

OSK PROPERTY HOLDINGS BERHAD (201666-D)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013 AUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Current quarter ended 31/12/2013 RM'000	Comparative quarter ended 31/12/2012 RM'000	Current year to date ended 31/12/2013 RM'000	Preceding year to date ended 31/12/2012 RM'000
Revenue	146,042	54,703	455,699	215,605
Cost of sales	(95,617)	(39,137)	(310,576)	(140,379)
Gross profit	<u>50,425</u>	15,566	<u>145,123</u>	75,226
Other income	2,514	3,007	4,955	6,308
Selling and marketing expenses	(16,554)	(6,208)	(43,185)	(17,697)
Administrative expenses	(7,832)	(3,764)	(21,097)	(12,178)
Finance costs	(454)	(673)	(2,581)	(1,291)
Profit before taxation	<u>28,099</u>	7,928	<u>83,215</u>	50,368
Income tax expense	(11,581)	(1,874)	(26,920)	(13,641)
Profit for the period	<u><u>16,518</u></u>	6,054	<u><u>56,295</u></u>	36,727
Profit attributable to:				
Owners of the Company	17,798	4,797	55,464	31,521
Non-controlling interests	(1,280)	1,257	831	5,206
	<u><u>16,518</u></u>	6,054	<u><u>56,295</u></u>	36,727
Earnings per share (sen) attributable to owners of the Company (Note B11):				
Basic	7.40	1.97	23.06	15.33
Diluted	6.65	1.97	21.42	14.36

(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 FOURTH QUARTER ENDED 31 DECEMBER 2013
AUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE
INCOME**

	Current quarter ended 31/12/2013 RM'000	Comparative quarter ended 31/12/2012 RM'000	Current year to date ended 31/12/2013 RM'000	Preceding year to date ended 31/12/2012 RM'000
Profit after tax for the period	16,518	6,054	56,295	36,727
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period, net of tax	16,518	6,054	56,295	36,727
Total comprehensive income attributable to:				
Owners of the Company	17,798	4,797	55,464	31,521
Non-controlling interests	(1,280)	1,257	831	5,206
	16,518	6,054	56,295	36,727

(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 FOURTH QUARTER ENDED 31 DECEMBER 2013 AUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31/12/2013	As at 31/12/2012
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,296	2,854
Investment properties	169,559	114,009
Land held for property development	266,278	278,847
Intangible assets	689	601
Deferred tax assets	17,591	11,424
Trade receivables	1,256	1,398
Other receivables, deposits and prepayments	3,327	2,445
	461,996	411,578
Current assets		
Property development costs	203,088	243,129
Inventories	162	162
Trade receivables	85,121	73,011
Accrued billings	56,056	23,490
Other receivables, deposits and prepayments	5,876	3,091
Tax recoverable	1,352	3,032
Cash, bank balances and deposits	150,229	132,233
	501,884	478,148
TOTAL ASSETS	963,880	889,726

OSK PROPERTY HOLDINGS BERHAD (201666-D)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013 AUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

	As at 31/12/2013	As at 31/12/2012
	RM'000	RM'000

EQUITY AND LIABILITIES

Equity attributable to owners of the Company

Share capital	243,704	243,686
Less: Treasury shares, at cost	(3,242)	(1,916)
	<u>240,462</u>	<u>241,770</u>
Reserves	171,407	129,503
	<u>411,869</u>	<u>371,273</u>
Non-controlling interests	16,330	16,528
Total equity	<u>428,199</u>	<u>387,801</u>

Non-current liabilities

Long term borrowings	130,192	190,939
Trade payables	17,500	6,423
Other payables, accruals and provision	7,592	11,668
Deferred tax liabilities	30,866	32,452
	<u>186,150</u>	<u>241,482</u>

Current liabilities

Trade payables	61,271	44,905
Progress billings	167,040	148,116
Other payables, accruals and provision	58,127	34,757
Short term borrowings	53,953	30,219
Tax payable	9,140	2,446
	<u>349,531</u>	<u>260,443</u>

Total liabilities

	<u>535,681</u>	<u>501,925</u>
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TOTAL EQUITY AND LIABILITIES

	<u>963,880</u>	<u>889,726</u>
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Net asset per share (RM) attributable to owners of the Company

	<u>1.71</u>	<u>1.54</u>
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(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 FOURTH QUARTER ENDED 31 DECEMBER 2013
AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Capital								
	Share capital	Treasury shares	Share redemption reserve	Warrant reserve	Share premium	Retained profits	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Current year to date ended 31 December 2013									
At 1 January 2013	243,686	(1,916)	-	10,485	30	118,988	371,273	16,528	387,801
Total comprehensive income	-	-	-	-	-	55,464	55,464	831	56,295
Dividend paid	-	-	-	-	-	(13,530)	(13,530)	-	(13,530)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(1,029)	(1,029)
Shares buyback of the Company	-	(1,326)	-	-	-	-	(1,326)	-	(1,326)
Share issued pursuant to the exercise of Warrants C	18	-	-	(3)	-	3	18	-	18
Rights issues expenses	-	-	-	-	(30)	-	(30)	-	(30)
At 31 December 2013	243,704	(3,242)	-	10,482	-	160,925	411,869	16,330	428,199
Preceding year to date ended 31 December 2012									
At 1 January 2012	187,380	(3)	12,622	-	6,984	132,221	339,204	30,072	369,276
Total comprehensive income	-	-	-	-	-	31,521	31,521	5,206	36,727
Dividend paid	-	-	-	-	-	(16,165)	(16,165)	-	(16,165)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(18,750)	(18,750)
Shares buyback of the Company	-	(1,913)	-	-	-	-	(1,913)	-	(1,913)
Warrants issued pursuant to the Restricted Issue of Warrants	-	-	-	499	-	-	499	-	499
Share issued pursuant to the Rights Issue	18,745	-	-	9,986	-	(9,986)	18,745	-	18,745
Share issued pursuant to the Bonus Issue	37,489	-	(12,622)	-	(6,264)	(18,603)	-	-	-
Share issued pursuant to the exercise of Warrants B	72	-	-	-	18	-	90	-	90
Share issues expenses	-	-	-	-	(708)	-	(708)	-	(708)
At 31 December 2012	243,686	(1,916)	-	10,485	30	118,988	371,273	16,528	387,801

(The accompanying explanatory notes attached to the interim financial statements form an integral part and should be read in conjunction with this quarterly report).
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OSK PROPERTY HOLDINGS BERHAD (201666-D)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013 AUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current year to date ended 31/12/2013 RM'000	Preceding year ended 31/12/2012 RM'000
Cash Flows From Operating Activities		
Profit before taxation	83,215	50,368
Adjustments for:		
Allowance for doubtful debts written back	-	(126)
Amortisation of intangible assets	68	42
Depreciation	745	629
Gain on disposal of property, plant and equipment	-	(14)
Gain on disposal of development land	-	(917)
Property, plant and equipment written off	-	108
Interest income	(2,347)	(2,975)
Unwinding of discount	896	(1,158)
Operating profit before working capital changes	<u>82,577</u>	<u>45,957</u>
Changes in working capital :-		
Net change in property development costs	61,434	(63,038)
Net change in receivables	(15,619)	(25,532)
Net change in payables	46,126	10,806
Net change in accrued/progress billings	(13,642)	134,032
Net cash generated from operations	<u>160,876</u>	<u>102,225</u>
Interest paid	(9,119)	(11,742)
Interest received	2,348	2,975
Tax paid	(28,185)	(21,150)
Tax refunded	1,885	525
Net cash generated from operating activities	<u>127,805</u>	<u>72,833</u>
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	1	26
Purchase of property, plant and equipment	(1,064)	(966)
Purchase of intangible assets	(157)	(112)
Subsequent expenditure on investment properties	(55,680)	(34,372)
Net cash used in investing activities	<u>(56,900)</u>	<u>(35,424)</u>

OSK PROPERTY HOLDINGS BERHAD (201666-D)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013 AUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	Current year to date ended 31/12/2013 RM'000	Preceding year ended 31/12/2012 RM'000
Cash Flows From Financing Activities		
Payment of share issue expenses	(30)	(708)
Proceeds from rights issue	-	18,745
Proceeds from exercise of warrants	18	91
Proceeds from restricted issue of warrants	-	499
Shares buyback	(1,325)	(1,913)
Net (repayment)/drawdown of term loans/bridging loans	(53,513)	29,669
Net repayment of revolving credits	16,500	(13,000)
Dividends paid to non-controlling interests	(1,029)	(23,160)
Dividends paid	(13,530)	(16,165)
Net cash (used in)/generated from financing activities	<u>(52,909)</u>	<u>(5,942)</u>
Net change in cash and cash equivalents	17,996	31,467
Cash and cash equivalents at beginning of the year	132,233	100,766
Cash and cash equivalents at end of the year	<u>150,229</u>	<u>132,233</u>
Cash and cash equivalents at end of the year comprised:		
Cash on hand and at banks	25,469	9,097
Housing Development Accounts	66,759	56,174
Short term placement with licensed bank	34,063	34,012
Short term placements with licensed investment bank	23,938	32,950
	<u>150,229</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 FOURTH QUARTER ENDED 31 DECEMBER 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 FOURTH QUARTER ENDED 31 DECEMBER 2013

A1. Accounting policies (contd.)

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

1 January 2014

Amendments to FRS 136	Recoverable Amount Disclosure for Non-financial Assets
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

1 January 2015

FRS 9	Financial Instruments
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 FOURTH QUARTER ENDED 31 DECEMBER 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 18,372 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 RM18,372. 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
24 July 2013	480	480	Exercise of Warrants C 2012/2017 at RM1.00 per share
31 July 2013	47	47	Exercise of Warrants C 2012/2017 at RM1.00 per share
14 August 2013	813	813	Exercise of Warrants C 2012/2017 at RM1.00 per share
3 September 2013	2,008	2,008	Exercise of Warrants C 2012/2017 at RM1.00 per share
6 September 2013	171	171	Exercise of Warrants C 2012/2017 at RM1.00 per share
24 September 2013	219	219	Exercise of Warrants C 2012/2017 at RM1.00 per share
Balance c/f	17,775	17,775	

OSK PROPERTY HOLDINGS BERHAD (201666-D)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

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

(a) Exercise of Warrants C 2012/2017 (contd.)

Allotment Date	No. of Warrants C exercised	No. of shares allotted	Type of issue
Balance b/f	17,775	17,775	
26 November 2013	543	543	Exercise of Warrants C 2012/2017 at RM1.00 per share
30 December 2013	54	54	
Total	18,372	18,372	

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 243,704,520 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.

(b) Shares buyback / Treasury shares

During the current year to date, the Company has purchased 1,272,800 ordinary shares for a total cash consideration of RM1,325,479 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	1,322,895
May 2013	1,000	1.14	1.14	1.18	1,182
November 2013	1,000	1.36	1.36	1.40	1,402
As at 31 December 2013	3,171,800	1.36	0.54	1.02	3,241,753

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) 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.

(b) An interim dividend of 5.0 sen per share less 25% income tax amounting to RM9,020,033 in respect of current financial year ended 31 December 2013 was paid on 27 September 2013.

OSK PROPERTY HOLDINGS BERHAD (201666-D)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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>31 December 2013</u>	Property development	Property investment & management	Holding entity	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External revenue	455,124	-	575	-	455,699
Inter-segment revenue	-	2,443	33,135	(33,578)	-
Total	455,124	2,443	33,710	(33,578)	455,699
Results					
Profit before finance costs	98,039	(652)	32,203	(43,794)	85,796
Less: Finance costs	(6,414)	-	-	3,833	(2,581)
Profit before taxation	91,625	(652)	32,203	39,961	83,215
Income tax expense					(26,920)
Profit after taxation					56,295
Non-controlling interests					(831)
Profit attributable to owners of the Company					55,464

<u>Preceding year to date ended</u> <u>31 December 2012</u>	Property development	Property investment & management	Holding entity	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External revenue	214,487	-	1,118	-	215,605
Inter-segment revenue	-	13,216	20,348	(33,564)	-
Total	214,487	13,216	21,466	(33,564)	215,605
Results					
Profit before finance costs	39,943	11,585	20,558	(20,427)	51,659
Less: Finance costs	(4,297)	-	-	3,006	(1,291)
Profit before taxation	35,646	11,585	20,558	(17,421)	50,368
Income tax expense					(13,641)
Profit after taxation					36,727
Non-controlling interests					(5,206)
Profit attributable to owners of the Company					31,521

A8. Valuations of property, plant and equipment

There were no revalued property, plant and equipment as at 31 December 2013.

OSK PROPERTY HOLDINGS BERHAD (201666-D)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 except for the following:

(a) Acquisition of Atria Shopping Gallery Sdn. Bhd. and Atria Parking Management Sdn. Bhd.

On 29 July 2013, the Company acquired one (1) ordinary share of RM1.00 each in each of the share capitals of Atria Shopping Gallery Sdn. Bhd. (“ASGSB”) and Atria Parking Management Sdn. Bhd. (“APMSB”) (collectively known as “the new companies”) for a total consideration of RM1.00 per share (“the Acquisition”). Subsequent to the Acquisition, the new companies became wholly-owned subsidiaries of the Company.

ASGSB and APMSB were incorporated in Malaysia under the Companies Act 1965 on 4 July 2013 with an authorised share capital of RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each and paid-up share capital of RM2.00 divided into 2 ordinary shares of RM1.00 each. ASGSB and APMSB are presently dormant companies and ASGSB’s intended principal business activity is to carry on mall operations and management whereas APMSB’s intended principal business activity is to carry on car park operations and management.

(b) Subscription of additional new ordinary shares in Warisan Rajawali Sdn. Bhd.

On 29 October 2013, the Company subscribed for additional 249,998 new ordinary shares of RM1.00 each in Warisan Rajawali Sdn. Bhd. (“WRSB”) for a total cash consideration of RM249,998. The equity stake of the Company in WRSB remained at 100%.

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
31/12/2013
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	35,800
(ii)	Interior design and renovation works	946
(iii)	Insurance premium	345
(iv)	Rental expenses	433

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 FOURTH QUARTER ENDED 31 DECEMBER 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 31 December 2013, the Group recorded a profit after tax and minority interest (“PATAMI”) of RM17.8 million on revenue of RM146.0 million, compared to PATAMI of RM4.8 million on revenue of RM54.7 million recorded in the preceding year’s corresponding quarter. PATAMI for the quarter under review has increased by RM13.0 million or 271% when compared to PATAMI reported in the preceding year’s corresponding quarter.

For the year ended 31 December 2013, the Group achieved PATAMI of RM55.5 million on revenue of RM455.7 million, compared to PATAMI of RM31.5 million on revenue of RM215.6 million recorded in previous year’s corresponding period. The increase in PATAMI of RM24.0 million registered in the year ended 31 December 2013 is 76% higher than the PATAMI recorded in the previous year.

The commendable increase in PATAMI for the quarter and year to date is attributable to good take-up rates for the Group’s properties and as well as more advanced construction progress achieved for all its on-going projects in the Klang Valley and in Sungai Petani, Kedah.

Locked-in sales registered from all of the Group’s projects for the financial year 2013 were RM812.6 million as compared to RM592.8 million recorded for the year 2012. Unbilled sales as at 31 December 2013 and 31 December 2012 stood at approximately RM 1.1 billion and RM608 million respectively.

It is also our pleasure to record that the Group’s efforts in brand building and innovation has brought in an additional 5 awards since November 2013 bringing the total of awards received in the year 2013 to 16. In the prestigious International Property Awards 2013 Gravitass was recognised as the Best International Industrial Development while in the Overseas Property Professional Awards for Excellence 2013 the Group was honoured with Best Eco Development (Gold), Best Developer Asia (Silver), Best Affordable Developer (Silver) and Best Marketing Campaign (Bronze).

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 RM17.8 million is 11.4% lower than the PATAMI for the immediate preceding quarter of RM20.1 million. The lower profit recorded in the quarter under review is due to comparatively higher selling and marketing as well as administrative expenses incurred in the current quarter.

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B3. Current year prospects and progress on previously announced revenue

(a) Prospects for 2014

(Commentary on the financial year 2014)

The Malaysian economic prospects are expected to remain relatively stable with a projected growth of between 5% and 5.5% for the year 2014 on firm domestic demand and resilient business fundamentals while the property market sentiment and demand in general is expected to moderate as a result of cooling measures introduced by the Government at the Budget 2014 announcement. Notwithstanding the restrained outlook properties in good locations and those affordably priced are expected to continue to attract interests.

The Group will continue to leverage on its branding and product innovations and to source for prime and strategic development lands while exploring viable joint venture opportunities to further enhance its performance and to provide sustainable growth in this increasingly competitive environment.

The year 2014 is expected to be a challenging year for property development business. However, our Board is optimistic that the Group is well prepared for the challenges and we expect the Group to achieve another year of satisfactory results.

(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 <u>31/12/2013</u> RM'000	Current year to date ended <u>31/12/2013</u> RM'000
In respect of the current quarter/year to date		
- Malaysian income tax	15,334	34,673
- Deferred tax	(3,753)	(7,753)
	<u>11,581</u>	<u>26,920</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 and underprovision of taxation in prior years.

B6. Status of corporate proposals announced but not completed

There were no corporate proposals previously announced but not completed as at 11 February 2014.

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B7. Realised and Unrealised Profits

The breakdown of the retained profits of the Group as at 31 December 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 31/12/2013 RM'000	Group 31/12/2012 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	229,360	263,506
- Unrealised	17,560	11,454
	<u>246,920</u>	<u>274,960</u>
Less: Consolidation adjustments	(85,995)	(155,972)
Total Group retained profits as per consolidated accounts	<u>160,925</u>	<u>118,988</u>

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	126,800
Bridging loan	3,392
	<u>130,192</u>
(b) Short term borrowings:	
Secured	
Term loan	12,100
Bridging loan	3,853
Revolving credit	38,000
	<u>53,953</u>
Total	<u>184,145</u>

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B9. Material litigation

As at 11 February 2014, 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 nor 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. The Defendant had earlier filed an application for security for costs and on 29 June 2012, 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 had paid the said sum to the stakeholder as ordered. Case management was held on 18 December 2012 and proceeded to trial on 18 June 2013. Post-trial submissions was heard on 8 October 2013 whereby the solicitors for the parties submitted to Court on the issues raised during the proceedings and trial. On 30 October 2013, the Court ruled in favour of the Defendant, and the Plaintiff was ordered to pay costs in the sum of RM15,000 to the Defendant, to be deducted from the amount for security for costs, and the balance to be returned to the Plaintiff. However, on 29 November 2013, the Plaintiff filed an appeal against the decision of the High Court, and the matter is now pending hearing of the appeal on 20 May 2014, with submissions to be filed by both parties by 6 May 2014.

B10. Dividends

- (a) The Board has recommended a final tax exempt (single-tier) dividend of 5.0 sen per share for the year ended 31 December 2013 (2012: 2.5 sen per share less 25% income tax). The proposed dividend is subject to Shareholders' approval at the forthcoming Annual General Meeting. The entitlement date to the final dividends shall be determined by the Board at a subsequent stage.
- (b) Subject to shareholders' approval on the final dividend, total dividend for the current year is 10.0 sen per share, which comprises of final 5.0 sen tax exempt (single-tier) dividend and interim dividend of 5.0 sen less 25% income tax) (2012: 7.5 sen per share less 25% income tax).

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

B11. Earnings Per Share (“EPS”)

	Current quarter ended <u>31/12/2013</u>	Comparative quarter ended <u>31/12/2012</u>	Current year to date ended <u>31/12/2013</u>	Preceding year to date ended <u>31/12/2012</u>
Basic EPS				
Profit attributable to owners of the Company (RM'000)	17,798	4,797	55,464	31,521
Weighted average number of ordinary shares in issue ('000 shares)	240,533	243,519	240,554	205,652
Basic EPS (sen)	7.40	1.97	23.06	15.33
Diluted EPS				
Profit attributable to owners of the Company (RM'000)	17,798	4,797	55,464	31,521
Weighted average number of ordinary shares in issue ('000 shares)	240,533	243,519	240,554	205,652
Effect of dilution on assumed exercise of warrants ('000 shares)	26,931	-*	18,421	13,847
Adjusted weighted average number of ordinary shares in issue and issuable (‘000 shares)	267,464	243,519	258,975	219,499
Diluted EPS (sen)	6.65	1.97	21.42	14.36

* For the preceding year’s corresponding quarter, 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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B13. Profit before taxation

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

	Current quarter ended <u>31/12/2013</u> RM'000	Current year to date ended <u>31/12/2013</u> RM'000
(a) Interest income	641	2,347
(b) Other income including investment income	1,958	3,183
(c) Interest expense	(67)	(232)
(d) Depreciation and amortisation	(352)	(813)
(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
18 February 2014