Activities			
Payment of share issue expenses	(30)	(107)	(708)
Proceeds from rights issue	-	-	18,745
Proceeds from exercise of warrants	14	-	91
Proceeds from restricted issue of warrants	-	-	499
Shares buyback	(1,324)	(1)	(1,913)
Net (repayment)/drawdown of term loans/bridging loans	(29,862)	39,555	29,669
Net repayment of revolving credits	(5,200)	(22,500)	(13,000)
Dividends paid to non-controlling interests	(1,029)	(11,560)	(23,160)
Dividends paid	(4,510)	(7,027)	(16,165)
Net cash used in financing activities	<u>(41,941)</u>	<u>(1,640)</u>	<u>(5,942)</u>
Net change in cash and cash equivalents	(27,697)	(19,439)	31,467
Cash and cash equivalents at beginning of the period/year	132,233	100,766	100,766
Cash and cash equivalents at end of the period/year	<u>104,536</u>	<u>81,327</u>	<u>132,233</u>

Cash and cash equivalents at end of the period/year comprised:

Cash on hand and at banks	13,089	7,187	9,097
Housing Development Accounts	55,279	37,267	56,174
Short term placement with licensed bank	12,254	3,973	34,012
Short term placements with licensed investment bank	23,914	32,900	32,950
	<u>104,536</u>	<u>81,327</u>	<u>132,233</u>

(The accompanying explanatory notes attached to the interim financial statements form an integral part and should be read in conjunction with this quarterly report).

OSK PROPERTY HOLDINGS BERHAD (201666-D)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013

PART A – Explanatory Notes Pursuant to Financial Reporting Standard 134 (“FRS 134”) Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”)

A1. Accounting policies

This quarterly report of OSK Property Holdings Berhad (“OSKPH” or “Company”) and its subsidiaries (OSKPH and its subsidiaries are collectively referred to as the “Group”) is audited and has been prepared in accordance with the requirements of Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2012 and the accompanying explanatory notes. These explanatory notes 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 2012.

The significant accounting policies and methods of computation adopted by the Group in this quarterly report are consistent with those in the annual financial statements for the year ended 31 December 2012 except as follows:

On 1 January 2013, the Group adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2013.

Amendments to FRS 1	Government Loans
Amendments to FRS 7	Disclosure – Offsetting Financial Assets and Financial Liabilities
FRS 10	Consolidated Financial Statements
Amendments to FRS 10, FRS 11 and FRS 12	Consolidated Financial Statement, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interest in Other Entities
FRS 13	Fair Value Measurement
Amendments to FRS 101	Presentation of items of Other Comprehensive Income
Amendments to FRS 116	Property, plant and equipment
FRS 119	Employee Benefits (Revised)
FRS 127	Separate Financial Statements (Revised)
FRS 128	Investment in Associates and Joint Ventures (Revised)
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group.

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

1 January 2014

Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities

OSK PROPERTY HOLDINGS BERHAD (201666-D)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013

A1. Accounting policies (contd.)

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

1 January 2015

Malaysian Financial Reporting Standards (MFRS Framework)

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

On 8 August 2013, MASB has decided to allow Transitioning Entities to defer the adoption of the MFRS Framework to annual periods beginning on or after 1 January 2015.

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

A2. Seasonal or cyclical factors

There were no significant seasonal or cyclical factors that materially affected the business of the Group for the current year to date.

A3. Unusual items affecting the financial statements

There were no unusual items affecting the financial statements for the current year to date.

A4. Material changes in estimates of amounts reported

There were no significant changes in estimates of amounts reported in prior interim periods or prior year that have a material effect in the current year to date.

OSK PROPERTY HOLDINGS BERHAD (201666-D)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013

A5. Changes in debt and equity securities

(a) Exercise of Warrants C 2012/2017

During the current year to date, the Company has issued 14,037 new ordinary shares of RM1.00 each for cash at RM1.00 each pursuant to the exercise of Warrants C 2012/2017 and the total cash proceeds arising from the exercise of Warrants C amounted to RM14,037.00. The details of the Warrants C exercised during the current year to date are as follows:

Allotment Date	No. of Warrants C exercised	No. of shares allotted	Type of issue
29 January 2013	597	597	Exercise of Warrants C 2012/2017 at RM1.00 per share
26 March 2013	54	54	Exercise of Warrants C 2012/2017 at RM1.00 per share
15 April 2013	12,000	12,000	Exercise of Warrants C 2012/2017 at RM1.00 per share
19 April 2013	243	243	Exercise of Warrants C 2012/2017 at RM1.00 per share
23 May 2013	411	411	Exercise of Warrants C 2012/2017 at RM1.00 per share
12 June 2013	432	432	Exercise of Warrants C 2012/2017 at RM1.00 per share
21 June 2013	300	300	Exercise of Warrants C 2012/2017 at RM1.00 per share
Total	14,037	14,037	

As a result of the exercise of the Warrants C mentioned above, the total number of issued and paid up shares of RM1.00 each of the Company has increased from 243,686,148 shares to 243,700,185 shares. The new ordinary shares issued arising from the exercise of Warrants C shall rank pari passu in all respect with the existing ordinary shares of the Company, save and except that the new shares shall not be entitled to any dividends, rights, allotments and/or distributions, unless the exercise of Warrant C is effected before the book closure of the share registers for determination of the entitlement to such rights or distributions.

OSK PROPERTY HOLDINGS BERHAD (201666-D)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013

A5. Changes in debt and equity securities (contd.)

(b) Shares buyback / Treasury shares

During the current year to date, the Company has purchased 1,271,800 ordinary shares for a total cash consideration of RM1,324,076 from open market at an average price of RM1.04 per share. The shares repurchased are being held as treasury shares and treated in accordance with the requirements of Section 67A of the Companies Act, 1965. Details of the shares buyback for the current year to date are as follows:

	Number of shares	Purchase Price			Cost RM
		Highest price RM	Lowest price RM	Average cost RM	
As at 1 January 2013	1,899,000	1.25	0.54	1.01	1,916,274
January 2013	1,270,800	1.05	0.99	1.04	1,322,894
May 2013	1,000	1.14	1.14	1.18	1,182
As at 30 June 2013	3,170,800	1.25	0.54	1.02	3,240,350

Other than the above, there were no issuances, repurchases, cancellations, resale and repayments of debt and equity securities for the current year to date.

A6. Dividends paid

A final dividend of 2.5 sen per share less 25% income tax amounting to RM4,509,959 in respect of preceding financial year ended 31 December 2012 was paid on 15 May 2013.

A7. Segmental information

Segmental information is presented in respect of the Group's business segments. Segment revenue and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Group comprises the following main business segments:

- (i) Property development - the development of residential and commercial properties
- (ii) Property investment and management
- (iii) Holding entity

<u>Current year to date ended</u> <u>30 June 2013 (audited)</u>	Property			<u>Elimination</u> RM'000	<u>Consolidated</u> RM'000
	<u>Property development</u> RM'000	<u>investment & management</u> RM'000	<u>Holding entity</u> RM'000		
Revenue					
External revenue	160,214	-	384	-	160,598
Inter-segment revenue	-	1,116	1,100	(2,216)	-
Total	160,214	1,116	1,484	(2,216)	160,598
Results					
Profit before finance costs	26,995	476	897	(1,235)	27,133
Less: Finance costs	(3,708)	-	-	1,641	(2,067)
Profit before taxation	23,287	476	897	406	25,066
Income tax expense					(6,961)
Profit after taxation					18,105
Non-controlling interests					(525)
Profit attributable to owners of the Company					17,580

OSK PROPERTY HOLDINGS BERHAD (201666-D)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013

A7. Segmental information (contd.)

<u>Preceding year to date ended</u> <u>30 June 2012 (audited)</u>	Property development RM'000	Property investment & management RM'000	Holding entity RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External revenue	103,371	-	382	-	103,753
Inter-segment revenue	-	11,825	7,939	(19,764)	-
Total	<u>103,371</u>	<u>11,825</u>	<u>8,321</u>	<u>(19,764)</u>	<u>103,753</u>
Results					
Profit before finance costs	18,814	11,854	7,750	(7,770)	30,648
Less: Finance costs	(1,697)	-	-	1,139	(558)
Profit before taxation	<u>17,117</u>	<u>11,854</u>	<u>7,750</u>	<u>(6,631)</u>	<u>30,090</u>
Income tax expense					<u>(7,671)</u>
Profit after taxation					22,419
Non-controlling interests					<u>(3,910)</u>
Profit attributable to owners of the Company					<u>18,509</u>

A8. Valuations of property, plant and equipment

There were no revalued property, plant and equipment as at 30 June 2013.

A9. Material events subsequent to the end of the period

There were no material events subsequent to the end of the quarter.

A10. Changes in the composition of the Group

There were no changes in the composition of the Group during the current year to date.

A11. Changes in contingent liabilities or contingent assets

There were no changes in contingent liabilities or contingent assets as at the end of the current year to date.

A12. Significant related party transactions

Current year to
date ended
30/06/2013
RM'000

Significant transactions with companies related to a director and a major shareholder of the Company:-

(i) Construction works/building materials for project development, office renovation and maintenance	17,847
(ii) Interior design and renovation works	665
(iii) Insurance premium	207
(iv) Rental expenses	184

Significant transactions with directors and/or major shareholders (and/or persons connected to them) of the Company and of the subsidiary companies

(i) Sale of development properties	<u>4,871</u>
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OSK PROPERTY HOLDINGS BERHAD (201666-D)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013

PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”)

B1. Review of the performance

(Commentary on current quarter and current year to date)

In the quarter ended 30 June 2013, the Group recorded a profit after tax and minority interest (“PATAMI”) of RM11.2 million on revenue of RM103.7 million, compared to PATAMI of RM6.5 million on revenue of RM52.7 million recorded in the preceding year’s corresponding quarter. The improvement in PATAMI for the quarter under review is due to good take-up rates as well as more advanced construction progress achieved for current projects such as Mirage By The Lake in Cyberjaya, Mirage Residence in Kuala Lumpur and Bandar Puteri Jaya in Sungai Petani.

For the first half year of 2013, the Group achieved PATAMI of RM17.6 million, marginally lower as compared to PATAMI of RM18.5 million recorded in previous year’s corresponding period. This is mainly due to higher selling and marketing expenses incurred during the period under review.

During the six-months to June 2013, the Group registered sales of RM425 million as compared to RM324 million achieved in previous year’s corresponding period.

On another note, the Group’s concerted effort in brand building and innovation has brought in another 7 awards to add on to the various local and international awards received in the past 2 years. In May 2013 the Group was conferred 6 awards at the Asia Pacific Property Awards and it also picked up The Brand Laureate Award 2013 for Best Brand in Property.

B2. Material changes in the quarterly results

(Comparison on current quarter with the immediate preceding quarter)

The Group’s PATAMI for the current quarter of RM11.2 million is 77.1% higher than the PATAMI for the immediate preceding quarter of RM6.3 million. The higher profit recorded in the quarter under review was mainly due to more advanced stages of construction for the Mirage By The Lake in Cyberjaya and Bandar Puteri Jaya in Sungai Petani projects.

B3. Current year prospects and progress on previously announced revenue

(a) Prospects for 2013

(Commentary on the financial year 2013)

Global economy continues to be challenging with rate of recovery between countries and regions uneven. Meanwhile, growth of developing economies is expected to be supported by sustained domestic demand amid the weakness in the external environment.

The Malaysian economy is expected to improve from a slower first quarter growth of 4.1% and is forecasted to post a growth rate of 4.5-5.0% in 2013. Growth is expected to be driven by a resilient domestic demand, supported by strong momentum in private investment and consumption, continued accommodative fiscal and monetary policies, higher household income and gradual improvement in the external sector.

OSK PROPERTY HOLDINGS BERHAD (201666-D)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013

B3. Current year prospects and progress on previously announced revenue (contd.)

(a) Prospects for 2013 (contd.)

(Commentary on the financial year 2013)

The property market outlook in Malaysia is expected to be mixed as a result of cautious bank lending and the lower loan-to-value ratios imposed on 3rd home loans with demand trending from higher end luxury homes towards more affordably priced housing. Properties situated in prime locations however, continue to garner good response.

On the horizon, following the success of its 2 preceding phases, the eagerly anticipated serviced apartments, Eclipse, Phase 3 of Pan'gaea in Cyberjaya, is expected to be rolled out in the 3rd quarter of 2013. Another upcoming project, Opus Suites, a Small-Office-Home-Office Tower located within the matured and bustling residential Township of Bandar Sri Damansara is in the pipeline to be launched before the year end.

The Board is optimistic that the Group is well on track to achieve another year of satisfactory performance.

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

There was no revenue or profit forecast announced by the Group.

B4. Statement of the Board of Directors' opinion on achievability of revenue or profit estimate, forecast, projection and internal targets previously announced

There was no revenue or profit forecast announced by the Group.

B5. Taxation

	Current quarter ended 30/06/2013 RM'000	Current year to date ended 30/06/2013 RM'000
In respect of the current quarter/year to date		
- Malaysian income tax	4,150	6,742
- Deferred tax	821	219
	<u>4,971</u>	<u>6,961</u>

For the current year to date, the effective tax rate of the Group is higher than the statutory tax rate of 25% mainly due to non-deductible expenses for tax purposes.

OSK PROPERTY HOLDINGS BERHAD (201666-D)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013

B6. Status of corporate proposals announced but not completed

There were no corporate proposals previously announced but not completed as at 19 August 2013 save for the below:-

On 2 May 2013, Ribuan Ekuiti Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement (“SPA”) with Kuala Dimensi Sdn Bhd for the acquisition of two (2) pieces of leasehold commercial lands measuring approximately 6,535 square metres (or 70,342.15 square feet) and 5,225 square metres (or 56,241.43 square feet) which are held under two (2) separate titles at PN 73006, Lot 2435, Seksyen 13 (formerly known as H.S.(D) 214600 No. PT 1617), Bandar Shah Alam, Daerah Petaling, Negeri Selangor Darul Ehsan and PN 73005, Lot 2434, Seksyen 13 (formerly known as H.S.(D) 214599 No. PT 1616), Bandar Shah Alam, Daerah Petaling, Negeri Selangor Darul Ehsan respectively for a total purchase consideration of RM15,190,029.60, subject to the terms and conditions as contained in the SPA. The acquisition was subsequently completed on 20 August 2013.

B7. Realised and Unrealised Profits

The breakdown of the retained profits of the Group as at 30 June 2013 into realised and unrealised is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group 30/06/2013 RM'000	Group 31/12/2012 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	274,000	263,506
- Unrealised	10,605	11,454
	284,605	274,960
Less: Consolidation adjustments	(152,544)	(155,972)
Total Group retained profits as per consolidated accounts	132,061	118,988

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B8. Borrowings

The Group's borrowings as at the end of the current period under review are as follows:

	RM'000
(a) Long term borrowings:	
Secured	
Term loan	142,638
Bridging loan	6,064
	<u>148,702</u>
(b) Short term borrowings:	
Secured	
Term loan	5,000
Bridging loan	16,094
Revolving credit	16,300
	<u>37,394</u>
Total	<u>186,096</u>

B9. Material litigation

As at 19 August 2013, the Group was not engaged in any material litigation either as plaintiff or defendant and the directors are not aware of any proceedings pending or threatened against the Group or any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business operations of the Group save for the below:-

Shah Alam High Court Suit No. 22NCVC-845-2011

Metroprime Corporation Sdn Bhd (“Plaintiff”) v Atria Damansara Sdn Bhd (“Defendant”)

The Plaintiff, a former tenant of the Atria Shopping Complex (“the Atria”) had on 21 July 2011 commenced legal action against the Defendant, a wholly-owned subsidiary of the Company, seeking amongst others, a declaration that the termination of its tenancy in the Atria was null and void. In the alternative, the Plaintiff had claimed for damages arising from the alleged wrongful termination. Case management was held on 18 December 2012 and proceeded to trial on 18 June 2013. Post-trial submissions was fixed for 19 August 2013 but has been subsequently postponed to 5 September 2013, after which the decision of the Court may be delivered on the same day or a subsequent date to be given.

The Defendant had earlier filed an application for security for costs and the application was allowed on 29 June 2012 wherein the Court ordered the Plaintiff to deposit a sum of RM100,000 as security for costs with the Defendant's solicitors as stakeholder. The Plaintiff has paid the said sum to the stakeholder as ordered.

B10. Dividends

The Board of Directors has declared an interim dividend of 5.0 sen per share less 25% income tax in respect of the financial year ending 31 December 2013, the date of entitlement and payment of the interim dividend is to be determined at a later date (Comparative period ended 30 June 2012: Interim dividend of 5.0 sen per share less 25% income tax).

OSK PROPERTY HOLDINGS BERHAD (201666-D)**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013****B11. Earnings Per Share (“EPS”)**

	Current quarter ended <u>30/06/2013</u>	Comparative quarter ended <u>30/06/2012</u>	Current year to date ended <u>30/06/2013</u>	Preceding year to date ended <u>30/06/2012</u>
Basic EPS				
Profit attributable to owners of the Company (RM'000)	11,236	6,458	17,580	18,509
Weighted average number of ordinary shares in issue ('000 shares)	240,527	187,375	240,576	187,375
Basic EPS (sen)	4.67	3.45	7.31	9.88
Diluted EPS				
Profit attributable to owners of the Company (RM'000)	11,236	6,458	17,580	18,509
Weighted average number of ordinary shares in issue ('000 shares)	240,527	187,375	240,576	187,375
Effect of dilution on assumed exercise of warrants ('000 shares)	13,036	- *	10,519	- *
Adjusted weighted average number of ordinary shares in issue and issuable (‘000 shares)	253,563	187,375	251,095	187,375
Diluted EPS (sen)	4.43	3.45	7.00	9.88

* For the comparative quarter and preceding year to date ended 30 June 2012, the outstanding warrants have been excluded from the computation as their effect would be anti-dilutive.

B12. Auditors’ report of preceding annual financial statements

The auditors’ report on the financial statements for the year ended 31 December 2012 was not qualified.

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013

B13. Profit before taxation

Profit before taxation is arrived at after crediting/(charging) the following income/(expenses):

	Current quarter ended <u>30/06/2013</u> RM'000	Current year to date ended <u>30/06/2013</u> RM'000
(a) Interest income	552	1,134
(b) Other income including investment income	595	877
(c) Interest expense	(31)	(105)
(d) Depreciation and amortisation	(140)	(282)
(e) Provision for and write off of receivables	-	-
(f) Provision for and write off of inventories	-	-
(g) Gain/(Loss) on disposal of quoted and unquoted investments or properties	-	-
(h) Impairment of assets	-	-
(i) Foreign exchange gain/(loss)	-	-
(j) Gain/(Loss) on derivatives *	-	-
(k) Exceptional items *	-	-

* These items are not applicable to the Group.

By Order of the Board

DATO' NIK MOHAMED DIN BIN DATUK NIK YUSOFF
Chairman

Kuala Lumpur
26 August 2013