OSK HOLDINGS BERHAD (207075-U)

OSK

ANNUAL REPORT 2018

MOVING FORWARD, PROGRESSING TOGETHER.

THE COVER DESIGN OF OUR 2018 ANNUAL REPORT features five images that depict our five core businesses - Property Development and Investment, Financial Services, Construction, Industries and Hospitality.

The images are set against a clear white background, symbolising the clarity of our vision - to be a long-term business builder, delivering value to all our stakeholders.

With a track record of over 50 years, we continue to move forward and progress together towards our vision.

29th ANNUAL GENERAL MEETING

Date : 30 April 2019
Time : 10:00 a.m.
Venue : Exhibition Hall 4
Ground Floor
Kuala Lumpur Convention Centre
50088 Kuala Lumpur

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FEATURES IN THIS ANNUAL REPORT

This icon indicates where more details can be accessed elsewhere in our Annual Report or Sustainability Report 2018.

This icon indicates where more details can be accessed online.

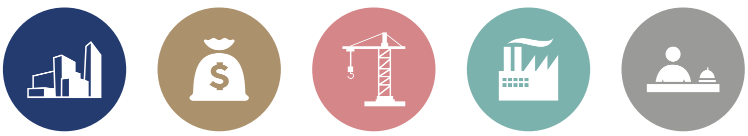
To access our Annual Report, please scan the QR code above with your smart device.

ABOUT THIS REPORT

As a conglomerate with diversified business interests in Property Development and Investment, Financial Services, Construction, Industries and Hospitality with operations in Malaysia, Australia and Vietnam, OSK understands the importance of building strong relationships with our stakeholders and keeping them informed of our business performance as well as current and future prospects of the Company.

Our Annual Report is an important communication tool with our stakeholders, in which we showcase our financial and non-financial performance during 2018 including our achievements and challenges faced in an open and transparent manner. The Group also disseminates information regularly via the quarterly financial results and announcements made on Bursa Malaysia Securities Berhad's ("Bursa Malaysia") website, which are also accessible through our website http://www.oskgroup.com/corporate-announcements/ and via press releases issued to the media.

Our financial statements are independently audited by BDO PLT Malaysia and have been prepared according to the requirements of Malaysian Financial Reporting Standards, International Financial Reporting Standards and Companies Act 2016 in Malaysia. Our non-financial statements are aligned to the reporting requirements of the Malaysian Code on Corporate Governance and Bursa Malaysia's Main Market Listing Requirements. In this report, the Group also adopted certain principles and concepts under the International Integrated Reporting Framework.



KEY FINANCIAL DATES

ANNOUNCEMENT OF QUARTERLY RESULTS

UNAUDITED CONSOLIDATED RESULTS FOR **4TH QUARTER** ENDED 31 DECEMBER 2017:
28 FEBRUARY 2018

UNAUDITED CONSOLIDATED RESULTS FOR **1ST QUARTER** ENDED 31 MARCH 2018:
31 MAY 2018

UNAUDITED CONSOLIDATED RESULTS FOR **2ND QUARTER** ENDED 30 JUNE 2018:
30 AUGUST 2018

UNAUDITED CONSOLIDATED RESULTS FOR **3RD QUARTER** ENDED 30 SEPTEMBER 2018:
27 NOVEMBER 2018

UNAUDITED CONSOLIDATED RESULTS FOR **4TH QUARTER** ENDED 31 DECEMBER 2018:
27 FEBRUARY 2019

DIVIDENDS

Dividends Declared and Paid			
Single-tier final dividend of **3.5 sen** per ordinary share for the year ended 31 December 2017		Single-tier interim dividend of **2.0 sen** per ordinary share for the year ended 31 December 2018	
Announcement of the notice of entitlement and payment	: **30 March 2018**	Announcement of the notice of entitlement and payment	: **6 September 2018**
Entitlement date	: **31 May 2018**	Entitlement date	: **26 September 2018**
Payment date	: **13 June 2018**	Payment date	: **10 October 2018**

Proposed Final Dividend	
Single-tier final dividend of **3.0 sen** per ordinary share for the year ended 31 December 2018	
Announcement of the notice of entitlement and payment	: **26 March 2019**
Entitlement date	: **7 May 2019**
Payment date	: **23 May 2019**
The proposed final dividend is subject to the Shareholders' approval at this Annual General Meeting.	

ANNUAL GENERAL MEETING

Notice of 28th Annual General Meeting : **2 APRIL 2018**

28th Annual General Meeting : **24 MAY 2018**

Notice of 29th Annual General Meeting : **27 MARCH 2019**

29th Annual General Meeting : **30 APRIL 2019**

THE YEAR 2018 IN REVIEW

JAN 25

PJD Construction received 5-Star in SHASSIC (Safety and Health Assessment System in Construction) with the score of 88% from CIDB Malaysia for its Safety, Health & Environment compliance in document check and site/workplace inspection for the development of Sime Darby Properties' Rimbun Sanctuary at Bukit Jelutong L2.

JAN 30

OSK Property launched Iringan Bayu, a new township in Seremban featuring a country living concept. The Playground of the Wind thematic ceremony featured a display of 20,000 multi-coloured pinwheels.

FEB 02

OSK Foundation through Closing the Gap, sponsored the 2nd cohort of 30 bright students from low income families to achieve the possibility of higher education in quality universities through a structured guidance and mentoring programme.

FEB 14

OSK volunteers, through OSK Foundation's Gifts of Hope initiative, hosted underserved families at the Great Heart Community Centre in Klang. They were treated to fun-filled Chinese New Year themed activities, family portrait sessions and ang pows to help with the families' festive expenditures.

MAR 08

PJD Construction Sdn. Bhd. officially changed its name to OSK Construction Sdn. Bhd.

OSK CONSTRUCTION

MAR 22

OSK Property charted a new milestone with the official commencement of construction for the first residential stage of the Melbourne Square development at Southbank which is set to become one of Melbourne's largest mixed-use urban precincts.

THE YEAR 2018 IN REVIEW

MAR 24

Atria Shopping Gallery switched off its exterior façade and other non-essential lights for one hour in light of the global Earth Hour movement, as a stand against climate change. The mall also hosted several activities related to Earth Hour for its shoppers.

MAR 28

Ladies from OSK Group enjoyed a fruitful session on fitness and learnt basic self-defence techniques in conjunction with International Women's Day. OSK invited SheFights to conduct a workshop on fitness and self-defence education to raise awareness on the importance of personal wellness and self-defence.

MAY 08

OSK employees from various divisions had a blast at the Laser Battle challenge as part of the employee engagement activities organised by Group Human Resources. With the mission of developing better teamwork, 10 groups consisting of 10 members in a team challenged their respective opponents to vie for the championship title.

MAY 14

OSKians learnt the importance of ergonomics at the workplace in conjunction with the World Day for Safety and Health at Work. The workshop explained how one can prevent and reduce discomfort and injury at the workplace due to incorrect postures and wrong configuration of computer workstations.

MAY 24

OSK Holdings Berhad held its 28th Annual General Meeting & Extraordinary General Meeting at Swiss-Garden Hotel & Residences Kuala Lumpur.

JUN 01

OSK Property was awarded the Top 10 Developers Award at the Property Insight Prestigious Developer Awards 2018. This annual award acknowledges and highlights the quality developments of Malaysia's best and their landmark projects that shape the landscape of Malaysia's nation building and development progress.

JUN 09

OSK Foundation through its Gifts of Hope initiative gave a festive Buka Puasa treat to 15 single mothers and their families from SURI at Swiss-Garden Hotel & Residences Kuala Lumpur. SURI is a social enterprise that strives to empower low-income single mothers by providing them with an avenue for additional income.

JUN 22 & 29

35 members from OSK Group's medical team and safety & health committee received a certificate of achievement from Cert Academy which certified them as a member of the First Aid Team. They attended a 2-day Basic Occupational First Aid, Cardiopulmonary Resuscitation and Automated External Defibrillator (CPR & AED) training course as a preparation for them to respond to and prepare for emergencies.

JUL 07 & 08

35 volunteers from OSK Property and OSK Construction embarked on a 2-day journey to Kampung Ulu Tual B to aid the Orang Asli community with the installation of 60 solar-powered lights across their village. This CSR movement "Liter of Light" transformed the lives of 350 villagers.

JUL 13

Close to 800 OSKians escaped into the Magical World of Fantasy with whimsical fashions and fantasy-like looks at the 2018 Annual Dinner. The evening was full of dancing, dining and entertainment by OSK talents.

JUL 31

OSK returned for the second year to compete in The Edge Kuala Lumpur Rat Race 2018 held at Padang Merbok. Two teams of 10 runners from various business units finished the 5km charity run together with 92 other teams from over 50 companies.

AUG 04-06

In collaboration with EPIC Homes, 34 leaders from OSK Property and OSK Construction went full-steam ahead to build a brand-new home for Airy, his wife and their 3 children in Kampung Orang Asli Serendah.

THE YEAR 2018 IN REVIEW

AUG 28

OSKians learnt the importance of staying mentally, physically and emotionally healthy at a lunch talk on 'Self Care: Caring for My Mental Health'. The talk by Mr Justin Victor, chairman of Befrienders KL touched on the early signs of mental health stresses as well as tips to manage stress and overall emotional well-being.

SEP 04

Seven students from Tunku Abdul Rahman University College received full scholarships from OSK Foundation to pursue their Diploma courses. All recipients are currently undertaking their first year Diploma in various fields of studies including Business Studies majoring in Accounting, Business Administration, E-Commerce & Marketing, and Finance & Investment.

SEP 20

Executive Director of OSK Group, Dato' Saiful Bahri Zainuddin spent a day teaching 35 Form Two students at a high-need school in Klang as part of Teach For Malaysia ("TFM") Week. TFM Week allows key influencers, including corporate leaders, public figures and top civil servants to spend time as "teachers" themselves for a day, co-teaching a lesson in school with a TFM fellow.

SEP 14

OSK Property scored 80.28% in the Quality Assessment System for Building Construction Works (QLASSIC) with its Emira Residences and Urban Retail project in Shah Alam, completed ahead of schedule. QLASSIC is carried out by assessors appointed by Construction Industry Development Board Malaysia to assess and evaluate the quality of workmanship of building projects based on this standard.

SEP 27

2 OSK teams laced up their sneakers in the rain to finish the 5km Bursa Bull Charge charity run aimed to raise funds to increase awareness and promote financial literacy and social entrepreneurship and at the same time help improve the lives of the underserved communities.

OCT 01

OSK Foundation reveals Cik Coklat, a 3D fibreglass life-sized baby elephant sculpture at KLCC. Cik Coklat with her other 9 colourful siblings, are the face for "Speak Up - There's an Elephant in the Room" campaign by Hospis Malaysia to raise awareness on the importance of planning palliative care for patients with life-limiting illnesses.

OCT 10

Swiss-Garden International was awarded the Gold Award for 4-Star Hotel Chain at the Malaysia Tourism Council Gold Awards 2018. This prestigious award is a tribute to those who have excelled and supported the development of tourism in Malaysia.

OCT 12

SGI Vacation Club was awarded the AGODA 2018 Gold Circle Awards for its SGI Vacation Club Melaka property. The award recognises elite service, high scoring peer-to-peer customer reviews from the 22 million reviews on Agoda, as well as excellence in pricing and availability.

agoda

2018
GOLD CIRCLE
AWARD WINNER

OCT 19 & 26

About 200 employees from different business and functional units enjoyed a good dinner and the "Venom" movie as part of the OSK Group movie nights.

OCT 29

OSK Holdings improved its ranking to number 14 at The Edge Malaysia's Top Property Developers Awards 2018.

THE EDGE Top Property Developers Awards 2018

OCT 31

OSK Construction introduced their OSK Quality Standard which will serve as a quality standard benchmark for construction projects undertaken by OSK.

NOV 03

OSK volunteers brought Deepavali cheer to single mothers and children of Persatuan Kebajikan Kanak-Kanak Kajang through the Gifts of Hope initiative. OSKians contributed essential grocery items and shopping vouchers to help these families prepare for the Deepavali celebrations.

THE YEAR 2018 IN REVIEW

NOV 11

OSK Property officially launched Astera, the second phase of the Iringan Bayu township at the Iringan Bayu Show Gallery to an overwhelming response. All 342 units were snapped up within a few hours of the launch.

NOV 10 & 24

SGI Vacation Club teamed up with DYO (Developing Youth Organisation) in "Once Upon a Chef with SGI VC", an educational cooking workshop for children from two homes, Hiichiikok Foundation and Rumah Sayangan.

DEC 01

OSK Foundation shared the joy and celebration of Christmas with children from Praise Emmanuel Children's Home and Rumah Shalom as they got together for a day of fun at Atria Shopping Gallery.

DEC 01

Atria Shopping Gallery and OSK Foundation's "Adopt A Christmas Tree" campaign once again successfully entered into the Malaysia Book of Records by registering the "Most Number of Christmas Trees Displayed in a Shopping Mall" with a total of 206 trees on display.

DEC 06

OSK Holdings was awarded the Industry Excellence Awards for Properties & Hotels at the National Annual Corporate Report Awards 2018.

DEC 12

OSK Holdings once again took home The Edge Billion Ringgit Club & Corporate Awards 2018 for the Highest Growth in Profit After Tax over three years under the Property Sector for companies with market capitalisation below RM3 billion.

MEDIA HIGHLIGHTS

Construction starts at OSK Property's Melbourne Square

BY CHAI YEE HOONG
city.country@bizedge.com

From left: Multiplex regional managing director Graham Cottam, Woolworths group property operations manager Tim Macmillan and Ong at the groundbreaking ceremony

OSK Property and the Employees Provident Fund (EPF) have commenced construction of the A$2.8 billion (RM9 billion) Melbourne Square development in Melbourne's Southbank.

Set to become one of Melbourne's largest mixed-use urban precincts, the development's groundbreaking ceremony was held on March 22 with international construction contractor Multiplex, which is expected to complete the first stage of the project in late 2020.

OSK Property also announced the development's first anchor tenant. Woolworths will be Southbank's first full-line supermarket spanning 3,800 sq m over two levels.

OSK Group executive chairman Tan Sri Ong Leong Huat said Melbourne Square will drive the regeneration of Southbank. "We are excited to see Melbourne Square come to life. The project will breathe life into an area that is already a coveted location [that is] within walking distance of the central business district, Southbank's arts precinct, the Royal Botanic Gardens and the Crown entertainment precinct," he said during the ceremony.

"We are also delighted to be able to do our part in providing much-needed amenities to the Southbank community," he added.

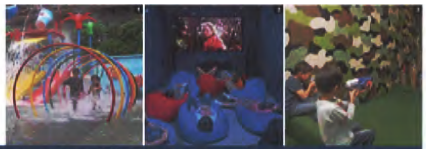
The development will transform a former car park bounded by the Westgate Freeway and Kavanagh, Balston and Power Streets into a dynamic community and retail centre.

A "green heart" with a public park and network of leafy spaces have been planned, along with community infrastructure such as a childcare facility and retail options.

To be developed in five stages over eight to 10 years, Melbourne Square will comprise four residential apartment towers, an office tower, a hotel and serviced apartment tower and multiple street-level retail lots.

In 2015, OSK Property Holdings Bhd was merged with the property arm of PJ Development Holdings and became known as OSK Property. The developer's projects across Peninsular Malaysia as well as Melbourne, Australia, have a total gross development value of RM18 billion.

Family Fun



STARMETRO, MONDAY 3 SEPTEMBER 2018

The Emira Residences and Urban Retail project aims to offer the finest of modern lifestyle choices.

Developer completes project ahead of schedule

Project in heart of Shah Alam raises its Qlassic score

This run has a lot of bite

Over 1,000 runners savour a variety of dishes at the end of 5km run

ATRIA17日辦中華書藝大賽

Atria购物廊将于8月17日（星期五），下午四点在购物廊大厅举办第二届"中华书艺大赛"，以推动中华传统文化。

这是Atria购物廊续去年5月后第二次举办书法比赛。书法是代表中华传统文化的精髓之一，举办这项比赛的目的是为了确保这门艺术能传承下去，不被年轻一代遗忘。

比赛将于下午4时至傍晚6时进行，分为小学组、中学组、公开组以及朋友家人组四个组别。小学组开放给年龄7至12岁；中学组开放给13至17岁；公开组开放给年龄18岁或以上者参加，而新添加组别：朋友家人组分别由一名成人和一名小孩（15岁或以下）组队参加。

比赛所用纸张将由主办当局供应，参赛者必须自备笔墨。中学组和公开组的参赛者则须自备印章与红印台，为参赛作品进行落款及钤印才符合参赛资格。

主办单位将送出总值超过1万令吉的奖金与奖品，其中包括由丹斯里黄宗华赞助的现金奖。活动当天还包括学生呈献的精彩武术表演。（ML）

☎ 03-7733 5156
atriadj

Seven recipients of OSK scholarships

Leong Huat (third from left, back row) with TAR UC representatives and the scholarship recipients at the presentation ceremony.

OSK Foundation awarded scholarships to seven deserving students from Tunku Abdul Rahman University College (TAR UC) this year.

The full scholarship programme, introduced in 2017, covers the cost of the diploma courses and a monthly living allowance.

All recipients are currently studying the first year of their diploma programmes in various fields including Business Studies majoring in Accounting, Business Administration, E-Commerce & Marketing, and Finance & Investment.

The scholarship award scheme also gives recipients an opportunity for internship or practical training at OSK Group or its affiliates if so required as part of their programme of study.

Speaking at the awards presentation ceremony, OSK Foundation chief executive officer Cheryl Ong said: "We are pleased to be able to partner with TAR UC once again in providing the opportunity for tertiary education for these deserving students."

"It is no secret that a good education has the power to change the life of a person, and hopefully the ripple effects of that will bring about positive impact to the lives of the family and community surrounding that person as well," she said.

Cheryl presented the scholarships to the students.

This was witnessed by OSK Group executive chairman Tan Sri Ong Leong Huat and TAR UC vice president of student affairs and quality assurance Dr Chook Ka Joo and other representatives from the institution.

Leong Huat spent some time with the students and shared his experiences and words of wisdom.

These included to always count their blessings and be a blessing to others when they are able to. He also encouraged them to study and work hard in order to achieve their dreams.

In line with the philosophy of paying it forward, apart from the financial assistance, scholarship recipients are also required to undergo a minimum of 20 hours volunteering for community service each semester.

This is to instil the practice of giving back to society as well as to mould the recipients into well-rounded individuals.

At the end of the ceremony, Dr Chook thanked OSK Foundation for investing in the students' lives.

He emphasised the importance of education to the recipients and to keep on working hard in order to be successful.

侨丰地产打造宜居环境

Iringan Bayu安全又环保

首期Pastura建221双层单位

四通八达　连通多条大道

MEDIA HIGHLIGHTS

BY BENNY TEO

A SWISS-GARDEN IN MALAYSIA

ATRIA聖誕主題 變形金剛大黄蜂登場

李明明（左起）、黄洁莹、杨文圣、谢征卫及伊克玛尼瞻为大黄蜂主题圣诞节主持推展礼。

白沙罗再也社区购物中心Atria购物廊，即日起至明年1月1日以美国加利福尼亚海滩小镇之超级英雄变形金刚大黄蜂作为今年圣诞节的摆饰主题。

配合变形金刚大黄蜂科幻片将于12月20日起在全马MBO电影院线开映，Atria购物廊底层大厅搭起了大黄蜂圣诞装饰，内容包括了大黄蜂立体大模型及黄色甲虫车，与消费者一起庆祝欢乐的圣诞。

圣诞节期间，购物者可在广场内与变形金刚众主角中最为酷炫的大黄蜂及经典的甲虫车作近距离接触及合照，同时还有机会获赠Hasbro赞助的电影周边商品。

大黄蜂圣诞节特备主题活动概括变形金刚服装赛、#BeeAtAtria创意照片赛、大黄蜂钥匙圈独家兑换、大黄蜂圣诞儿童手工坊、Atria儿童年终大派对、圣诞老人与圣诞姐姐走透透、大黄蜂自拍照相馆及TransMY变形金刚粉丝俱乐部珍藏品展示等。

推展礼出席者包括侨丰地产控股产业投资首席执行员黄洁莹、Atria购物廊零售总监李明明、United International Pictures董事经理杨文圣、MBO电影院线营运总监谢征卫及该公司策略与发展总监伊克玛尼瞻。（ML）

Giving back to the society

OSK Property to launch 3 projects worth RM4.82b

OSK Property Holdings Bhd chief executive officer Ong Ghee Bin (left) and deputy group managing director Ong Ju Xing at the launch of 'OSK Campaign 20188' in Petaling Jaya yesterday.

PETALING JAYA: OSK Property Holdings Bhd will launch three residential projects this year with gross development value (GDV) totalling RM4.82 billion.

Aktiviti menarik di Damai Laut

ATRIA聖誕樹領養計劃 籌四萬五千元捐ADFM

黄振兴（左起）、张秀梅、黄咏真、黄宗华和周经腾主持支票移交仪式。

Atria购物廊与侨丰基金会（OSK Foundation）透过联办的公益活动"圣诞树领养计划"，成功为马来西亚阿兹海默症协会（ADFM）筹获4万5000令吉。

侨丰基金会首席执行员黄咏真在推介礼上表示，该活动让参与者与家人朋友一起感受了佳节布置的欢乐气氛，同时也让大众进一步认识阿兹海默症。此外，Atria购物廊也以"最多棵圣诞树展出的商场"之头衔，获列入马来西亚纪录大全。

出席者包括侨丰控股执行主席丹斯里黄宗华、ADFM赞助人潘斯里张秀梅、理事会主席拿督黄振兴，以及Panasonic Malaysia营销创新部总经理周经腾。

当日领养和完成装饰圣诞树者，有机会获选为其中18名/组装饰出最亮眼圣诞树的优胜者，赢取由Panasonic盛情赞助的总值1万8000令吉的电器产品。获得最多公众投票的5名参赛者，则有机会获得最受欢迎奖，并赢取精美的Panasonic产品。所有认养者可在12月16日后把圣诞树领回家。（ML）

PJD Construction is now OSK Construction

PETALING JAYA: PJD Construction Sdn Bhd has been renamed OSK Construction Sdn Bhd with immediate effect.

In a rebranding exercise implemented yesterday, the construction arm of the OSK Group would also be adopting a new logo and brand identity.

"This rebrand marks an important milestone for the construction team as the new brand shows a stronger alignment to the OSK Group and it encourages us to remain focused and strive towards becoming a stronger and more competent organisation," OSK Construction acting CEO John Ng (pic) said in a statement.

The company noted that the rebrand would reflect the latest progress in the company's three decades evolution and commitment to growing the company to greater heights with a focus on innovation and increasing the efficiency of its build processes.

"Over the past three decades, our company has built a range of homes and offices to suit our customers' needs all over Malaysia," Ng said.

"OSK Construction is proud to offer the best solution in construction towards building up our nation," he added.

OSK Construction is rated a "Class A" and "G7" contractor, boasting a good track record in building multiple quality residential and commercial properties, including the accompanying infrastructure for its projects in Malaysia.

The company said it would deliver more quality projects across the country, both through internal collaboration with OSK Property and external projects.

薇薇（左起）、李明明、黄洁莹、黄劲豪和庄群施，在Atria购物廊迎春活动推介礼上向大家拜早年。

Atria購物廊 迎春接福慶豐年

配合农历新年的到来，Atria购物廊从即日起举办"迎春接福庆丰年"系列迎春活动，舞台摇身一变成为了桃花盛开的文艺庭院，散发著浓厚的书香气息和古意盎然的新春喜气，让购物者一踏入商場即能感受到"新年来了！"的欢愉氛围。

位于底层的舞台大厅，左侧摆设了寓意2018年迈向成功的状元桥，以及代表著"有情人终成眷属"的爱情轮。右侧则有一座彷佛让人置身古代的秀才亭，与中央的莲花池形成一幅美丽的拍照场景。

"迎春接福庆丰年"迎春活动于日前举办推介礼，由精彩的中国新年民俗舞蹈掀开序幕，并有8头醒狮助兴，还有本地艺人庄群施和薇薇的《今年你最好》新春专辑推介礼兼见面会。

主持敲鼓仪式嘉宾有：侨丰地产控股公司产业投资总执行长黄洁莹、Atria购物廊中心管理总监李明明，以及兴业银行有限公司卡并购和频道管理部主管黄劲豪。

从即日起至2月18日在Atria购物廊消费至特定数额，可兑换一套精美红包封和一套精致的幸运茶具，先到先得，需符合条规。

凭单张收据消费满80令吉以上，即可参加"2018幸运大抽奖"，丰富奖品包括丰田Jazz轿车、机票、酒店住宿和Atria现金礼券，需符合条规。

（JC）

www.atria.com.my

atriadj

Astera has a GDV of RM120.8 million and comprises 342 single-storey terraced houses

OSK Property's Astera at Iringan Bayu achieves 100% take-up

BY HANNAH RAFEE
city.country@bizedge.com

The latest phase of single-storey terraced homes, Astera, at OSK Property's Iringan Bayu township in Seremban, has been fully taken up. All the houses were sold within hours of the launch on Nov 11, the developer says in a statement.

The event attracted more than 400 prospective homebuyers who started queuing as early as 6.30am. A balloting exercise was carried out in view of the overwhelming response.

Astera has a gross development value (GDV) of RM120.8 million and comprises 342 single-storey terraced houses with perimeter fencing. The houses will have 3 bedrooms and 2 bathrooms, with built-ups ranging from 1,090 to 1,327 sq ft. Prices start at RM301,320, with the developer offering a low downpayment plan.

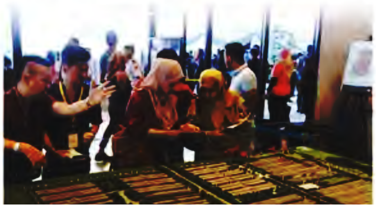
Meanwhile, homebuyers who missed out on Astera can check out the remaining units of Pastura, the first launch in the township. Comprising 2-storey landed homes with 4 bedrooms and 4 bathrooms, with built-ups ranging from 1,997 to 2,303 sq ft, Pastura was launched in January and is 75% taken up. The houses have fully extended backyards, with prices starting at RM418,320.

The Iringan Bayu township sprawls across 770 acres and will feature modern homes and green spaces.

The township is connected via major highways including the LEKAS Highway (Kajang-Seremban highway), Elite Highway (North-South Expressway Central Link) and North-South Expressway.

Iringan Bayu is designed to be a Bandar Selamat (Safe City) — a concept that aims to discourage crime through environmental design, such as having a safety green buffer walkway and designated bicycle tracks and driveways to create a traffic-free environment.

Founded in 1997, OSK Property develops residential, township and commercial projects in strategic growth areas across the country and in Melbourne, Australia. It has a development GDV of RM18 billion.



OSK集團回饋社會 原住民村裝太陽能燈

OSK团队正在安装太阳能灯柱。

为协助改善原住民的生活环境，OSK集团加入了全球性活动"Liter of Light"，目的在于提供一些对家庭有成效又可持续照明的电源，藉以造福贫困社区。该集团不久前就帮助了彭亨州Kampung Ulu Tual 8的350个以上的村民安装上太阳能灯，让村民挥别多年来依靠煤油灯、室内篝火及烛光在夜里处理日常家务的日子。

这项由OSK基金会资助及展开的赈济计划，共有35名来自产业与建筑组的职员参与，团队是在两天内安装了60个太阳能灯，让它们在晚间照亮社区。

由塑料瓶制成的太阳能灯仅需简单的电路、微型太阳能电池板、LED灯泡及电池，节能成品与传统灯泡一样，提供相同亮度之余，使用寿命却更长，能效也更高。在有关计划中，OSK也提供太阳能灯的机制化培训，确保村民懂得修复。（ML）

WHO WE ARE

PROPERTY

Property development and investment is the core business interest of the OSK Group. Coming under the brand of OSK Property, we are today, one of Malaysia's leading property groups. Our property development and investment presence spans across Peninsular Malaysia and we have also launched our first overseas development project 'Melbourne Square' in Melbourne, Australia, in a joint-venture partnership with Employees Provident Fund Malaysia.

http://oskproperty.com.my/
http://atria.com.my/
http://fabertowers.com.my/

ABOUT US

OSK Holdings Berhad ("OSK") was incorporated in 1963 as a small stockbroking company and it was listed on the Kuala Lumpur Stock Exchange ("KLSE" - now known as Bursa Malaysia Securities Berhad or "Bursa Malaysia") in 1991. OSK grew to become a regional investment bank under OSK Investment Bank Berhad ("OSKIB").

In 1997, OSK diversified into properties through its subsidiary company, OSK Property Holdings Berhad ("OSKP"), which was listed on the KLSE in 2002. When OSKIB became a regulated entity by Bank Negara Malaysia in 2007, the shares of OSKP were distributed to the shareholders of OSK to comply with regulatory requirements.

In 2012, OSKIB merged with RHB Investment Bank Berhad in a share swap exercise resulting in OSK becoming a major shareholder in RHB Banking Group, a position which OSK continues to hold at the present time.

In 2015, OSKP was merged back into the OSK Group and subsequently delisted from the Main Market of Bursa Malaysia. OSKP is today one of the leading property developers in Malaysia with residential, township and commercial projects located in strategic growth areas across the country. OSKP is also growing its overseas presence beginning with its development project in Melbourne, Australia.

In the same merger exercise in 2015, PJ Development Holdings Berhad ("PJD") became part of the OSK Group. PJD was established in 1965 as a plantation and property development company and it was listed on the KLSE in 1974.

PJD eventually divested its plantation business and ventured into four (4) key areas of property development, construction, manufacturing of Industrialised Building System wall panels and cables under the Acotec and Olympic Cable brands respectively, and hospitality under the Swiss-Garden International and SGI Vacation Club brands. In 2016, upon completion of the unconditional voluntary takeover offer exercise by OSK, PJD was delisted from the Main Market of Bursa Malaysia.

Today, OSK Group is a conglomerate with diversified interests in five (5) business sectors.

OUR VISION & MISSION

At OSK, our vision is to be a long-term business builder that delivers superior value to all our internal and external stakeholders.

SHAREHOLDERS
We seek to create long-term value for our shareholders through delivering strong and sustainable returns.

BUSINESS UNITS
We help our businesses deliver unique and high quality products and services to our customers through the expertise of our business leaders, our willingness to invest in talent, our efficient infrastructure and our effective operational processes.

BUSINESS PARTNERS
We create and nurture mutually rewarding long-term partnerships with our suppliers, consultants, business associates and customers.

EMPLOYEES
We aim to be an employer of choice through maintaining a good work culture and adopting a genuine interest in the long-term career development of our employees.

COMMUNITY
We aim to enrich the lives of the communities in which we operate.

http://www.oskgroup.com/

OUR VALUES

We aim to achieve our vision by embracing these values in our daily work.

EXCELLENCE
We make decisions and formulate strategies based on objective facts. We try our best to have a thorough understanding of our businesses and the markets in which we operate so that we make decisions that are well thought-through.

We adopt high standards in all that we do so that our businesses consistently deliver high quality products and services.

FORWARD THINKING
We adopt a long-term view of our businesses and the markets that we operate in, and we are conscious of the long-term effects of the decisions we make.

HUMILITY & RESPECT
In all our internal and external dealings, we seek to create an environment of mutual respect through demonstrating humility, appreciation and cooperation.

INTEGRITY
We are dedicated to building strong relationships that are mutually beneficial to all our stakeholders and us. Even in the most challenging situations, we behave in a professional and ethical manner.

PEOPLE DRIVEN
Our people are the ones who power the organisation. As such, we try our best to recruit, groom and retain people who have good character, are committed to the organisation and are highly skilled in their areas of expertise.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Ong Leong Huat @ Wong Joo Hwa
Executive Chairman

Ong Ju Yan
Group Managing Director

Ong Ju Xing
Deputy Group Managing Director

Dato' Saiful Bahri bin Zainuddin
Executive Director

Dato' Thanarajasingam Subramaniam
Senior Independent Non-Executive Director

Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir
Independent Non-Executive Director

Leong Keng Yuen
Independent Non-Executive Director

Ong Yee Ching
Non-Independent Non-Executive Director

http://www.oskgroup.com/

CORPORATE INFORMATION

KEY SENIOR MANAGEMENT

Tan Sri Ong Leong Huat @ Wong Joo Hwa
Executive Chairman

Ong Ju Yan
Group Managing Director

Ong Ju Xing
Deputy Group Managing Director

Dato' Saiful Bahri bin Zainuddin
Executive Director

Puan Sri Khor Chai Moi
Executive Director, PJ Development Holdings Berhad

Ong Ghee Bin
Chief Executive Officer, Property Development

Wong Kit Yin, Caroline
Chief Executive Officer, Property Investment

Ng Lee Huat, John
Acting Head & Chief Operating Officer, Construction

Yeat Siew Hong
Chief Executive Officer, Cables

Tan Kheak Chun
Chief Executive Officer, Industrialised Building System

Peter Gan Hock Chye
Chief Operating Officer, Hotels

Ting Chun Hong, Ivan
Chief Executive Officer, Vacation Club

Chow Hock Kin
Director, Capital Financing

Ng Lai Ping
Group Chief Financial Officer

Woon Chong Boon
Chief Operating Officer, Corporate Strategy & Planning

Mak Pick Wan, Chris
Chief Information Officer

Young Tat Yong
Chief Internal Auditor

Fong Gook Pheng, Margaret
Chief Human Resources Officer

AUDIT COMMITTEE

Leong Keng Yuen - *Chairman*
Dato' Thanarajasingam Subramaniam
Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir

RISK MANAGEMENT COMMITTEE

Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir - *Chairperson*
Dato' Thanarajasingam Subramaniam
Ong Yee Ching

NOMINATION AND REMUNERATION COMMITTEE

Dato' Thanarajasingam Subramaniam - *Chairman*
Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir
Leong Keng Yuen

COMPANY SECRETARIES

Chua Siew Chuan *(MAICSA 0777689)*
Chin Mun Yee *(MAICSA 7019243)*

AUDITORS

BDO PLT (LLP0018825-LCA & AF:0206)
Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur

PRINCIPAL BANKERS

Bangkok Bank Berhad
Bank of China (Malaysia) Berhad
Industrial and Commercial Bank of China (Malaysia) Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
RHB Bank Berhad
Standard Chartered Bank Malaysia Berhad
United Overseas Bank (Malaysia) Berhad

SOLICITORS

Chooi & Company + Cheang & Ariff
Lee Hishammuddin Allen & Gledhill
Raslan Loong, Shen & Eow

REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel. No. : (603) 2084 9000
Fax No. : (603) 2094 9940

REGISTERED OFFICE

21st Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel. No. : (603) 2166 6225
Fax No. : (603) 2026 6331

PRINCIPAL BUSINESS ADDRESS

7th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel. No. : (603) 2166 6225
Fax No. : (603) 2166 6220

STOCK EXCHANGE LISTING

Main Market, Bursa Malaysia Securities Berhad

Sector	: Property
Stock Name	: OSK
Stock Code	: 5053
ISIN Code	: MYL5053OO003

PRINCIPAL BUSINESS ADDRESSES BY SEGMENT

PROPERTY SEGMENT

Property Development

OSK Property
9th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel No. : (603) 2161 3322
Fax No. : (603) 2161 8862
http://www.oskproperty.com.my/

Yarra Park City Pty Ltd
Level 2, 99 Queensbridge St
Melbourne, VIC 3006
Australia
Tel No. : (61) 3 9686 5566
Fax No. : (61) 3 9686 5544
http://www.melbournesquare.com.au/

Sales Galleries

OSK Property Sales Gallery
Lot G32 & 33, Ground Floor
Atria Shopping Gallery
Jalan SS22/23, Damansara Jaya
47400 Petaling Jaya
Selangor
Tel No. : (603) 7733 1231
http://www.melbournesquare.com.au/
http://www.youcity3.com/

Bandar Puteri Jaya & Hill Park
No. 1A, Jalan Puteri Heights 1/1
Bandar Puteri Jaya
08000 Sungai Petani
Kedah
Tel No. : (604) 425 1818
Fax No. : (604) 425 8030
http://www.bandarputerijaya.com.my/

Harbour Place Sales Gallery
Lot 2449 & 2450
Jalan Chain Ferry
Seberang Perai Utara
12100 Butterworth
Penang
Tel No. : (604) 332 1188
Fax No. : (604) 332 3128
http://www.luminari.com.my/

Iringan Bayu Sales Gallery
Persiaran Iringan Bayu 3
Taman Iringan Bayu
70300 Seremban, Negeri Sembilan
Tel No. : (606) 630 4656 /
(6013) 255 7222
http://www.iringanbayu.com.my/

Pan'gaea Show Village
Persiaran Bestari, Cyber 11
63000 Cyberjaya
Selangor
Tel No. : (603) 8318 6366
http://www.pangaea.com.my/

Ryan & Miho Sales Gallery
9-P1 Block A, Jaya One
72A Jalan Universiti
46200 Petaling Jaya, Selangor
Tel No. : (603) 7955 9888 /
(6012) 356 8311
http://www.ryanmiho.com.my/

TimurBay Kuantan Sales Gallery
Jalan Kuantan-Kemaman
Sungai Karang
26100, Balok, Kuantan, Pahang
Tel No. : (609) 544 8833
http://www.timurbay.com/

Windmill Upon Hills Sales Gallery
B-P7 & B-P8
Jalan Permai Genting
Permai Avenue, Genting Highlands
69000 Bentong, Pahang
Tel No. : (603) 6100 2339
Fax No. : (603) 6100 2337
http://www.windmilluponhills.com/

Melbourne Square Display Gallery
Corner Power & Kavanagh Streets
Southbank, VIC 3006 Australia
Tel No. : 1 300 888 770
http://www.melbournesquare.com.au/

Property Investment and Management

Atria Shopping Gallery
Jalan SS 22/23
Damansara Jaya
47400 Petaling Jaya, Selangor
Tel No. : (603) 7733 5156
Fax No. : (603) 7733 5157
http://www.atria.com.my/
http://www.facebook.com/atriadj/
http://www.instagram.com/atriadj/

Plaza OSK
18th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel No. : (603) 2161 5712
Fax No. : (603) 2162 5703
http://www.oskgroup.com/

Faber Towers
Lot 207, Level 2, Faber Towers
Jalan Desa Bahagia, Taman Desa
58100 Kuala Lumpur
Tel No. : (603) 7980 1311
Fax No. : (603) 7980 1310
http://www.fabertowers.com.my/

CORPORATE INFORMATION

PRINCIPAL BUSINESS ADDRESSES BY SEGMENT (CONT'D)

CONSTRUCTION SEGMENT

OSK Construction Sdn. Bhd.
12th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel No. : (603) 2078 6699
Fax No. : (603) 2078 6688
http://www.oskconstruction.com/

INDUSTRIES SEGMENT

Cables

Malaysia Factory
Olympic Cable Company Sdn. Bhd.
Lot PT 2126-2131, Jalan PK1
Taman Perindustrian Krubong
75250 Melaka
Tel No. : (606) 337 3088/3090
Fax No. : (606) 337 3099
http://www.olympic-cable.com.my/

Marketing & Sales Office
Olympic Cable Company Sdn. Bhd.
Lot 2008, Level 20, Tower 2
Faber Towers, Jalan Desa Bahagia
Taman Desa, 58100 Kuala Lumpur
Tel No. : (603) 7989 1700
Fax No. : (603) 7989 1701

Vietnam Factory
OVI Cables (Vietnam) Co. Ltd
Lot E-4A1-CN & Lot E-4B-CN
My Phuoc 2 Industrial Park
NA2 Street, Ben Cat Town
Binh Duong Province, Vietnam
Tel No. : (84)(0650) 3553 683/684
Fax No. : (84)(0650) 3553 685
http://www.ovicables.com/

Industrialised Building System

Acotec Sdn. Bhd.
Level 20, Tower 2, Faber Towers
Jalan Desa Bahagia, Taman Desa
58100 Kuala Lumpur
Tel No. : (603) 7988 0031
Fax No. : (603) 7988 0021
http://www.acotec.com.my/

Factory
Central Region
Lot C38, Block C
Kawasan Nilai Industrial
71800 Nilai, Negeri Sembilan

Sales Office
Northern Region
No. 2746 (1st Floor)
Jalan Chain Ferry
Taman Inderawasih
13600 Prai, Penang
Tel No. : (604) 398 9733
Fax No. : (604) 398 1733

Factory
Northern Region
76 Km, Butterworth-Ipoh
Main Trunk Road
P.O.Box 9, Taiping
Perak 34007

Sales Office
Southern Region
No. 02-11, Blok 4
Danga Bay, Jalan Skudai
80200 Johor Bahru, Johor
Tel No. : (607) 244 2447
Fax No. : (607) 244 6588

Factory
Southern Region
Lot PTB 12090-1298
Jalan Tun Mutahir 5
Kawasan Perindustrial Bandar Tenggara
81000 Kulai, Johor

PRINCIPAL BUSINESS ADDRESSES BY SEGMENT (CONT'D)

HOSPITALITY SEGMENT

Hotels and Resorts

Swiss-Garden International Hotels,
Resorts and Inns
20th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel No. : (603) 9078 2688
Fax No. : (603) 9078 2600
http://www.swissgarden.com/

Swiss-Garden Hotel Melaka
T2-4, The Shore@Melaka River
Jalan Persisiran Bunga Raya
75300 Melaka Tengah, Melaka
Tel No. : (606) 288 3131
Fax No. : (606) 288 3377

Swiss-Garden Bukit Bintang
Kuala Lumpur
117, Jalan Pudu
55100 Kuala Lumpur
Tel No. : (603) 2785 1111
Fax No. : (603) 2141 5555

Swiss-Garden Residences
Kuala Lumpur
No. 2A, Jalan Galloway
50150 Kuala Lumpur
Tel No. : (603) 2785 1253
Fax No. : (603) 2141 5555

Swiss-Inn Chinatown Kuala Lumpur
62, Jalan Sultan
50000 Kuala Lumpur
Tel No. : (603) 2072 3333
Fax No. : (603) 2715 2021

Swiss-Garden Beach Resort Kuantan
2656-2657, Mukim Sungai Karang
Balok Beach, 26100 Beserah
Kuantan, Pahang
Tel No. : (609) 548 8288
KL Sales Office : (603) 9078 2633
Fax No. : (609) 544 9555
KL Sales Office : (603) 9078 2655

Swiss-Garden Resort Residences
Sungai Karang
Jalan Kuantan-Kemaman
Mukim Sungai Karang
26100 Beserah, Kuantan
Pahang
Tel No. : (609) 518 2888
KL Sales Office : (603) 9078 2633
Fax No. : (609) 518 2999
KL Sales Office : (603) 9078 2655

Swiss-Garden Beach Resort Damai Laut
Persiaran Swiss-Garden
Jalan Damai Laut
Off Jalan Teluk Senangin
32200 Lumut, Perak
Tel No. : (605) 684 3333
KL Sales Office : (603) 9078 2611
Fax No. : (605) 618 3388
KL Sales Office : (603) 9078 2622

CORPORATE INFORMATION

PRINCIPAL BUSINESS ADDRESSES BY SEGMENT (CONT'D)

HOSPITALITY SEGMENT (CONT'D)

Damai Laut Golf & Country Club
Hala Damai 2, Jalan Damai Laut
Off Jalan Teluk Senangin
32200 Lumut, Perak
Tel No. : (605) 685 9333
KL Sales Office : (603) 9078 2611

Swiss-Inn Sungai Petani
No.1, Jalan Pahlawan
08000 Sungai Petani
Kedah
Tel No. : (604) 422 3333
Fax No. : (604) 423 3423

Swiss-Inn Johor Bahru
Lot 512, Jalan Syed Mohd Mufti
80000 Johor Bahru
Johor
Tel No. : (607) 218 3333
Fax No. : (607) 218 3334

Vacation Club

SGI Vacation Club Berhad
S-7-01 & S-7-02
Swiss Garden Residences
No. 2A, Jalan Galloway
50150 Kuala Lumpur
Tel No. : (603) 2788 6688
Fax No. : (603) 2788 6689
http://www.sgivacationclub.com/

FINANCIAL SERVICES SEGMENT

Capital Financing

OSK Capital Sdn. Bhd.
21st Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel No. : (603) 2168 8212
Fax No. : (603) 2161 0813

CORPORATE STRUCTURE

AS AT 28 FEBRUARY 2019

OSK
OSK Holdings Berhad

RHB Bank Berhad
10.13% - Associate

RHB Capital Berhad
(in Members' Voluntary Winding Up)
10.13% - Associate

OSK Capital Sdn. Bhd.
100%

OSK Capital Management Sdn. Bhd.
100%

OSK I CM Sdn. Bhd.
100%

OSK Management Services Sdn. Bhd.
100%

KE-ZAN Holdings Berhad
100%

OSK Realty Sdn. Bhd.
100%

OSK Property Holdings Berhad
99.93%

Aspect Potential Sdn. Bhd.
100%

Aspect Synergy Sdn. Bhd.
100%

Atria Damansara Sdn. Bhd.
100%

Country Wheels Sdn. Bhd.
51%

Dikir Dagang Sdn. Bhd.
100%

Dikir Venture Sdn. Bhd.
(in the process of striking off)
100%

Jelang Vista Sdn. Bhd.
100%

L26 Tower Sdn. Bhd.
100%

OSK Properties Sdn. Bhd.
100%

OSK Properties (Seremban) Sdn. Bhd.
100%

OSKP Facilities Management Sdn. Bhd.
100%

Perspektif Pertama Sdn. Bhd.
(in the process of striking off)
100%

Perspektif Vista Sdn. Bhd.
100%

Potensi Rajawali Sdn. Bhd.
100%

Ribuan Ekuiti Sdn. Bhd.
100%

Rimulia Sdn. Bhd.
55%

Semponia Sdn. Bhd.
51%

Warisan Rajawali Sdn. Bhd.
100%

Wawasan Rajawali Sdn. Bhd.
100%

Atria Parking Management Sdn. Bhd.
100%

Atria Shopping Gallery Sdn. Bhd.
100%

OSK Properties Management Sdn. Bhd.
100%

Pine Avenue Sdn. Bhd.
100%

Bindev Sdn. Bhd.
100%

Bunga Development Sdn. Bhd.
100%

- Kulai Management Services Sdn. Bhd.
  100%

Harbour Place Management Services Sdn. Bhd.
100%

HTR Management Services Sdn. Bhd.
100%

Kota Mulia Sdn. Bhd.
100%

- PJD Highland Resort Sdn. Bhd.
  100%
- PTC Management Services Sdn. Bhd.
  100%

PJD Central Sdn. Bhd.
100%

PJD Eastern Land Sdn. Bhd.
100%

PJD Hartamas Sdn. Bhd.
100%

- Agile PJD Development Sdn. Bhd.
  30% - Associate

PJD Land Sdn. Bhd.
100%

PROPERTY
- Property Development
- Property Investment

FINANCIAL SERVICES
- Capital Financing
- Investment Holdings and Others

CONSTRUCTION
- Construction

INDUSTRIES
- Cable
- IBS

HOSPITALITY
- Hotels & Resorts
- Vacation Club

CORPORATE STRUCTURE

- PJ Development Holdings Berhad **96.96%**
  - PJD Landmarks Sdn. Bhd. **100%**
  - PJD Management Services Sdn. Bhd. **100%**
  - PJD Properties Management Sdn. Bhd. **100%**
  - PJD Realty Sdn. Bhd. **100%**
  - PJD Regency Sdn. Bhd. **100%**
  - PJD Sejahtera Sdn. Bhd. **100%**
  - PKM Management Services Sdn. Bhd. **100%**
  - Putri Kulai Sdn. Bhd. **100%**
  - Superville Sdn. Bhd. **100%**
  - Vibrant Practice Sdn. Bhd. **100%**
  - OSK Construction Sdn. Bhd. (formerly known as PJD Construction Sdn. Bhd.) **100%**
    - PJDC International Sdn. Bhd. **100%**
  - OCC Cables Berhad **100%**
    - PJ Exim Sdn. Bhd. **100%**
  - OSK Industries Limited [Cayman Islands] **100%**
    - OCC Cables Limited [Cayman Islands] **100%**
      - OCC Malaysia Sdn. Bhd. **100%**
        - Olympic Cable Company Sdn. Bhd. **100%**
          - OVI Cables (Vietnam) Co., Ltd. [Vietnam] **100%**
  - Aco Built System Sdn. Bhd. **100%**
  - Acotec Sdn. Bhd. **100%**
    - Acotec-Concrete Products Sdn. Bhd. **100%**
    - PJD Concrete Land (JB) Sdn. Bhd. **100%**
    - PJD Concrete Land (South) Sdn. Bhd. **100%**
  - PJD Hotels Sdn. Bhd. **100%**
    - Damai Laut Golf Resort Sdn. Bhd. **99%**
    - MM Hotels Sdn. Bhd. **100%**
    - Swiss-Garden Management Services Sdn. Bhd. **100%**
  - Swiss-Inn JB Sdn. Bhd. **100%**
  - Swiss-Garden Hotel Management Sdn. Bhd. **100%**
  - Swiss-Garden International Sdn. Bhd. **100%**
    - Swiss-Garden International Limited [British Virgin Islands] **100%**
  - SGI Vacation Club Berhad **100%**
  - Swiss-Garden Rewards Sdn. Bhd. **100%**
  - Ancient Capital Sdn. Bhd. **100%**
  - Eframe Sdn. Bhd. **100%**
  - Eframe Solutions Sdn. Bhd. **100%**
  - Olympic Properties Sdn. Bhd. **100%**
  - PJ Equity Sdn. Bhd. **100%**
  - PJD Pravest Sdn. Bhd. **100%**
  - Pengerang Jaya Pte. Ltd. [Singapore] **100%**
    - P.J. (A) Pty. Limited [Australia] **100%**
      - Yarra Park City Pty. Limited [Australia] **38.25%** - Associate
      - Equity & Property Investment Corporation Pty. Limited [Australia] **27.4%** - Associate
        - Yarra Park City Pty. Limited [Australia] **12.75%**
  - DLHA Management Services Sdn. Bhd. **100%**
    - Scotia Acres Sdn. Bhd. **50%** - Joint Venture
      - Canggih Pesaka Sdn. Bhd. **100%** - Joint Venture

DIRECTORS' PROFILE

Tan Sri Ong Leong Huat @ Wong Joo Hwa

Executive Chairman

NATIONALITY:

AGE:
74

GENDER:

QUALIFICATION:

- Capital Markets and Services Representative's licence issued by the Securities Commission Malaysia under the Capital Markets and Services Act, 2007 for dealing in securities

BOARD MEETING ATTENDANCE IN FY2018:
4/4

Tan Sri Ong Leong Huat @ Wong Joo Hwa ("Tan Sri Ong") is the Executive Chairman of the Company. He was first appointed to the Board of the Company on 21 November 1990. He was the former Group Managing Director/Chief Executive Officer of the Company and was re-designated as a Non-Independent Non-Executive Director on 4 May 2007. Tan Sri Ong was then re-designated as the Chief Executive Officer/Group Managing Director on 9 November 2012 and re-designated as Executive Chairman on 19 April 2017. He is also a Key Senior Management of the Company.

Tan Sri Ong holds a Capital Markets and Services Representative's licence issued by the Securities Commission Malaysia under the Capital Markets and Services Act, 2007 for dealing in securities. Tan Sri Ong was a Director of Malaysian Exchange of Securities Dealing and Automated Quotation (MESDAQ) from July 1999 to March 2002, a member of the Capital Market Advisory Council appointed by the Securities Commission Malaysia in 2004 to advise on issues relating to the implementation of the Capital Market Master Plan. He was previously a member of the Securities Market Consultative Panel of Bursa Malaysia.

For over seventeen (17) years since 1969, Tan Sri Ong was attached to a leading financial institution where he last held the position of Senior General Manager. He was the Managing Director/Chief Executive Officer of OSK Securities Berhad (which was later known as OSK Investment Bank Berhad) from July 1985 to January 2007 and was thereafter appointed as the Group Managing Director/Chief Executive Officer of OSK Investment Bank Berhad.

Tan Sri Ong was then re-designated as a Non-Independent Non-Executive Director of OSK Investment Bank Berhad (which was later known as OSKIB Sdn. Bhd.) on 18 January 2011, a position he held until 30 April 2013. He was appointed as a Non-Independent Non-Executive Director of OSK Ventures International Berhad from December 2003 to April 2010 and re-appointed as a Non-Independent Non-Executive Director from February 2013 to April 2017.

Tan Sri Ong is also the Chairman of PJ Development Holdings Berhad, the Managing Director/Chief Executive Officer of OSK Property Holdings Berhad, a Non-Independent Non-Executive Director of RHB Bank Berhad and RHB Investment Bank Berhad, a Trustee of OSK Foundation and a Director of KE-ZAN Holdings Berhad.

Tan Sri Ong is the father of Mr. Ong Ju Yan, the Group Managing Director of the Company, Mr. Ong Ju Xing, the Deputy Group Managing Director of the Company, Ms. Ong Yee Ching, the Non-Independent Non-Executive Director of the Company, and the spouse of Puan Sri Khor Chai Moi, a major shareholder of the Company. He has no conflict of interest other than as disclosed under Additional Disclosures Section (Recurrent Related Party Transactions) of this Annual Report. He has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Tan Sri Ong attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2018.

DIRECTORS' PROFILE

Ong Ju Yan

Group Managing Director

NATIONALITY:

AGE:
39

GENDER:

QUALIFICATION:
- Bachelor of Arts in Economics from Yale University

BOARD MEETING ATTENDANCE IN FY2018:
4/4

Ong Ju Yan ("Mr. Ong") was appointed to the Board of the Company on 9 October 2015 as the Deputy Group Managing Director and was re-designated as Group Managing Director on 19 April 2017. He is also a Key Senior Management of the Company.

Mr. Ong graduated with a Bachelor of Arts in Economics from Yale University in 2001 and currently serves as Yale's Alumni Schools Committee Director for Malaysia.

Mr. Ong has over 14 years of experience in financial services, having worked in Citibank Malaysia and Morgan Stanley in New York, Hong Kong and Singapore. In 2004, he joined OSK Investment Bank Berhad ("OSKIB") in Malaysia where he last held the position of Chief Operating Officer and Head of Investment Banking. He was a key senior management team member who helped to build up OSKIB's regional business through acquisitions and aggressive organic growth throughout ASEAN and in Hong Kong. Following the disposal of OSKIB by OSK Holdings Berhad to RHB Capital Berhad in November 2012, Mr. Ong joined RHB Investment Bank Berhad as Executive Director and Head of Group Corporate and Investment Banking Services, where he managed the investment banking origination and wholesale equities businesses until April 2015.

Mr. Ong is also an Executive Director of PJ Development Holdings Berhad and OSK Property Holdings Berhad and a Director of KE-ZAN Holdings Berhad, OCC Cables Berhad and SGI Vacation Club Berhad.

Mr. Ong is the son of Tan Sri Ong Leong Huat @ Wong Joo Hwa, the Executive Chairman and a major shareholder of the Company, and Puan Sri Khor Chai Moi, a major shareholder of the Company. He is also the brother of Mr. Ong Ju Xing, the Deputy Group Managing Director of the Company and Ms. Ong Yee Ching, the Non-Independent Non-Executive Director of the Company. He has no conflict of interest with the Company other than as disclosed under Additional Disclosures Section (Recurrent Related Party Transactions) of this Annual Report. He has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Mr. Ong attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2018.

Ong Ju Xing

Deputy Group Managing Director

NATIONALITY:

AGE:
34

GENDER:

QUALIFICATION:
- Master of Philosophy in Land Economy from University of Cambridge, United Kingdom
- Bachelor of Science in Business Management from University of London, United Kingdom

BOARD MEETING ATTENDANCE IN FY2018:
4/4

Ong Ju Xing ("Mr. Ong") was appointed to the Board of the Company on 9 October 2015 as an Executive Director and was re-designated as the Deputy Group Managing Director on 19 April 2017. He is also a Key Senior Management of the Company.

Mr. Ong holds a Bachelor of Science in Business Management from University of London, United Kingdom and a Master of Philosophy in Land Economy from University of Cambridge, United Kingdom.

Mr. Ong has worked with multinational corporations across a variety of industries namely corporate restructuring with Ernst & Young, consumer banking with HSBC, investment banking with Credit Suisse and management consulting with Accenture. His experience in the various fields expands to management consulting in the process and systems re-engineering of financial institutions, real estate investment banking, private fund raising, REITS IPO, financial valuation, modelling and analysis, personal financial services, banking product development and management as well as corporate restructuring advisory services.

Since 2009, Mr. Ong has been instrumental to the development and achievements of OSK Property. He continues to provide strategic leadership and helm the overall property and construction pillars for the Group. Mr. Ong is also an Executive Director of PJ Development Holdings Berhad and OSK Property Holdings Berhad and a Director of KE-ZAN Holdings Berhad.

Mr. Ong is the son of Tan Sri Ong Leong Huat @ Wong Joo Hwa, the Executive Chairman and a major shareholder of the Company, and Puan Sri Khor Chai Moi, a major shareholder of the Company. He is also the brother of Mr. Ong Ju Yan, the Group Managing Director of the Company and Ms. Ong Yee Ching, the Non-Independent Non-Executive Director of the Company. He has no conflict of interest with the Company other than as disclosed under Additional Disclosures Section (Recurrent Related Party Transactions) of this Annual Report. He has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Mr. Ong attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2018.

DIRECTORS' PROFILE

Dato' Saiful Bahri bin Zainuddin

Executive Director

NATIONALITY:

AGE:
57

GENDER:

QUALIFICATION:
- Bachelor of Science in Economics & Finance from Western Michigan University, United States of America

BOARD MEETING ATTENDANCE IN FY2018:
4/4

Dato' Saiful Bahri bin Zainuddin ("Dato' Saiful Bahri") was appointed to the Board of the Company on 9 October 2015 as an Executive Director. He is also a Key Senior Management of the Company.

Dato' Saiful Bahri graduated with a Bachelor of Science degree in Economics & Finance from Western Michigan University, United States of America in 1985, and has attended the Global Leadership Development Programme at Stanford University, United States of America.

Currently, Dato' Saiful Bahri's other directorships are Independent Non-Executive Director of KAF Investment Bank Berhad where he chairs the Nomination and Remuneration Committee and sits on KAF Investment Board, Audit Committee and Risk Committee respectively; an Investment Committee Member of Eastspring Investments Berhad; Board Member of Securities Industry Dispute Resolution Centre (SIDREC), appointed to the Board on 28 April 2010. He was the Financial Adviser to the State Government of Negeri Sembilan and a member of the Negeri Sembilan State Government Think Tank and most recent appointment, Audit Committee Member for Universiti Sains Islam Malaysia (USIM).

Dato' Saiful Bahri was appointed by the Minister of Finance as Independent Non-Executive Director of Bursa Malaysia Berhad in 2008 and a Board Member of Bursa Malaysia Securities Berhad and Bursa Malaysia Securities Clearing Sdn. Bhd. from April 2015. Dato' Saiful Bahri was then appointed as Senior Independent Director for his active role as a Director and in addition to his Board member role he also sits on Committees for Market Participation, Risk Management and Nomination & Remuneration. He is a former Member of the Securities Commission's Securities Law Consultative Committee and he is on the Board of Trustee for the Bumiputera Dealer Representative Education Fund and the Bumiputera Training Fund. Dato' Saiful Bahri was appointed as an Advisory Council Member of the Secondary Market for the Securities Commission Malaysia.

Dato' Saiful Bahri's previously held positions include Executive Director of Affin Hwang Investment Bank, Executive Director of Affin Holdings, Managing Director of Affin Securities, Executive Director Dealing of Rashid Hussain Securities, and CEO/Executive Director Dealing of Fima Securities Sdn. Bhd. He was also attached to the Corporate Planning Division of Heavy Industries Corp. of Malaysia (HICOM).

Dato' Saiful Bahri does not have any family relationship with the other Directors' and/or major shareholders of the Company. He has no conflict of interest with the Company. He has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Dato' Saiful Bahri attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2018.

Dato' Thanarajasingam Subramaniam

Senior Independent Non-Executive Director

NATIONALITY:

AGE:
68

GENDER:

QUALIFICATION:
- Master of Arts from New York University
- Bachelor of Arts from University of Malaya

BOARD MEETING ATTENDANCE IN FY2018:
4/4

Dato' Thanarajasingam Subramaniam ("Dato' Thanarajasingam") was appointed to the Board of the Company on 19 April 2016 as an Independent Non-Executive Director and re-designated as Senior Independent Non-Executive Director on 25 May 2018. He is the Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee and Risk Management Committee of the Company.

Dato' Thanarajasingam graduated from University of Malaya with a Bachelor of Arts in 1973 and also holds a Master of Arts from New York University in 1985.

Dato' Thanarajasingam has extensive experience in both the public and private sectors. He has served as a Malaysian diplomat for more than 37 years including as Malaysian Ambassador to Brazil, Venezuela, Suriname and Guyana from 1998 to 2001 and Ambassador to France and Portugal from 2006 to 2010. He was previously the Chief of Staff to the President of the United Nations General Assembly in 1997. After being the Director-General of ASEAN Malaysia, Ministry of Foreign Affairs from 2003 to 2004, he rose to become the Deputy Secretary-General for Multilateral Affairs from 2004 to 2006.

Upon his retirement from the Malaysian Foreign Service in 2010, he became a Director of OSK Investment Bank Berhad from 2010 to 2011. He was also the Malaysian Eminent Person to the ASEAN-India Eminent Persons Group from 2010 to 2012 and also served as Commissioner at the Malaysian Communications and Multimedia Commission from 2010 to 2013.

Dato' Thanarajasingam had also served on MRCB Quill Management Board until January 2019.

Currently, he is a member of Ambassadorial Advisory Panel, InvestKL.

Dato' Thanarajasingam is also an Independent Non-Executive Director of OSK Ventures International Berhad.

Dato' Thanarajasingam does not have any family relationship with the other Directors and/or major shareholders of the Company. He has no conflict of interest with the Company. He has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Dato' Thanarajasingam attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2018.

DIRECTORS' PROFILE

Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir

Independent Non-Executive Director

NATIONALITY:

AGE:
66

GENDER:

QUALIFICATION:
- Honorary Doctor of Letters from University of Reading
- MBA from Henley Business School, University of Reading, London, United Kingdom
- Bachelor of Economics from University of Malaya

BOARD MEETING ATTENDANCE IN FY2018:
4/4

Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir ("Tan Sri Siti Sa'diah") was appointed to the Board of the Company on 19 April 2016 as an Independent Non-Executive Director. She is the Chairperson of the Risk Management Committee and a member of the Audit Committee and Nomination and Remuneration Committee of the Company.

Tan Sri Siti Sa'diah holds a Bachelor of Economics from University of Malaya (UM) and a MBA from Henley Business School, University of Reading, London, United Kingdom. She was awarded with the Honorary Doctor of Letters from University of Reading in July 2018.

Tan Sri Siti Sa'diah is a Non-Independent Non-Executive Director of KPJ Healthcare Berhad ("KPJ") since 1 January 2013. Prior to that, she served as the Managing Director of KPJ from 1 March 1993 until her retirement on 31 December 2012. She had also served as KPJ's Corporate Advisor from 1 January 2013 until 31 December 2014. She was the Chairman of KPJ Healthcare University College ("KPJUC") from 1 August 2011 to December 2016 and the Pro-Chancellor of KPJUC from August 2011 to December 2018. She has been appointed as the Chancellor of KPJUC with effect from 1 January 2019.

Tan Sri Siti Sa'diah's career with Johor Corporation ("JCorp") commenced in 1974 and she has been directly involved in JCorp's Healthcare Division since 1978. She was appointed as the Chief Executive of Kumpulan Perubatan (Johor) Sdn. Bhd. since 1989 until the listing of KPJ in November 1994. Throughout her career in KPJ, Tan Sri Siti Sa'diah was directly involved in developing and implementing the transformational strategies which made KPJ one of Malaysia's leading private healthcare services providers today.

Tan Sri Siti Sa'diah currently sits as the Chairman of Duopharma Biotech Berhad and Nationwide Express Holdings Berhad. She has been appointed as an Independent Director of Lotte Chemical Titan Holding Berhad effective from 1 February 2019. She served on the Board of Damansara REIT Managers Sdn. Bhd. – The Manager for Al-'Aqar Healthcare REIT and Al-Salam REIT, from 2006 until March 2016. Tan Sri Siti Sa'diah was also a Director of KFC (Holdings) Berhad and QSR Brands Berhad from 2010 until their privatisation in 2013.

Tan Sri Siti Sa'diah was an Independent Non-Executive Director of Bursa Malaysia Berhad from 2004 to 2012 and a Board member of Malaysia External Trade Development Corporation (MATRADE) from 1999 to 2010. She was a Director of Kulim (M) Berhad from 2006 until its privatisation in 2016 and was a Director of Chemical Company of Malaysia Berhad from 2014 until its demerger in 2017.

Committed to promoting excellence in healthcare, Tan Sri Siti Sa'diah was the President of Malaysian Society for Quality in Health (MSQH), the national accreditation body for healthcare services, elected since its inception in 1997 until her retirement in December 2018. She was appointed as a Director of University Utara Malaysia ("UUM") in January 2016 and as the Chairman of the Board of UUM from June 2016 to September 2018.

In 2010, Tan Sri Siti Sa'diah was named the "CEO of the Year 2009" by the New Straits Times Press and the American Express. She has also received many more awards and accolades from 2011 to 2015, due to her contributions to the healthcare industry in Malaysia.

Tan Sri Siti Sa'diah launched her biography entitled "Siti Sa'diah: Driven by Vision, Mission and Passion", penned by Professor Rokiah Talib, Penerbitan Universiti Kebangsaan Malaysia in 2013.

Tan Sri Siti Sa'diah is currently the Pro-Chancellor of University Technology Malaysia (UTM) since October 2016. She is also a member of the Academic Committee of the Razak School of Government (RSOG). She also sits on many other councils and committees at the national level.

Tan Sri Siti Sa'diah does not have any family relationship with the other Directors and/or major shareholders of the Company. She has no conflict of interest with the Company. She has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Tan Sri Siti Sa'diah attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2018.

Leong Keng Yuen

Independent Non-Executive Director

NATIONALITY:

AGE:
68

GENDER:

QUALIFICATION:

- Chartered Accountant and a member of the Malaysian Institute of Accountants
- Master of Science in Management from Massachusetts Institute of Technology
- Bachelor of Engineering (First Class Honours) from University of Queensland, Australia

BOARD MEETING ATTENDANCE IN FY2018:
2/2
(since his appointment on 25 May 2018)

Leong Keng Yuen ("Mr. Leong") is the Independent Non-Executive Director of the Company. He was appointed to the Board of the Company on 25 May 2018. He is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee of the Company.

Mr. Leong retired as a partner of Ernst & Young Malaysia at the end of 2005. He has over thirty (30) years of involvement in the accounting profession.

Mr. Leong is a Chartered Accountant and a member of the Malaysian Institute of Accountants. Mr. Leong holds a Master of Science in Management from Massachusetts Institute of Technology and a Bachelor of Engineering (First Class Honours) from University of Queensland, Australia.

Mr. Leong is currently the Independent Non-Executive Chairman of OSK Ventures International Berhad, a Director of Hexza Corporation Berhad, The Perak Chinese Welfare Association and a Trustee of Datin Seri Ting Sui Ngit Foundation.

Mr. Leong does not have any family relationship with the other Directors and/or major shareholders of the Company. He has no conflict of interest with the Company. He has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Mr. Leong attended all the two (2) Board Meetings of the Company held during the financial year ended 31 December 2018 since his appointment on 25 May 2018.

DIRECTORS' PROFILE

Ong Yee Ching

Non-Independent
Non-Executive Director

NATIONALITY:

AGE:
41

GENDER:

QUALIFICATION:
- Master in Commerce, majoring in Finance, from the University of New South Wales, Australia
- Bachelor of Commerce majoring in International Business from Curtin University of Technology, Australia

BOARD MEETING ATTENDANCE IN FY2018:
4/4

Ong Yee Ching ("Ms. Ong") was appointed to the Board of the Company on 19 April 2016 as a Non-Independent Non-Executive Director of the Company. She is a member of the Risk Management Committee of the Company.

Ms. Ong holds a Master Degree in Commerce, majoring in Finance, from the University of New South Wales, Australia and a Bachelor of Commerce majoring in International Business from Curtin University of Technology, Australia. Ms. Ong started her career in KPMG Corporate Finance (Malaysia & Singapore) in 1999 before joining Swiss-Garden International Hotels, Resorts & Inns (Malaysia) in 2005. Ms. Ong was the Assistant Vice President, Group Investment Division (Corporate Development) in OCBC Bank (Singapore) from 2007 - 2009. Ms. Ong is currently the Chief Executive Officer of OSK Foundation and Director of several private companies.

Ms. Ong is the daughter of Tan Sri Ong Leong Huat @ Wong Joo Hwa, the Executive Chairman and a major shareholder of the Company, and Puan Sri Khor Chai Moi, a major shareholder of the Company. She is also the sister of Mr. Ong Ju Yan, the Group Managing Director of the Company and Mr. Ong Ju Xing, the Deputy Group Managing Director of the Company. She has no conflict of interest with the Company other than as disclosed under Additional Disclosures Section (Recurrent Related Party Transactions) of this Annual Report. She has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Ms. Ong attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2018.

KEY SENIOR MANAGEMENT'S PROFILE

For Key Senior Management Profiles of Tan Sri Ong Leong Huat @ Wong Joo Hwa, Mr. Ong Ju Yan, Mr. Ong Ju Xing and Dato' Saiful Bahri bin Zainuddin, kindly refer to the Directors' Profile in this Annual Report.

Puan Sri Khor Chai Moi

Executive Director,
PJ Development Holdings Berhad

NATIONALITY:

AGE:
66

GENDER:

QUALIFICATION:

- Master of Business Administration from the University of Hull, United Kingdom
- Bachelor of Business in Accounting from the University of South Queensland, Australia

Puan Sri Khor Chai Moi ("Puan Sri Khor") is the Executive Director of PJ Development Holdings Berhad.

Puan Sri Khor holds a Master of Business Administration from the University of Hull, United Kingdom and a Bachelor of Business Degree in Accounting from the University of South Queensland, Australia. She was the Managing Director of Willowglen MSC Berhad before her retirement on 31 July 2013.

Puan Sri Khor is a Director of OCC Cables Berhad.

Puan Sri Khor is the wife of Tan Sri Ong Leong Huat @ Wong Joo Hwa, the Executive Chairman and a major shareholder of the Company. She is the mother of Mr. Ong Ju Yan, the Group Managing Director of the Company, Mr. Ong Ju Xing, the Deputy Group Managing Director of the Company and Ms. Ong Yee Ching, the Non-Independent Non-Executive Director of the Company.

Puan Sri Khor has no conflict of interest with the Company other than as disclosed under Additional Disclosures Section (Recurrent Related Party Transactions) which appears in this Annual Report. She has no conflict of interest with the Company and she has no conviction for any offences within the past five (5) years other than traffic offences, if any.

KEY SENIOR MANAGEMENT'S PROFILE

Ong Ghee Bin

Chief Executive Officer, Property Development

NATIONALITY:

AGE:
57

GENDER:

QUALIFICATION:
- Bachelor of Engineering (Honours) in Civil Engineering from the University of Malaya

Mr. Ong Ghee Bin ("Mr. Ong") was appointed the Director, Projects in July 2015 and appointed as the Chief Executive Officer, Property on 2 November 2015 and re-designated as Chief Executive Officer, Property Development on 1 January 2018.

Mr. Ong holds a Bachelor of Engineering (Honours) in Civil Engineering from the University of Malaya.

Mr. Ong began his career in a civil and structural consultant engineering firm in 1985 before joining Sunway City Sdn. Bhd. in 1989 as Senior Project Executive. He subsequently rose through the ranks in the organisation over the next 25 years where he held various leadership roles in Property Development including his last held position as the Executive Director for Central Region.

Mr. Ong does not hold any directorship in any public companies.

Mr. Ong does not have any family relationship with the Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Wong Kit Yin, Caroline

Chief Executive Officer, Property Investment

NATIONALITY:

AGE:
50

GENDER:

QUALIFICATION:
- Member of the Malaysian Institute of Accountants and Certified Practicing Accountants Australia
- Bachelor of Accounting (Honours) from Universiti Kebangsaan Malaysia

Ms. Wong Kit Yin, Caroline ("Ms. Wong") was appointed the Chief Executive Officer, Property Investment on 1 September 2016.

Ms. Wong holds a Bachelor of Accounting (Honours) from Universiti Kebangsaan Malaysia and is a member of the Malaysian Institute of Accountants and Certified Practicing Accountants Australia.

Ms. Wong began her career with Arthur Andersen & Co. and subsequently to other companies involved in property development and investment. Prior to joining OSK Property as their Financial Controller in 2010, her last held position was Senior Manager, Corporate Finance in Mah Sing Group Berhad. She brings with her more than 24 years of experience in auditing, accounting and corporate finance.

Ms. Wong does not hold any directorship in any public companies.

Ms. Wong does not have any family relationship with the Directors and/or major shareholders of the Company. She has no conflict of interest with the Company and she has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Ng Lee Huat, John

Acting Head & Chief Operating Officer, Construction

NATIONALITY:

AGE:
60

GENDER:

QUALIFICATION:
- Certificate in Building Technology from Kolej Tunku Abdul Rahman, Kuala Lumpur

Mr. John Ng Lee Huat ("Mr. Ng") was appointed the Chief Operating Officer of OSK Construction Sdn. Bhd. (formerly know as PJD Construction Sdn. Bhd.) on 1 January 2017. On 17 October 2017, he was appointed as Acting Chief Executive Officer, Construction and maintained his current role as Chief Operating Officer.

Mr. Ng holds a Certificate in Building Technology from Kolej Tunku Abdul Rahman, Kuala Lumpur.

Mr. Ng began his career in 1980 with Seloga Jaya Sdn. Bhd. He has then joined various construction companies including Taisei Corporation, Monoland Corporation Sdn. Bhd., NCT Building and Civil Engineering Sdn. Bhd. and Ireka Engineering & Construction Sdn. Bhd. where he led the project implementation team in project planning and execution, authority liaison, tendering and contracts management.

Mr. Ng has over 30 years of experience in the construction industry, covering project development and construction of infrastructure and building projects, airports, data centres and power stations.

Mr. Ng does not hold any directorship in any public companies.

Mr. Ng does not have any family relationship with the Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Yeat Siew Hong

Chief Executive Officer, Cables

NATIONALITY:

AGE:
62

GENDER:

QUALIFICATION:
- Bachelor of Science in Chemistry (Honours) from the University of Malaya
- Associate Diploma from the Incorporated Society of Planters

Mr. Yeat Siew Hong ("Mr. Yeat") was appointed the Chief Executive Officer of Olympic Cable Company Sdn. Bhd. on 1 December 1997.

Mr. Yeat holds a Bachelor of Science in Chemistry (Honours) from the University of Malaya and has additional qualifications of Associate Diploma from the Incorporated Society of Planters.

Mr. Yeat began his career with Associated Pan Malaysia Cement Sdn. Bhd. and subsequently joined Pamol Plantations Sdn. Bhd., a subsidiary of Unilevers PLC where he last held the position of an Estate Manager. Mr. Yeat joined OCC Cables Berhad, a wholly-owned subsidiary of PJ Development Holdings Berhad in 1991 as the Head of Manufacturing before he assumed his current position in 1997.

Mr. Yeat was appointed as a Director of OCC Cables Berhad on 1 October 2009.

Mr. Yeat does not have any family relationship with the Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five (5) years other than traffic offences, if any.

KEY SENIOR MANAGEMENT'S PROFILE

Tan Kheak Chun

Chief Executive Officer,
Industrialised Building System (IBS)

NATIONALITY:

AGE:
50

GENDER:

QUALIFICATION:
- Bachelor of Science in Finance from the Southeast Missouri State University, Missouri, United States of America

Mr. Tan Kheak Chun ("Mr. Tan") was appointed the Chief Operating Officer of Acotec Sdn. Bhd. on 1 May 2008 and was subsequently appointed the Chief Executive Officer on 1 July 2011.

Mr. Tan holds a Bachelor of Science in Finance from the Southeast Missouri State University, Missouri, United States of America.

Mr. Tan began his career with OSK & Partners as a research analyst before joining Dindings Consolidated Group in 1996 where his last held position was as Chief Operating Officer before his appointment at Acotec Sdn. Bhd. He has vast experience in the sales and marketing of building materials including Acotec, the manufacturer of IBS wall panels.

Mr. Tan does not hold any directorship in any public companies.

Mr. Tan does not have any family relationship with the Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Peter Gan Hock Chye

Chief Operating Officer,
Hotels

NATIONALITY:

AGE:
51

GENDER:

QUALIFICATION:
- Bachelor of Science (B. Sc.) in Hotel Administration & Management from University of Nevada Las Vegas, United States of America

Mr. Peter Gan Hock Chye ("Mr. Gan") was appointed the Chief Operating Officer of Swiss-Garden International Sdn. Bhd. on 6 May 2018.

Mr. Gan holds a Bachelor of Science (B. Sc.) in Hotel Administration & Management from University of Nevada Las Vegas, United States of America.

Mr. Gan began his career with the Genting Highland Resort Malaysia as Casino Crew in 1984. In his 30 years career in the hospitality industry, Peter held various senior management portfolios in both marketing and operations in various hotel chains including the Marriott, Carlton Hotel Singapore, Kareelya Hospitality Group Perth, Holiday Villa Malaysia, Starwood, Dusit International and the Berjaya Group.

Mr. Gan's last held position before joining Swiss-Garden International was as Chief Operating Officer and General Manager for the AOLUGUYA Hotels and Resorts in Harbin, China.

Mr. Gan does not hold any directorship in any public companies.

Mr. Gan does not have any family relationship with the Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Ting Chun Hong, Ivan

Chief Executive Officer, Vacation Club

NATIONALITY:

AGE:
52

GENDER:

QUALIFICATION:

- Master of Business Administration from the University of Southern Queensland, Australia
- Postgraduate Diploma in Business Management from Prime College

Mr. Ting Chun Hong, Ivan ("Mr. Ting") was appointed the Chief Operating Officer of SGI Vacation Club Berhad on 1 January 2013 and was subsequently appointed the Chief Executive Officer on 1 December 2014.

Mr. Ting holds a Master of Business Administration from the University of Southern Queensland, Australia and a Postgraduate Diploma in Business Management from Prime College.

Mr. Ting joined SGI Vacation Club, the vacation club arm of the OSK Group in May 2005. He has over 20 years of vacation club experience in all aspects of the business from sales and marketing to overall operations. He is currently the Vice Chairman of the Malaysian Holiday Timeshare Developers' Federation.

Mr. Ting was appointed as a Director of SGI Vacation Club Berhad on 17 July 2017.

Mr. Ting does not have any family relationship with the Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Chow Hock Kin

Director, Capital Financing

NATIONALITY:

AGE:
58

GENDER:

QUALIFICATION:

- Bachelor of Commerce from James Cook University, Queensland, Australia

Mr. Chow Hock Kin ("Mr. Chow") was appointed the Associate Director of Capital Financing on 1 July 2009 and was subsequently appointed as Director, Capital Financing on 1 January 2012.

Mr. Chow holds a Bachelor of Commerce from James Cook University, Queensland, Australia.

Mr. Chow brings with him over 25 years of practical experience in commercial banking prior to joining the OSK Group.

Mr. Chow does not hold any directorship in any public companies.

Mr. Chow does not have any family relationship with the Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five (5) years other than traffic offences, if any.

KEY SENIOR MANAGEMENT'S PROFILE

Ng Lai Ping

Group Chief Financial Officer, OSK Group

NATIONALITY:

AGE:
49

GENDER:

QUALIFICATION:
- Chartered Accountant and a member of the Malaysian Institute of Accountants
- Fellow of the Association of Chartered Certified Accountants

Ms. Ng Lai Ping ("Ms. Ng") was appointed the Group Chief Financial Officer of OSK Group since 16 May 2016.

Ms. Ng is a Chartered Accountant and a member of the Malaysian Institute of Accountants, and a Fellow of the Association of Chartered Certified Accountants.

Ms. Ng began her career with Ernst & Young before joining Sunway Berhad Group in 2004 where she held various leadership positions including her last held position as the Deputy Chief Financial Officer of Sunway Berhad in 2016.

Ms. Ng brings with her more than 25 years of experience in accounting and auditing, corporate finance and financial management in various industries including property development and investment, construction, building materials and hospitality.

Ms. Ng does not hold any directorship in any public companies.

Ms. Ng does not have any family relationship with the Directors and/or major shareholders of the Company. She has no conflict of interest with the Company and she has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Woon Chong Boon

Chief Operating Officer, Corporate Strategy & Planning, OSK Group

NATIONALITY:

AGE:
50

GENDER:

QUALIFICATION:
- Master of Business Administration from Western Michigan University, Michigan, United States of America
- Bachelor of Business Administration from Western Michigan University, Michigan, United States of America

Mr. Woon Chong Boon ("Mr. Woon") was appointed the Chief Operating Officer, Corporate Strategy and Planning of OSK Group on 7 July 2014.

Mr. Woon holds a Master of Business Administration and a Bachelor of Business Administration from Western Michigan University, Michigan, United States of America.

Mr. Woon began his career with Arthur Andersen & Co. before joining OSK Group in July 2002 where his last held position was Chief Operating Officer/Head of Corporate Strategy and Finance for OSK Investment Bank Berhad. He joined RHB Investment Bank Berhad following the completion of its merger with OSK Investment Bank Berhad in November 2012. He rejoined OSK Group and assumed his current position in July 2014.

Mr. Woon does not hold any directorship in any public companies.

Mr. Woon does not have any family relationship with the Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Mak Pick Wan, Chris

Chief Information Officer, OSK Group

NATIONALITY:

AGE:
53

GENDER:

QUALIFICATION:

- Bachelor of Science in Computer Science and Mathematics from Campbell University, North Carolina, United States of America

Ms. Mak Pick Wan, Chris ("Ms. Mak") was appointed the Chief Information Officer of OSK Group in November 2015.

Ms. Mak holds a Bachelor of Science in Computer Science and Mathematics from Campbell University, North Carolina, United States of America.

Ms. Mak brings with her over 26 years of experience in Information Technology (IT) managing various IT infrastructure and system deployment projects.

Ms. Mak does not hold any directorship in any public companies.

Ms. Mak does not have any family relationship with the Directors and/or major shareholders of the Company. She has no conflict of interest with the Company and she has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Young Tat Yong

Chief Internal Auditor, OSK Group

NATIONALITY:

AGE:
61

GENDER:

QUALIFICATION:

- Chartered Fellow of the Institute of Internal Auditors Malaysia
- Associate Member of the Chartered Institute of Management Accountants

Mr. Young Tat Yong ("Mr. Young") was appointed the Chief Internal Auditor of OSK Group in 1 April 2016.

Mr. Young is a Chartered Fellow of the Institute of Internal Auditors Malaysia and an Associate Member of the Chartered Institute of Management Accountants.

Prior to this appointment, Mr. Young was the Chief Internal Auditor of PJ Development Holdings Group. He had also served as the Vice President Finance of PJ Development Holdings Group's Hotels Division, where he was responsible for overseeing the overall financial management and corporate strategy for the hotels and resorts. Prior to joining the Group, he had vast experience in both external and internal audit in other well-established organisations.

Mr. Young does not hold any directorship in any public companies.

Mr. Young does not have any family relationship with the Directors and/or major shareholders of the Company. He has no conflict of interest with the Company nor conviction for any offences within the past five (5) years other than traffic offences, if any.

KEY SENIOR MANAGEMENT'S PROFILE

Fong Gook Pheng, Margaret

Chief Human Resources Officer, OSK Group

NATIONALITY:

AGE:
60

GENDER:

QUALIFICATION:

- Master in Human Resource Management from Canberra University, Australia
- Degree in Business Administration from Ottawa University, Kansas, United States of America
- Three Diplomas from the Life Office Management Association, USA, Institute of Administrative Management, United Kingdom and London Teachers' Training College, United Kingdom

Ms. Fong Gook Pheng, Margaret ("Ms. Fong") was appointed the Head, Group Human Resources of OSK Group on 15 January 2016 and re-designated as Chief Human Resources Officer on 1 January 2018.

Ms. Fong holds a Master in Human Resource Management from Canberra University, Australia and a Degree in Business Administration from Ottawa University, Kansas, United States of America ("USA"). She also holds three Diplomas from the Life Office Management Association, USA, Institute of Administrative Management, United Kingdom ("UK") and London Teachers' Training College, UK.

Ms. Fong brings with her more than 30 years of experience in various human capital positions in the food, motor, chemical and insurance industries. In addition, she has seven (7) years of experience in operations encompassing underwriting, customer service, claims and branch operations in a leading insurance company. Her last appointment was General Manager, Human Capital Division with PIDM, a government regulator.

Ms. Fong does not hold any directorship in any public companies.

Ms. Fong does not have any family relationship with the Directors and/or major shareholders of the Company. She has no conflict of interest with the Company and she has no conviction for any offences within the past five (5) years other than traffic offences, if any.

FINANCIAL SERVICES

OSK Group's undertaking in financial services includes a 10.13% equity interest in RHB Banking Group, the fourth largest bank in Malaysia as well as its capital financing and moneylending business through OSK Capital.

http://www.oskgroup.com/businesses/

OUR PERFORMANCE

CHAIRMAN'S STATEMENT

Tan Sri Ong Leong Huat @ Wong Joo Hwa
Executive Chairman

Dear Valued Shareholders,

On behalf of the Board of Directors, it is my great pleasure to present to you OSK Holdings Berhad's Annual Report for the financial year ended 31 December 2018 ("FY2018").

PERFORMANCE HIGHLIGHT

2018 has been a challenging year for businesses as our country experienced economic uncertainties due to many local and global factors such as the unprecedented change in the local political landscape, sell-down in equity markets and volatile currency and oil prices. The local property market also remained soft during the year with reports of a large overhang of unsold properties in the market. Despite the challenging business environment, OSK Holdings Berhad ("the Company") and its subsidiaries ("the Group") generated revenues of RM1,204.1 million, profit before tax ("PBT") of RM395.4 million, profit after tax ("PAT") of RM352.3 million and profit attributable to owners of RM346.1 million.

A detailed discussion of the Company's business and financial performance can be found in the Group Managing Director's Review included in this Annual Report.

DIVIDEND

I am pleased to announce that for the FY2018, the Board has recommended a total single-tier dividend of 5.0 sen per share, which consists of a single-tier interim dividend of 2.0 sen per share paid on 10 October 2018; and the proposed single-tier final dividend of 3.0 sen per share, subject to the Shareholders' approval at the forthcoming Annual General Meeting.

CHAIRMAN'S STATEMENT

Revenue
RM1,204.1 million

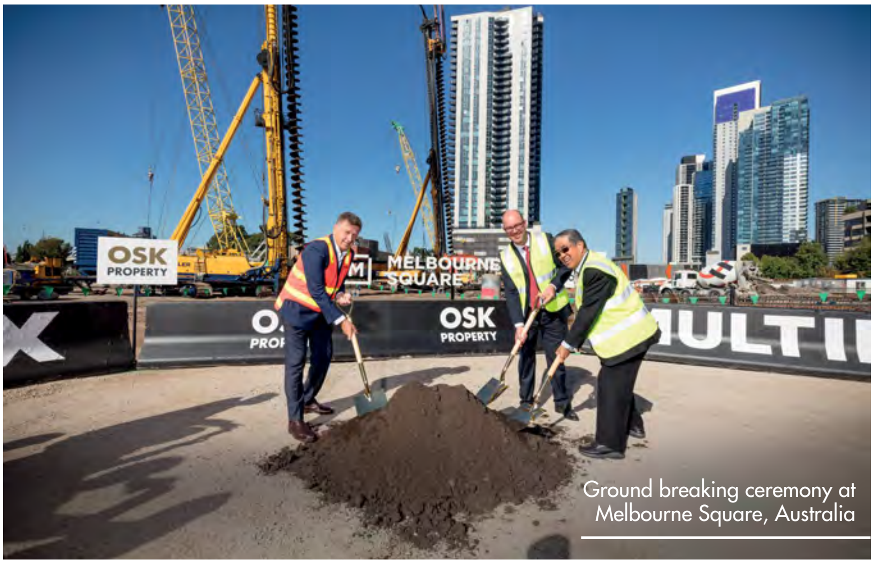
Profit Before Tax
RM395.4 million

Profit Attributable to Owners
RM346.1 million

CORPORATE DEVELOPMENTS

During the financial year under review, the Group charted a new milestone with the official commencement of construction for the first residential stage of our Melbourne Square development located at Southbank, Melbourne, Australia. Phase 1 of the 5-phase integrated development was launched in the financial year ended 31 December 2017 and will comprise two residential towers, a retail podium and a 3,700 square-meter urban park. We also launched 97 podium apartments as part of the Phase 1 development in May 2018, bringing it to a total of 1,054 apartment units across the two towers. Sales have been encouraging despite the challenging property market in Australia. Construction is progressing well and we expect the first stage to be completed and handed over by end-2019, followed by the second and third stages in mid-2020 and end-2020 respectively.

Closer to home, the Group also launched a new township in Seremban named Iringan Bayu, emphasising on a country living concept which provides residents suburban serenity with urban design and comfort. I am pleased to share that the second phase of Iringan Bayu – Astera launched on 11 November 2018 received an overwhelming response where all 342 units of the single-storey terrace homes were taken up within a few hours of the launch.



Ground breaking ceremony at Melbourne Square, Australia


Iringan Bayu Show Gallery, Seremban

As a Group, we have made a conscious decision to be selective about our property product launches and took decisive measures to avoid building up unsold stocks. This has turned out to be the right decision, as we have been able to manage minimal holding of completed stock in our books and are able to stay nimble amidst the current property downturn.

In an effort to enhance our returns to shareholders, the Group evaluates and rationalises our assets on a continuous basis. In FY2018, the Group disposed of two hotel properties namely Garden Lodge in Sydney, Australia and Swiss-Garden Hotel Kuala Lumpur, located along Jalan Pudu in the Kuala Lumpur city centre. The proceeds from these disposals were used to fund the planned renovations in our other hotel properties as well as to pare down the Group's borrowings. Swiss-Garden Hotel Kuala Lumpur (now renamed Swiss-Garden Hotel Bukit Bintang) will continue to be managed by Swiss-Garden International based on the hotel management agreement signed with the new owner.

In FY2018, the Group also embarked on a proposed listing exercise for our cables division on the Main Board of The Stock Exchange of Hong Kong Limited ("HKEX") as another means of unlocking value in our assets. The Company received an approval-in-principle for the proposed listing from the HKEX and proceeded to issue the Prospectus in October 2018, which was well received by the retail investors. However, the Group decided not to proceed with the proposed listing exercise due to the adverse and volatile global market conditions. The cables business remains an important and integral part of the Group's business. We will continue to grow the business despite calling off the proposed listing exercise.

For further details on these corporate developments, kindly refer to the Group Managing Director's Review included in this Annual Report.

The Company won The Edge Billion Ringgit Club & Corporate Awards 2018 for the **Highest Growth in Profit After Tax** over three years under the Property Sector for companies with market capitalisation below RM3 billion.

The Edge Billion Ringgit Club & Corporate Awards 2018

RECOGNITION

I am proud to share that the Group was recognised in a few significant awards in FY2018.

The Company once again took home The Edge Billion Ringgit Club & Corporate Awards 2018 for the Highest Growth in Profit After Tax over three years under the Property Sector for companies with market capitalisation below RM3 billion. This is the second time we have won this award and is a testament to the Company's strong fundamentals and continuous profitability.

The Company also broke into the Top 15 ranking (ranked 14) at The Edge Malaysia Top Property Developers Awards 2018 which ranks the Top 30 developers in the nation.

In recognition of the Company's commitment to promote proper and accurate disclosures as well as transparency in corporate reporting, the Company won the Industry Excellence Awards for Properties & Hotels at the National Annual Corporate Report Awards 2018 which was jointly organised by Bursa Malaysia Berhad, Malaysian Institute of Accountants and The Malaysian Institute of Certified Public Accountants.

CHAIRMAN'S STATEMENT

Teach for Malaysia Week 2018

SUSTAINABILITY JOURNEY

Moving into our third Sustainability Report this year, the Group is continuously working towards improving our understanding and approach in the bid to embed sustainability throughout the Group. This year, the Board has approved an updated sustainability framework which will be rolled out in the financial year ending 31 December 2019 to ensure that the Group's sustainability matters are also aligned with the Group's overall strategies and risk management initiatives. We continuously seek ways to improve our sustainability footprint and we look forward to share further on the progress of implementing our sustainability efforts under the updated framework in the years to come.

In giving back to the community, OSK Foundation ("the Foundation") has supported 37 organisations and causes in FY2018. Some of the causes we have supported this year include "Closing the Gap", which focuses on mentoring bright students from low income families towards continuing their studies beyond secondary school and "Teach for Malaysia", which aims to end education inequity in Malaysia. The Foundation also supported Hospis Malaysia's "Speak Up – There's an Elephant in the Room" campaign by adopting Cik Coklat, one of ten 3D fibreglass life-sized baby elephant sculptures produced for this campaign. The campaign aims to create awareness on the importance of planning palliative care for patients with life-limiting illnesses.

You can read more about these efforts in the Sustainability Statement included in this Annual Report or in our Sustainability Report.

ACKNOWLEDGEMENT

OSK Group is today a conglomerate with diversified interests in five businesses namely Property Development and Investment, Financial Services, Construction, Industries and Hospitality. The Group would not be where it is today without the dedication of our hard working and committed employees, guided by the leadership of our experienced management team.

On behalf of the Board of Directors, I wish to extend our gratitude to the management and employees for dedicating their passion, professionalism and hard work towards meeting the goals and aspirations of OSK Group. To our esteemed shareholders, valued customers, regulators and government authorities, business partners and bankers, we thank you for your continuous support to the Group.

Also, on behalf of my fellow Directors, I would like to record our appreciation to Mr. Foo San Kan and Dato' Abdul Majit bin Ahmad Khan, who have retired as Senior Independent Non-Executive Director and Independent Non-Executive Director respectively on 24 May 2018 as well as Encik Nik Mohamed Sharifidin B N M Din who has resigned as Independent Non-Executive Director on 21 August 2018 for their service and valuable contributions to the Group and we wish them all the very best. I also wish to extend a warm welcome to Mr. Leong Keng Yuen who joined the Board on 25 May 2018 as Independent Non-Executive Director and we look forward to his insights at our Board deliberations.

With the continued partnership and support from all our stakeholders and the commitment of our team, I believe OSK Group is well positioned to achieve greater success in the years ahead and will continue to create long-term value for all our stakeholders. We look forward to an exciting year ahead.

Tan Sri Ong Leong Huat @ Wong Joo Hwa
Executive Chairman

GROUP MANAGING DIRECTOR'S REVIEW

OSK Group, a conglomerate with diversified business activities, conducts its businesses across five business segments namely Property (Development and Investment), Financial Services, Construction, Industries (Cables and Industrialised Building System ("IBS")) and Hospitality (Hotels and Resorts, and Vacation Club) with presence in Malaysia, Australia and Vietnam.

Amidst the challenging backdrop, the Group recorded a commendable profit before tax ("PBT") of RM395.4 million and revenue of RM1,204.1 million for the financial year ended 31 December 2018 ("FY2018"). The operating performance across most business segments improved, contributing positively to the Group's earnings with the exception of the Hotels and Resorts division under the Hospitality segment.

FINANCIAL PERFORMANCE

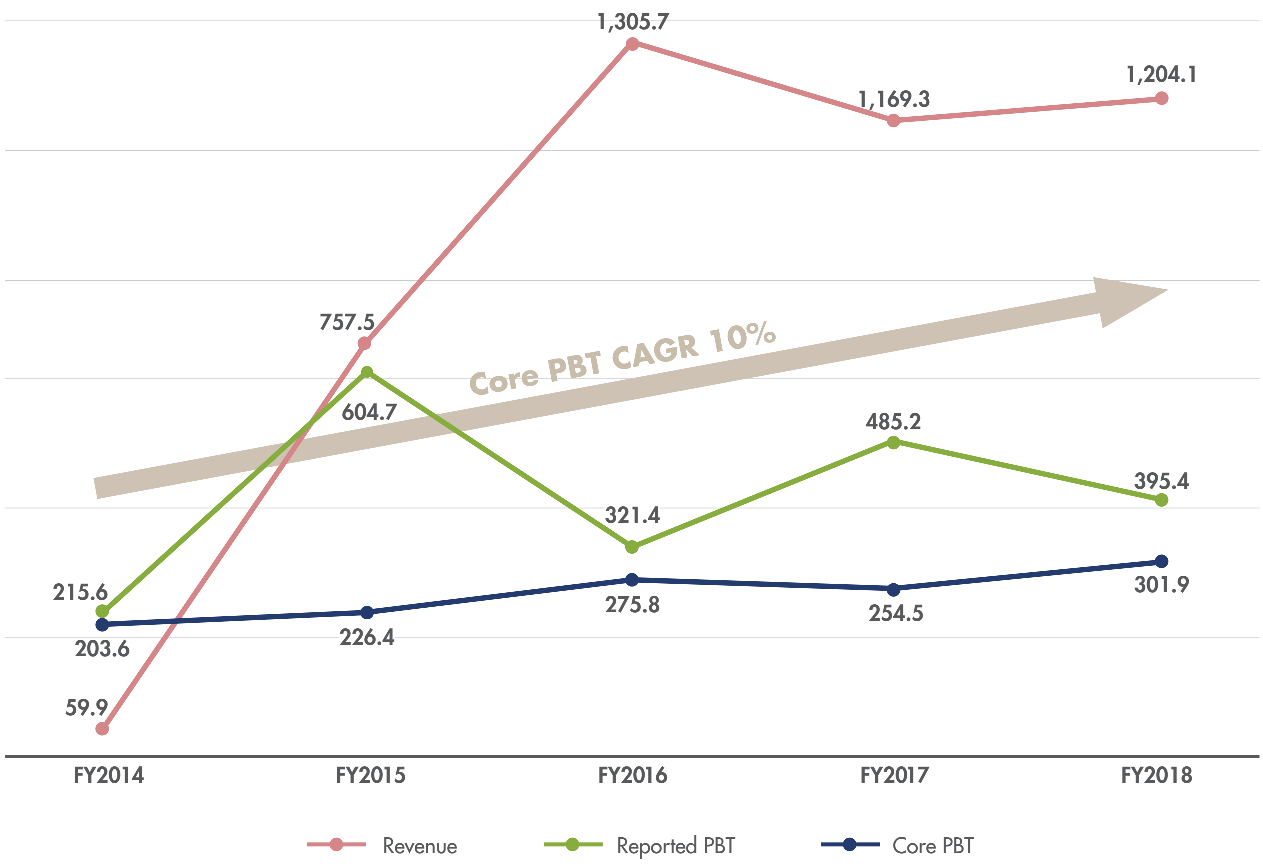
The Group registered revenue of RM1,204.1 million in FY2018 compared with revenue of RM1,169.3 million in the financial year ended 31 December 2017 ("FY2017"), representing an increase of 3% or RM34.8 million. In terms of normalised recurring operating income, the Group reported a core PBT of RM301.9 million in FY2018 compared to RM254.5 million in FY2017, representing an increase of 19% or RM47.4 million. In FY2018, the Group recognised one-off gains of RM93.5 million on disposals of our Swiss-Garden Hotel Kuala Lumpur and Garden Lodge in Sydney, Australia. In FY2017, the Group recorded a fair value gain of RM53.1 million for its investment properties and gain on deemed disposal of RM177.6 million arising from the dilution of equity interest in a subsidiary company in Melbourne, Australia and realisation of foreign currency translation gains.

RM' million	FY2018	FY2017	Variance
Revenue	1,204.1	1,169.3	+ 34.8
Reported PBT	395.4	485.2	- 89.8
One-off gains	93.5	230.7	
Core PBT	301.9	254.5	+ 47.4

The Group's **Core PBT increased 19% to RM301.9 million** in FY2018

GROUP MANAGING DIRECTOR'S REVIEW

5 Years Trend - Group Revenue, Reported PBT and Core PBT (RM'million)



Notes:

The acquisitions of OSK Property Holdings Berhad ("OSKP") and PJ Development Holdings Berhad ("PJD") completed in July 2015. For FY2014, PBT was higher than Revenue due to share of profit of an associated company. The core PBT exclude:

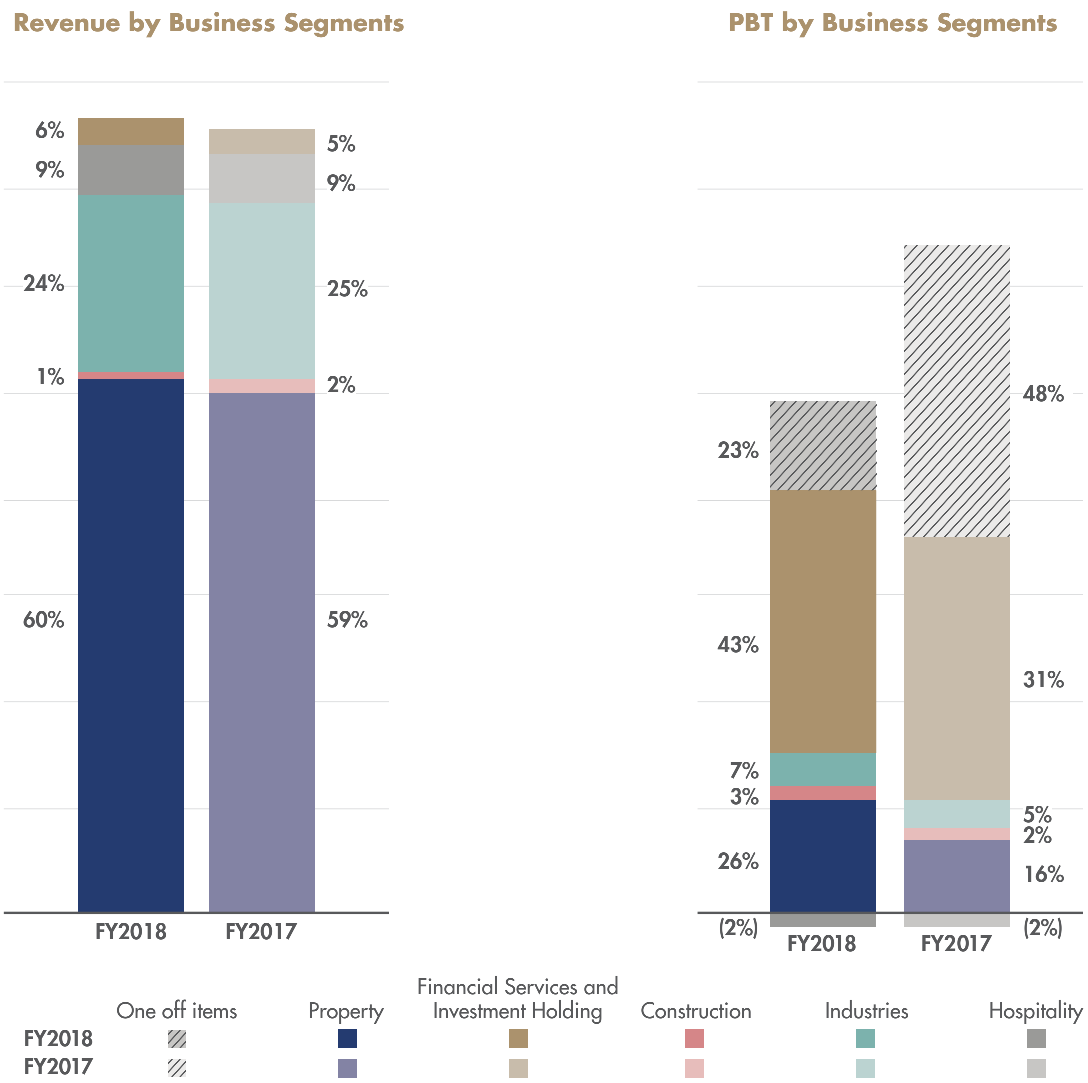
FY2014: RM12.0 million gain on fair valuation of investment properties.

FY2015: RM375.3 million negative goodwill arising from the acquisitions of OSKP and PJD and subscription of rights issue in RHB; and RM3.0 million gain on fair valuation of investment properties.

FY2016: RM56.0 million gain on fair valuation of investment properties and RM10.4 million impairment loss on infrastructure developments costs.

FY2017: RM177.6 million gain on deemed disposal arising from the dilution of equity interest in a subsidiary company in Melbourne, Australia and realisation of foreign currency translation gains; and RM53.1 million gain on fair valuation of investment properties.

FY2018: RM93.5 million gains on disposals of Swiss-Garden Hotel Kuala Lumpur and Garden Lodge in Sydney, Australia.



Notes:

The one off items include:

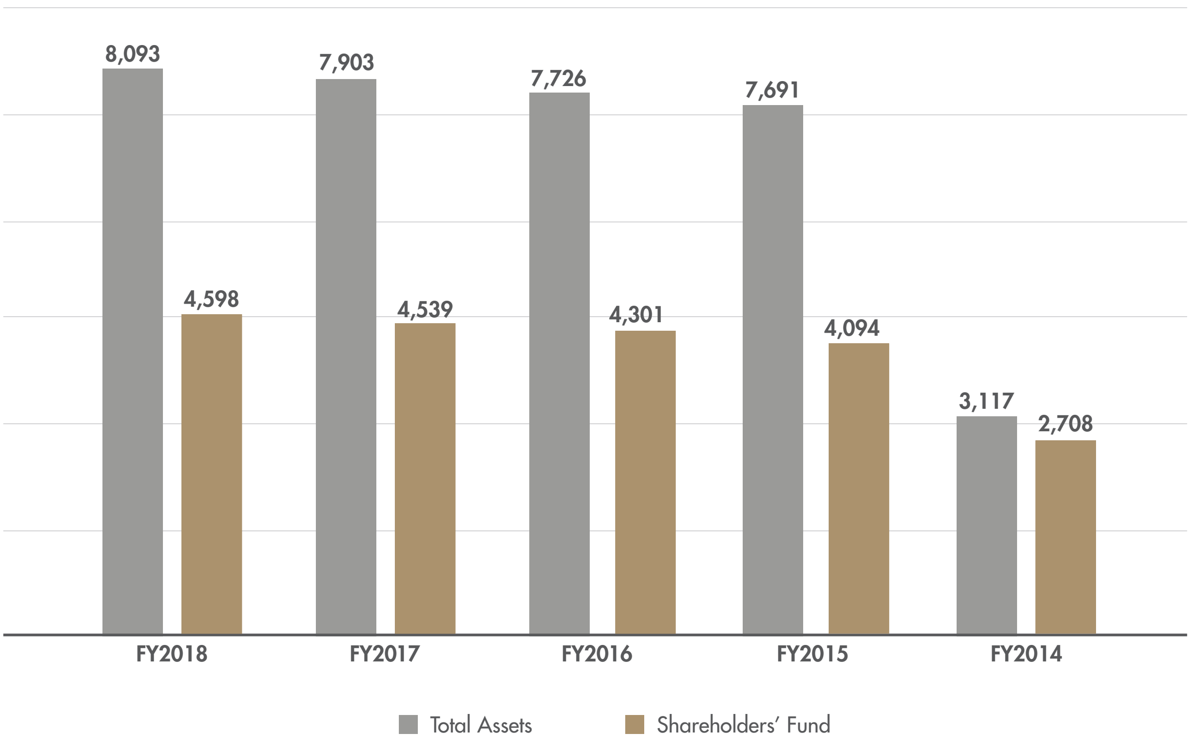
FY2017: RM177.6 million gain on deemed disposal arising from the dilution of equity interest in a subsidiary company in Melbourne, Australia and realisation of foreign currency translation gains; and RM53.1 million gain on fair valuation of investment properties.

FY2018: RM93.5 million gains on disposals of Swiss-Garden Hotel Kuala Lumpur and Garden Lodge in Sydney, Australia.

GROUP MANAGING DIRECTOR'S REVIEW

Key Financial Position RM' million	FY2018	FY2017	Variance
Shareholders' funds	4,597.5	4,538.7	+ 58.8
Total equity	4,669.5	4,606.9	+ 62.6
Borrowings and medium term notes and Sukuk	2,474.7	2,266.9	+ 207.8
Cash, bank balances and short term funds	528.6	424.7	+ 103.9
Net gearing (times)	0.42	0.40	+ 0.02
Net assets per share (RM)	2.21	2.19	+ 0.02
Share price as at 31 December	0.87	1.07	- 0.20
Earnings per share (sen)	16.66	19.27	- 2.61

5 Years Trend - Group Total Assets & Shareholders' Fund (RM'million)



Plaza OSK, Jalan Ampang

The Board recommended a **total dividend** of **5.0 sen** per share for FY2018.

REWARDING SHAREHOLDERS

For FY2018, the Board recommended a total dividend of 5.0 sen per share (on the back of a larger number of ordinary shares after the bonus issue in FY2017) which comprises:

i) a single-tier interim dividend of 2.0 sen per share paid on 10 October 2018; and

ii) a proposed single-tier final dividend of 3.0 sen per share, subject to our Shareholders' approval in the forthcoming Annual General Meeting.

The total amount of dividend payout from the above dividends stands at approximately RM103.9 million (FY2017: RM107.3 million).

CAPITAL MANAGEMENT

As at 31 December 2018, the Group's shareholders' funds stood at RM4.6 billion, an increase of RM58.8 million or 1% from the previous financial year.

The Group's total borrowings including medium term notes and Sukuk increased from RM2,266.9 million in FY2017 to RM2,474.7 million in FY2018. This increase was also partially off-set by the increase in cash, bank balances and short term funds from RM424.7 million in FY2017 to RM528.6 million in FY2018 resulting in net borrowings of RM1,946.1 million at the end of FY2018 (FY2017: RM1,842.2 million). The gearing ratio stood at a manageable level of 0.42 times, a slight increase from 0.40 times a year ago. The increase was mainly due to the growth in our capital financing portfolio and the acquisition of land for future property development projects. The Group maintained a prudent approach in managing its capital whilst seizing opportunities especially in land banking for future growth.

A wholly-owned subsidiary of the Company, OSK I CM Sdn. Bhd., the centralised treasury management company, lodged the Sukuk Murabahah Programme ("Sukuk") and Medium Term Notes Programme ("MTN 2") for the issuance of Sukuk and medium term notes with a combined limit of up to RM1.8 billion in nominal value in March 2018. Both the Sukuk and MTN 2 are unrated and tradeable with a combined limit of RM1.8 billion and have a perpetual tenure. The proceeds from the issuance can be utilised to fund our working capital requirements and to refinance our existing borrowings. Every tranche issued is appropriately structured in terms of maturity to manage our liquidity risk. Thus far, we have issued MTN of RM250.0 million and Sukuk of RM264.0 million to strengthen the Group's financial position. The Group continues to explore various effective methods of financing to ensure our financial position remains robust, lower the cost of funding and support our business growth.

Further details of MTNs and Sukuk are disclosed in Note 21 to the Financial Statements.

GROUP MANAGING DIRECTOR'S REVIEW

Garden Lodge Sydney, Australia

CORPORATE DEVELOPMENTS

Disposal of Assets

The Group evaluates and rationalises its portfolio of investments on a regular basis, tracking the performance of each investment and its return to shareholders to ensure effective capital allocation and management to optimise value creation and long-term business sustainability.

Arising therefrom, two of the properties in the Hotels and Resorts division were disposed during the year. In February 2018, Garden Lodge in Sydney, Australia (comprising 32 keys) was disposed for a total consideration of RM30.4 million (equivalent to AUD9.9 million), followed by the disposal of Swiss-Garden Hotel along Jalan Pudu, Kuala Lumpur (comprising 296 keys and other facilities) for a total consideration of RM170.0 million. As a result, the Group recognised RM93.5 million in gains from the disposals. Net proceeds from the disposal of Garden Lodge had been repatriated back to Malaysia. Apart from a sum of monies being redeployed for the planned renovations of the other hotels within the Group, the balance of proceeds received of approximately RM149.1 million were used to pare down the Group's borrowings in January 2019.

Proposed Listing of OCC Cables Limited ("OCCL")

On 29 March 2018, the Company announced the proposal to list our Cables division on the Main Board of The Stock Exchange of Hong Kong Limited ("HKEX"). On 28 September 2018, OCCL received the approval-in-principle for the application for the proposed listing from HKEX and proceeded to issue the Prospectus on 5 October 2018.

However, on 12 October 2018, in view of the volatile and adverse global market conditions during the period, the management decided not to proceed with the proposed listing despite receiving encouraging response from retail investors.

Subsequently, on 26 December 2018, the management decided to abort the proposed listing due to continued adverse global market conditions. Save for approximately RM12.3 million costs in relation to the proposed listing exercise, which was expensed-off in FY2018, the abortion of the exercise does not have any material financial impact to the Group.

Swiss-Garden Hotel, Kuala Lumpur

Awards and Accolades

The Group achieved several notable awards in FY2018, which are as follows:

Property Insight Top 10 Developers

National Annual Corporate Report Awards

Malaysia Tourism Council Gold Awards

Malaysia Book of Records

GROUP MANAGING DIRECTOR'S REVIEW

The Edge Billion Ringgit Club & Corporate Awards

OSK Holdings

1. **The Edge Billion Ringgit Club & Corporate Awards 2018**
   (Highest Growth in Profit After Tax Over Three Years – Property Category)
   12 December 2018

2. **National Annual Corporate Report Awards (NACRA 2018)**
   (Industry Excellence Award – Properties and Hotels)
   – Annual Report 2017
   6 December 2018

Atria Shopping Gallery

3. **Malaysia Book of Records – Most Number of Christmas Trees Displayed in a Shopping Mall**
   1 December 2018

OSK Property

4. **Bangunan Ceria Award by MBPJ for Atria SOHO – Commercial Category**
   13 December 2018

5. **The Edge Property Excellence Awards – Top Property Developers Awards 2018 (No.14)**
   29 October 2018

6. **Sin Chew Business Excellence Awards – Property Excellence**
   29 October 2018

7. **Property Insight Top 10 Developers**
   1 June 2018

8. **Prop Social – You City (Most Innovative Design)**
   20 April 2018

OSK Construction

9. **SHASSIC Five Star Award**
   25 January 2018

SGI Vacation Club

10. **AGODA 2018 Gold Circle Awards – SGI VC Melaka**
    12 October 2018

11. **Interval International Select Resort – Swiss-Garden Beach Resort Kuantan**
    12 March 2018

Swiss-Garden International

12. **Malaysia Tourism Council Gold Awards 2018 – Gold Award 4 Star Hotel Chain**
    10 October 2018

BUSINESS AND OPERATIONS REVIEW

PROPERTY

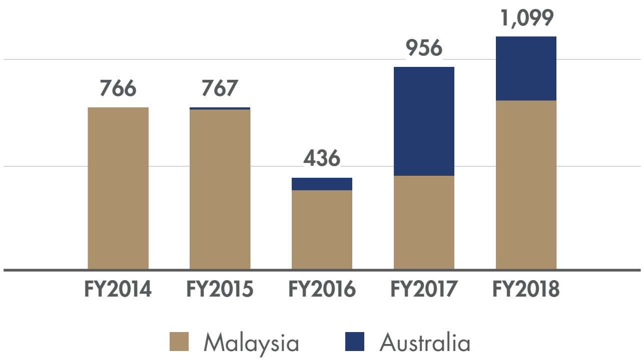
The Group's Property Segment comprises the Property Development division and Property Investment division.

Property Development Division

http://www.oskproperty.com.my/

The Property Development division focuses on residential developments, stand-alone and township, and where applicable, encompasses some commercial and retail components. It aims to deliver affordable, good quality products to its customers in a timely manner in line with the brand promise of OSK Property. The Group's property development presence spans across the Klang Valley, Kedah, Penang, Negeri Sembilan and Pahang in Malaysia as well as Melbourne in Australia.

Annual Sales (RM'million)



The Property Development division recorded revenue of RM684.6 million and PBT of RM102.8 million for FY2018 (compared to revenue of RM650.3 million and PBT of RM55.3 million for FY2017). Notwithstanding the challenging operating environment in FY2018, the division recorded commendable net sales of RM1.1 billion from projects launched in Malaysia and Australia. The division recorded a PBT growth of RM47.5 million or 86% due to additional profit recognised upon finalisation of projects completed during the year. The Group achieved sales of RM1,098.7 million from all its projects during the year. As at 31 December 2018, the Group's effective unbilled sales stood at RM1.5 billion.

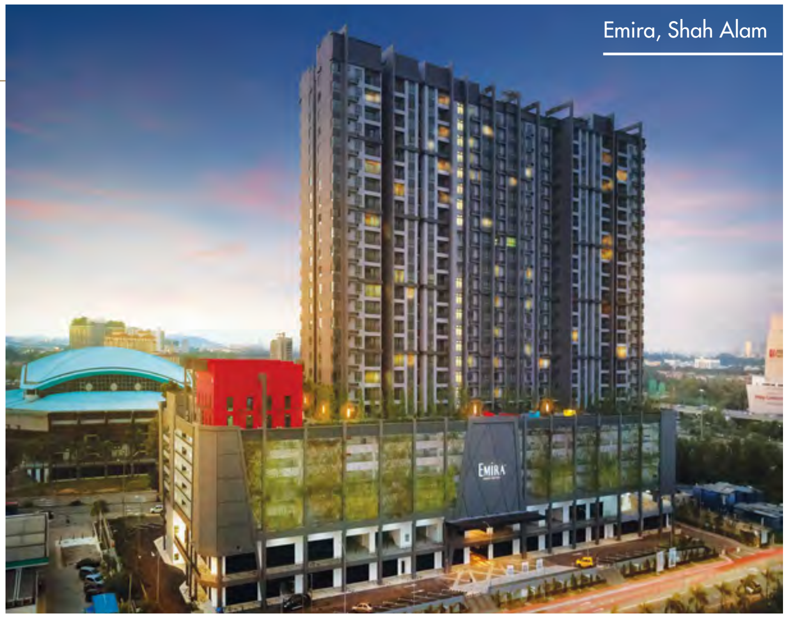
In Malaysia, the Group launched RM748.6 million worth of properties in FY2018 compared to RM379.7 million in FY2017. The new launches include Tower 2 of Ryan & Miho http://www.ryanandmiho.com/, in Section 13 Petaling Jaya, comprising 542 units of serviced apartments with an estimated Gross Development Value ("GDV") of RM416.5 million in fourth quarter of FY2018, after the encouraging take-up rate of more than 75% for its Tower 1 which was launched in December 2017. Ryan & Miho is strategically located at the matured neighbourhood of Petaling Jaya, adjacent to Jaya One that provides lifestyle amenities to its residents. The development features two distinctive facilities personified by Ryan (a Turkish hammam) and Miho (a hot bath resembling the Japanese onsen experience), with 2.2 acres of lush greenery and facilities at the top of its car park podium.

Ryan & Miho, Petaling Jaya

GROUP MANAGING DIRECTOR'S REVIEW

Iringan Bayu, Seremban

OSK Property has successfully **handed over 495 units** with the completion of Emira in Shah Alam and Louvre in Bandar Puteri Jaya.



Emira, Shah Alam

Iringan Bayu http://www.iringanbayu.com.my/, the Group's second township development after Bandar Puteri Jaya at Sungai Petani in Kedah, is a 770-acre township in Seremban designed to be a place where residents can enjoy suburban serenity with urban design and comfort. A guarded neighbourhood, Iringan Bayu will also feature a 22-acre themed-lake park – making it one of the largest recreational parks with dedicated pedestrian walkways and bicycle tracks. Continuing with the momentum of the successful launches of Phase 1 and 2 of Pastura http://www.iringanbayu.com.my/pastura.php/, comprising 419 units of double-storey terrace homes (estimated GDV of RM196.9 million) which was launched in January and August 2018 respectively, Astera http://www.iringanbayu.com.my/astera.php/, comprising 342 units single-storey terrace homes (estimated GDV of RM119.5 million) was launched in the fourth quarter of FY2018. Beating the trend of the dampened property market, both Pastura and Astera were almost fully sold within a short period from their launch.

OSK Property has also successfully handed over 495 units with the completion of Emira in Shah Alam and Louvre in Bandar Puteri Jaya. During the year, substantial efforts were taken towards improving the Property-Construction ("Prop-Con") model, an in-house initiative aimed at driving deep collaboration between the Property Development and Construction divisions to achieve the objectives of delivering quality products on time and within budget, apart from optimising the construction cost through early contractor involvement in design and planning of the development projects. The results of the successful Prop-Con model was evident with the completion of Emira that was delivered two months ahead of schedule and achieved a QLASSIC assessment on quality measurement score of 80%.

Other major on-going projects include Windmill Upon Hills in Genting Permai http://www.windmilluponhills.com/, TimurBay Seafront Residence in Kuantan http://www.timurbay.com/, and Luminari, Harbour Place in Butterworth http://www.luminari.com.my/ offering a total of 2,353 units and an estimated GDV of RM1,420.4 million. These projects are at its advanced stages of construction and are targeted to be handed over to the purchasers in the first half of financial year ending 31 December 2019 ("FY2019"). The take-up rate for the projects have been strong with Windmill, TimurBay and Luminari achieving take-up rates of 88%, 75% and 66% respectively as at 31 December 2018.

In recent years, the Group has taken conscious efforts to manage new launches and to clear unsold on-going as well as completed stocks. Through continuous innovative marketing strategies, the Group's unsold completed stocks stood at RM67.2 million and unsold GDV stood at RM759.2 million as at the end of FY2018. This has allowed us to stay nimble amidst the current property downturn.


Windmill Upon Hills, Genting Permai


TimurBay, Kuantan


Luminari, Butterworth

GROUP MANAGING DIRECTOR'S REVIEW

Our Partnership Ventures

Apart from projects that are developed by its subsidiaries, the Group also entered into joint ventures with reputable partners to jointly undertake development projects. The joint venture partners of the Group include Agile Group Holdings Limited (a listed company in Hong Kong through its wholly-owned subsidiary in Malaysia) and Employees Provident Fund ("EPF") to undertake the Agile Mont Kiara development http://www.agilemalaysia.com.my/mont-kiara/ in Kuala Lumpur and Melbourne Square development http://www.melbournesquare.com.au/ in Australia respectively.

Agile Mont Kiara, Kuala Lumpur

The Agile Mont Kiara development with an estimated GDV of RM1,165.6 million has achieved a strong take-up rate of 90% and is targeted to be handed over to the purchasers in the second half of FY2019.

Melbourne Square ("MSQ"), through a partnership with EPF, is an integrated development and is the Group's first foray into Australia. This iconic mixed-use development consists of residential, retail, office and hotel components strategically located in Southbank, Melbourne within walking distance from Crown Casino, Melbourne Convention and Exhibition Centre and the Flinders Street Railway Station.

As at 31 December 2018, Phase 1 of Melbourne Square registered a take-up rate of 63%, from both local and international buyers. Phase 1 with a total GDV of approximately AUD900.0 million (approximately RM2.8 billion) comprise two residential towers (East Tower and West Tower) and a podium with 1,054 units residential apartments supported by a comprehensive set of amenities to the residents. In addition, it will also be served by a well-designed urban park of approximately 3,700 square meters, a full-format supermarket, a conducive childcare facility, restaurants and cafés.

During FY2018, Yarra Park City Pty. Ltd. ("YPC") entered into an Agreement for Lease with Woolworths Group Ltd. for Woolworths to operate a full-line supermarket on a total estimated lettable floor area of 3,956 square metres. In addition and subject to the approval of the relevant authority, YPC has also submitted the design for the childcare centre to be leased to a reputable childcare operator. The foregoing, together with balance retail space which will target food and beverage operators and other facilities will provide a wholesome range of services and amenities to its residents. The first stage (out of 3 stages of handing over) comprising 457 units is slated to be completed and will be handed-over in December 2019 followed by a full completion of the other 2 stages by end of 2020.

At the same time, YPC is in the midst of planning the subsequent phases of MSQ which will entail a hotel block with convention facilities, an office tower and two new residential towers which will be launched progressively over the next 4 years.

Melbourne Square, Australia

Land Banking for Sustainable Growth

Despite the challenges of the property market, the Property Development division took cognisance of the importance of replenishing its land bank for sustainable future growth especially in Klang Valley. Careful feasibility studies and deliberations were carried out before any decision to purchase new land bank was made. During FY2018, the Group has acquired four parcels of freehold land in Sentul, along Jalan Sentul Pasar, measuring 10.1 acres for a total consideration of RM116.2 million. The planned development will be mainly for residential apartments with limited commercial units over a few phases with an estimated GDV of RM1.2 billion. Phase 1 of the Sentul development is targeted to be launched in the second half of FY2019.

The Group will continue to pursue strategic land banking opportunities. As at 31 December 2018, the Group has 1,734 acres of land bank with an estimated GDV of RM11.3 billion in Klang Valley, Sungai Petani in Kedah, Butterworth in Penang, Kuantan in Pahang, Seremban in Negeri Sembilan including a GDV of RM2.3 billion in Melbourne, Australia for OSK's stake.

Moving Forward

FY2019 will remain challenging for the Property Development division due to the lacklustre property market and concerns of a property supply overhang. While the division emphasises on selling the unsold stocks of on-going and completed projects with effective marketing approaches, the division will continue to develop innovative products that meet the needs of the prospective buyers and at the same time focus on cost optimisation. For FY2019, the division is targeting to launch four projects, namely (i) You City III in Cheras http://www.youcity3.com/; (ii) 3A single-storey terrace homes and 3C double-storey terrace homes at Iringan Bayu in Seremban; (iii) Phase 1 at Sentul and (iv) Precinct 3, 4 and 5 at Bandar Puteri Jaya in Sungai Petani with a total GDV of RM1.2 billion.

In the Klang Valley, You City III, the final phase of You City will be developed on the remaining parcel of a freehold land measuring approximately 5.5 acres. You City III is a transit-oriented development and will be connected with a pedestrian overhead walkway to the Taman Suntex MRT station which is less than 100m away. It is well connected to major highways, with a dedicated ramp from Jalan You City. You City III will feature commercial retail space with an estimated net lettable area of 161,000 square feet and about 800 units of serviced apartments with an estimated GDV of RM616.5 million. The entire You City development when completed will have an estimated 5,000 residents (excluding residents from the surrounding areas and commuters on the MRT) and will constitute the base footfall for the retail operations.

Phase 1 of the development in Sentul is in its advanced stage of planning approval and is targeted to be rolled-out in the second half of FY2019. Phase 1 will comprise 890 units of serviced apartments with an estimated GDV of RM391.7 million.

In Sungai Petani, Bandar Puteri Jaya, about 80 units of single-storey semi-detached homes, 40 units of double-storey semi-detached homes, 4 units of single-storey bungalows, 5 units of double-storey bungalows and 162 units of single-storey terrace homes with a total GDV of RM150.8 million will be launched throughout the year. Moving to Iringan Bayu in Seremban, the momentum will continue with the targeted launches of 3A single-storey terrace homes and 3C double-storey terrace homes in FY2019 with an estimated GDV of RM184.9 million.

Several projects in Malaysia will see the completion and handing over in FY2019 including Windmill Upon Hills, TimurBay and Luminari. In Australia, the completion and handover of Stage 1 of Phase 1 MSQ in late FY2019 will see our maiden profit recognition in line with the criteria of MFRS 15 'Revenue from Contracts with Customers'. The completion and handing over of the foregoing projects will improve the earnings contribution to the Group.

GROUP MANAGING DIRECTOR'S REVIEW

Property Investment Division

The Group's Property Investment division's portfolio comprise a total of over 1.2 million square feet of net lettable area of commercial and retail space in Malaysia which includes (i) Atria Shopping Gallery http://www.atria.com.my/ ("Atria") at Damansara Jaya in Petaling Jaya; (ii) Faber Towers http://www.fabertowers.com.my/ at Taman Desa in Kuala Lumpur; and (iii) Plaza OSK at Jalan Ampang in Kuala Lumpur City Centre.

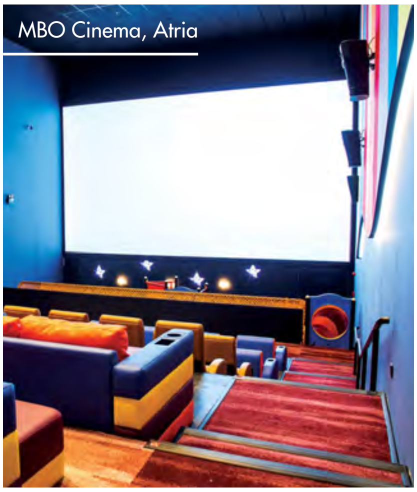
Property Name	Net Lettable Area (Square feet)	Area Leased Out (Square feet)	Occupancy Rate
Atria Shopping Gallery	458,885	421,205	92%
Faber Towers			
- Retail	76,695	73,452	96%
- Office	404,086	279,041	69%
Plaza OSK	236,224	210,536	89%

Our retail portfolio comprises Atria, a neighbourhood mall in the heart of Damansara Jaya in Petaling Jaya and 3 levels of podium retail at Faber Towers. The retail industry continued to be under pressure in terms of rental and occupancy rates coupled with the ability to attract footfall and spending in view of stiff competition from the influx of new shopping malls and reduced spending power of consumers in FY2018. Nevertheless, various efforts were taken to enhance shoppers' experience including the implementation of our Customer Loyalty Programme and also improving the lighting in the mall to provide a better shopping ambience to our customers. FY2018 was a challenging year for Atria as it underwent a first term rental renewal for a substantial percentage of its tenants. As it was industry norm for terminations of tenancy during this period, Atria took the opportunity to refresh the tenancy by recalibrating its tenancy mix and attracting new brands. As at 31 December 2018, the division has successfully secured tenancies up to 92% for Atria. Atria now offers shoppers with over 179 stores covering a variety of fashion, food and beverage and entertainment for children and adults. Key tenants include Village Grocer, Mango, Dynasty Dragon, CHi Fitness, Jungle Gym, Sports Direct and The Book Garden by Sinaran. Some of the new brands that have made a presence in Atria include MR. DIY, La Juiceria Superfoods Signature, Getha, Napure, Liang Sandwich & Ages Ago, Party Room, Global Art & IGS English, Reviderm Skinmedics, Tiger Family, Bake in The Garden by Artisan, Mr Chizu, YOGU Frozen Yogurt, Lil Ninjas Dojo, D'Special Day, KB Fun and Macao Imperial Tea.

Atria, Damansara Jaya

The mall hosted a variety of events throughout the year with the objective of creating awareness and to attract shoppers. Some of the key events held include a Chinese Calligraphy competition, Atria Makan Fun Run 2.0, Atria Spring & Summer Camp and the Adopt A Christmas Tree Charity Campaign. Apart from that, in giving back to society, Atria has provided a space at Level 3 of the mall to the Alzheimer's Disease Foundation Malaysia ("ADFM"), and together, the Atria-ADFM Community Corner, which is the first dementia-friendly community corner in Malaysia was launched in September 2017. The mall celebrated the first anniversary of the Atria-ADFM Community Corner, coinciding with the launch of World Alzheimer's Month in September 2018. To date, the mall has received overwhelming response from the public as they learnt more about dementia, the importance of early detection and diagnosis of the disease, and how to manage the multiple facets of dementia care. Aside from that, in a bid to promote healthy living to the residents in the vicinity, Atria provides free line dancing and qi gong classes on a weekly basis. Atria also offers free live piano performances twice a week plus a live band performance on a fortnightly basis for its shoppers.

The mall achieved a significant milestone in January 2019 with the opening of the much anticipated MBO Cinemas at Level 6. MBO Cinemas features eight screens, with two halls dedicated to families under their "Kecil" series. With this opening, the mall looks forward to providing greater entertainment options to the community and at the same time, improve the footfall to the mall.

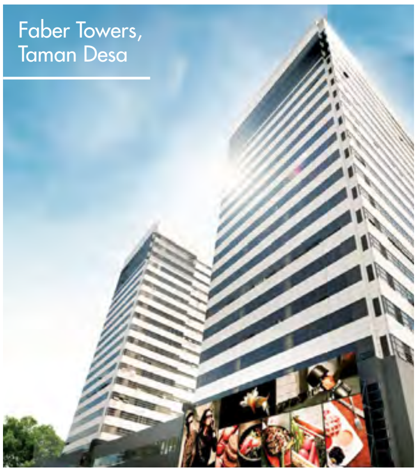

MBO Cinema, Atria

Plaza OSK, Jalan Ampang

Faber Towers is located at Taman Desa in Kuala Lumpur, with a total net lettable area of 481,000 square feet, a combination of a retail podium and two office towers. As at the end of FY2018, the retail podium has achieved 96% occupancy while the offices' occupancy rate is at 69%, an improvement of 3% from the previous year. During FY2018, Faber Towers completed the second phase of building enhancements which saw the modernisation of all lifts, with built-in security features. Faber Towers will move into the third phase of enhancements which will involve the redesign of the soft (including replanting) and hard landscape surrounding the building to provide a more sustainable visual impact to the building.

The Group's headquarters, Plaza OSK is a 24-storey office building strategically located at the heart of Kuala Lumpur, flanked by the existing Light Rail Transit (Ampang Park Station) and the upcoming Mass Rapid Transit station right at its doorstep. With a total net lettable area of 236,000 square feet, the building is anchored by companies within the OSK Group and Bank of China. As at 31 December 2018, Plaza OSK has achieved an occupancy rate of 89%, an improvement of 5% from the previous year.

The office market remains subdued. The influx of new office spaces in Kuala Lumpur City Centre including those upcoming in Tun Razak Exchange and KL Eco City, will continue to exert pressure on the occupancy and rental rates. Planned initiatives will be rolled-out especially in terms of facilities management to attract and retain tenants.


Faber Towers, Taman Desa

The Faber Tower's retail podium has achieved **96% occupancy**.

GROUP MANAGING DIRECTOR'S REVIEW

FINANCIAL SERVICES

http://www.oskgroup.com/businesses/

The Group's Financial Services Segment comprises the Capital Financing division and the Group's strategic long-term investment in RHB Bank Berhad ("RHB").

Capital Financing Division

The Capital Financing division operations is licensed under the Money Lending Act 1951 (Act 400). The division focuses on providing short-term financing for corporate and personal loan segments for the purposes of equity financing, bridging loan and working capital purposes.

For FY2018, the Capital Financing division registered a revenue of RM60.9 million and PBT of RM26.9 million as compared to revenue of RM48.3 million and PBT of RM32.2 million (including write back of debts and recovery of bad debts totalling RM5.8 million) in FY2017. The improved revenue was in line with the increase in loan disbursements as the total loan outstanding recorded was at an average of RM550 million for FY2018 compared with RM430 million for FY2017. The division observes a strict lending discipline and therefore, complete risk assessments in relation to new financing requests and close monitoring of the credit position of the existing portfolio, ensuring covenants and adequate collaterals are in place at all times. Apart from this, the division regularly reviews the borrowing rates and available facilities to optimise the cost of funds and maximise profitability.

For FY2019, the Capital Financing division will continue to grow its loan portfolio by diversification of its loan portfolio via expanding loan disbursement to the Small Medium Enterprise segment. To achieve its objectives, the division will strengthen its sales and marketing team to reach out to the said target markets and at the same time, continue to improve on the operating system for higher efficiency.

Equity Investment in RHB

In FY2018, the Company maintained its strategic equity investment of 10.13% in RHB which is held as a long-term investment. The investment generated a cash inflow to the Group through dividends declared and paid by RHB amounting to RM71.1 million (FY2017: RM48.7 million) and accounted for share of profit of RM215.1 million (FY2017: RM178.2 million). The contributions to the Group for this segment will depend on the financial performance of RHB.

Launch of OSK Construction

CONSTRUCTION

http://www.oskconstruction.com/

OSK Construction ("OSKC" or previously "PJD Construction") is a registered contractor with Pusat Khidmat Kontraktor ("PKK") and the Construction Industry Development Board ("CIDB") with a Class A and G7 classification respectively. The Construction division has successfully constructed quality residential and commercial properties across the country through internal collaboration with the Property Development division and external projects.

At the beginning of FY2018, PJD Construction was rebranded as OSK Construction to better represent its alignment to the OSK Group and to enhance its market positioning. The rebranding reflects the latest progress in the division's three decades evolution and commitment to growing the division to greater heights with focus on innovation and increasing efficiency of its build processes.

The Construction division contributed external revenue of RM11.1 million and PBT of RM12.1 million including realisation of profit upon completion of sales of properties (revenue of RM30.3 million and PBT of RM12.0 million in FY2017) mainly attributed by progress billings from various on-going projects such as TimurBay Seafront Residence in Kuantan, Windmill Upon Hills in Genting Permai and Luminari, Harbour Place in Butterworth, which are due for completion in FY2019. In FY2018, the Construction division successfully secured numerous projects from the Property Development division including the main building works for Ryan & Miho and various packages for Iringan Bayu with a total contract sum of approximately RM305.2 million. The division also completed and successfully handed over Emira in Shah Alam and Rimbun Sanctuary at Bukit Jelutong within the timeline, quality standards and cost stipulated. The balance outstanding construction order book stood at RM394.5 million as at 31 December 2018.

The division's accreditations and quality assurance standards include: (i) CONQUAS; (ii) MS ISO 9001:2015 – Quality Management Systems; (iii) MS 1722:2011; and (iv) OHSAS 18001:2007 – Occupational Health & Safety Management Systems by SIRIM. OSK Construction also adopts the ACO-BUILT SYSTEM™, a system-formwork building system that is versatile as well as cost and time effective.

The Management places a high importance on safety at our project sites, with the objective of preventing accidents, occupational illnesses and hazards to our employees and the greater public. Checks are conducted regularly to ensure practices at site complies with the occupational health and safety procedures.

Apart from safety, OSKC recognises the significance of delivering quality products to its clients. In third quarter of FY2018 , OSK Construction introduced its own quality management system, OSK Quality Standard ("OQS"), an internal quality measurement method in line with the quality standards set by the Construction Industry Standard (CIDB – CIS 7 Standard and BCA – CONQUAS Standard) and at the same time, migrated the quality management system from ISO9001:2008 to ISO9001:2015 which included risk management. The establishment and continuous upgrade of OSK's quality standards serves as a benchmark to deliver quality products to our internal and external customers. As a testament to this commitment, OSKC obtained a QLASSIC score of 82.8% for Iringan Bayu show units while the residential projects at Emira and Rimbun Sanctuary were both granted a post assessment score of 80.0%.

Work site at Windmill Upon Hills, Genting Permai

The fluctuation of material costs and heavy reliance on foreign workers are some of the continuous challenges in the construction industry. The Construction division continuously strives to improve its internal work efficiencies and quality of construction output to face these challenges. These initiatives include using higher percentage of precast IBS materials from the Group's IBS division - Acotec, nurturing and strengthening the capabilities of our construction team focusing on results oriented training, investing or upgrading in system formwork, fleet of plant and machineries to ensure timeliness of project handover and working to minimise downtime.

Moving forward, the Construction division will continue to strengthen its reputation and presence in the construction industry by bidding for external construction contracts including the affordable housing segment for growth and sustainability while leveraging on the property development projects undertaken by the Group. The Construction division works closely with the Property Development division under the Prop-Con Model to provide its experience and expertise on construction with a common aim to deliver high quality products within the agreed timeline, improve cost management and eliminate unnecessary wastages while concurrently building our capabilities as a design and build contractor.

GROUP MANAGING DIRECTOR'S REVIEW


OCC Factory, Melaka

INDUSTRIES

The Group's Industries segment comprises the cable manufacturing business under Olympic Cable Company Sdn. Bhd. ("OCC") and the industrialised building system ("IBS") manufacturing business under Acotec Sdn. Bhd. ("Acotec"). For FY2018, this segment reported improved financial performance with total revenue of RM293.0 million and PBT of RM25.9 million and contributed 24% and 7% to the Group's Revenue and PBT respectively.

Cables Division

http://www.olympic-cable.com.my/
http://www.ovicables.com/

OCC manufactures high quality cables in Malaysia where a wide variety of its products are certified and registered by Loss Prevention Certification Board ("LPCB"), TUV, SIRIM QAS International and Bomba to meet the specifications and statutory requirements of its customers. OCC's power cable products are used in power transmission and other general industries such as oil and gas, infrastructure, construction and others. OCC's production facilities are located in Melaka, Malaysia and Binh Duong, Vietnam to serve its customers in these countries.

The Cables division reported an improved PBT of RM25.5 million for FY2018, up 4% from a year ago despite a short period of disruption post General Election in Malaysia and implementation of the Sales and Service Tax. The centralised location of its plant in Melaka enables better operational efficiency, cost control and economies of scale in production. In addition, our operations in Vietnam has gained in-roads to some major projects in Vietnam and Cambodia, increasing its market share and saw improved performance to the bottom line as we reduced our losses there. During FY2018, the division successfully completed the implementation of a new SAP Enterprise Resource Planning system. This completes the integration of key business processes, including effective raw material sourcing, production planning and capacity maximisation that complements sales orders and deliveries, minimises wastages and ensures timely reporting.

The Cables division reported an **improved PBT of RM25.5 million** for FY2018.

OCC's products can be categorised into 3 types namely i) low voltage power cables ii) medium voltage power cables and iii) fire-resistant power cables available in a variety of sizes and dimensions, materials (copper or aluminium) and features (fire-resistant, flame retardant water-blocking and many more). To remain competitive and to ensure the division's sustainable growth, continuous research and development was undertaken to improve the quality of our existing offerings, efficiency of the machineries and to expand into new products that meet our customers' needs. As a testament to the division's capabilities in research and development, the division has successfully obtained endorsement for its new aluminium fire-resistant cables from various authorities and certification boards in FY2018.

The existing factory in Melaka has been operating at almost full capacity and at times have been unable to cope with our customers' demand due to high utilisation of its existing machines. Plans to expand the Melaka factory to further increase its production capacity by relocating the existing storage yard to the adjacent land to free up space at its existing plant for installation of new machines is in the pipeline. The factory expansion coupled with its new aluminium fire-resistant cables, apart from the strong customer base and existing high-quality cables will enable the division to gain a bigger market share for its sustainable growth moving forward.

Acotec Factory, Nilai

IBS Division

http://www.acotec.com.my/

Acotec is an Industrialised Building System ("IBS") manufacturer and holds the exclusive rights to manufacture ACOTEC™ wall panels, a hollow core precast concrete wall panel in Malaysia. The Aco-Built system provides innovative IBS solutions to building construction in the area of façade and partition wall in building of high-rise and landed properties.

Over the years, Acotec has established a strong presence in the industry and its wall panels are widely accepted as a method of construction that reduces construction time, minimises wastages due to cut-to-size products, has high quality finishes, is environmentally-friendly and facilitates better site management as it is easy to install and is light-weight. In addition, it also complies with the essential fire rating, thermal resistance and sound insulation requirements.

Acotec's production plants are strategically located at (i) Nilai in Negeri Sembilan; (ii) Taiping in Perak; and (iii) Bandar Tenggara in Johor with a combined production capacity of over 2.3 million meter square per annum to serve its customers in the Central, Northern, Southern regions of Peninsular Malaysia and Singapore. The division has an established distribution network throughout Malaysia and Singapore serviced by our experienced sales and consultancy teams at work sites to assist, advise and monitor the installation of the wall panels.

In FY2018, Acotec's revenue decreased by 7% against FY2017, impacted by the prolonged soft property market and delays in the launching of some affordable housing schemes. The new requirement by the Government to push for higher percentage of IBS components in the construction and property development industries bodes well for the division but its results has yet to be felt.

During FY2018, Acotec took the opportunity of the slow market to roll out a few key initiatives. Some of the key initiatives include:

i) Participation in roadshows, exhibitions and awareness campaigns with relevant organisations/associations on the advantages of using Acotec.
ii) Embark on design and build and completed mock-up units to demonstrate the efficiency and speed of using Acotec panel walls in construction.
iii) Research and development on new products/wall panels with different length, thickness and weight.
iv) Cost optimisation and setting up of the installation team to oversee the installation of the wall panels.

The division will continue to drive the key initiatives above, while focusing on expanding its products range and widening its customer base (comprising contractors, property developers and consultants) in FY2019. Acotec is well-positioned for growth in the event the property market recovers in future.

GROUP MANAGING DIRECTOR'S REVIEW

HOSPITALITY

The Group's Hospitality Segment comprises the Hotels and Resorts division and the Vacation Club division.

Hotels and Resorts Division

http://www.swissgarden.com/

The Hotels and Resorts division comprises properties under the branding of "Swiss-Garden" and "Swiss-Inn" which are managed by Swiss-Garden International Hotels, Resorts and Inns ("SGI"). Under the portfolio of SGI, there are a total of 9 hotel properties with room inventory of over 1,850 keys, meeting facilities and an 18-hole world-class golf course. The hotel properties are located in various parts of Peninsular Malaysia including Kuala Lumpur, Sungai Petani, Damai Laut, Kuantan and Johor Bahru and comprises city hotels and beach resorts.

In FY2018, the division recorded revenue of RM81.0 million and PBT of RM73.6 million as compared to revenue of RM91.0 million and loss before tax ("LBT") of RM6.2 million in FY2017. Excluding the total one-off gain on disposal of assets of RM93.5 million in FY2018, the division reported a higher LBT of RM19.9 million compared to a LBT of RM6.2 million in FY2017. The industry continues to be under pressure due to the over-supply of hotel rooms, aggravated by the loosely regulated accommodation sharing offered by residential or serviced apartments and drop in international tourist arrivals to the country during the year. Despite enjoying high occupancy during weekends and holiday seasons at the resort destinations, the low occupancy during weekdays continues to drag down the overall occupancy and average room rates.

Swiss-Garden Damai Laut, Perak

Various initiatives were rolled-out to boost the occupancy rate at our hotels. Offering the highest level of service and comfort that meets the guests' expectation is of utmost importance. Swiss-Garden Beach Resort Damai Laut and Kuantan, both beach-front resorts, were enhanced with added facilities and attractions including splash pools slides, water spouts and tipping buckets. This enhancement was very well-received by our guests. In addition, rooms at these destinations as well as those in Kuala Lumpur, Sungai Petani and Johor Bahru are progressively being refurbished to give a fresher and warmer ambience to our guestrooms and public areas.

The Group reviews, evaluates and rationalises its portfolio of fixed assets on a regular basis to ensure optimisation of return of investment to its shareholders. Arising from this, two hotel properties, Garden Lodge, Sydney and Swiss-Garden Hotel Kuala Lumpur were disposed during the year, at a consideration of RM30.4 million (equivalent to AUD9.88 million) and RM170.0 million respectively and contributed a total gain on disposals of RM93.5 million. SGI will retain the management of Swiss-Garden Kuala Lumpur (now known as Swiss-Garden Bukit Bintang Hotel) under a hotel management agreement with the new owner.

FY2019 will see the commencement of hotel operations at Swiss-Garden Hotel & Residences Genting where SGI will be managing 561 units of serviced apartments and suites at Windmill Upon Hills. Windmill Upon Hills is located in Genting Permai, which is a short distance away from the Genting Premium Outlets.

Moving forward, the Hotels & Resorts division will continue to expand its sales and marketing efforts through offering differentiated packages and implementation of its own internet booking engine and establishing connections with more travel agents to increase its occupancy and room rates.

Vacation Club Division

http://www.sgivacationclub.com/

SGI Vacation Club ("SGI VC") is one of the leading vacation clubs in Malaysia with a strong membership base of 12,350 active members. SGI VC provides a wide range of accommodation options in our home base properties in Malaysia, and through our partnership with Interval International, our members have access to more than 3,000 hotels and resorts destinations worldwide. In Malaysia, SGI VC provides a variety of accommodations, from hotel rooms to apartments and villas at popular tourist destinations at (i) Swiss-Court Holiday Apartments, Swiss Villas and Swiss-Garden Beach Resort in Damai Laut, Perak; (ii) Swiss-Garden Residences in Kuala Lumpur; (iii) Swiss-Garden Beach Resort Kuantan in Pahang; and (iv) SGI Vacation Club in Melaka.

In FY2018, SGI VC reported a strong revenue growth of RM15.8 million, with total revenue of RM31.4 million as compared to RM15.6 million in FY2017 and PBT of RM10.2 million compared to a LBT of RM5.0 million in FY2017. SGI VC maintained its strategic focus to develop its market share through active sales and marketing activities to garner new members apart from continuous improvements in the services and facilities provided at its destinations. Some of these improvements include upgrading the swimming pool and playground area at Swiss-Court Holiday Apartments at Damai Laut, upgrading of all bathrooms at Swiss-Villas, providing new amenities such as WiFi services at all vacation club units in Swiss-Garden Residences Kuala Lumpur and renovating some studio units at Swiss-Court Holiday Apartments. These improvements were undertaken to provide SGI VC members with a better vacation experience.

SGI VC sales and marketing employees also received a variety of training to enhance their product knowledge and soft skills while the employees at the respective destinations were trained to provide better services to guests. SGI VC managed to record a total of 1,707 new members in FY2018 as compared to 1,561 new members in FY2017, representing a growth of 9%, in addition to streamlining and strengthening the membership database through elimination of inactive members.

In building our relationship and rapport with our members, SGI VC conducted several Interval International workshops for members to take note of methods to maximise the use of their SGI VC memberships (e.g. free upgrades or gain additional nights' stay). In addition, continuous engagements with members on a regular basis were carried out through electronic direct mailers, luncheon dialogues and focus group studies.

FY2018 saw the entrance of a few new players into the vacation club industry. Despite the new competition, the division aims to maintain its leading position by focusing on implementing its strategic long-term goals. During the fourth quarter of FY2018, SGI VC launched a new product, SGI Vacation Club Membership Scheme 2, a shorter period membership to reach out to a larger base of the population at affordable prices. The SGI Vacation Club Membership Scheme 2 gives options to members to stay in any of its home properties at (i) Swiss-Court Holiday Apartments and Swiss-Villas in Damai Laut; (ii) Swiss-Garden Residences in Kuala Lumpur; and (iii) SGI Vacation Club Melaka; or access to more than 3,000 resorts worldwide with our affiliate partner, Interval International. The SGI Vacation Club Membership Scheme 2 saw a strong take-up rate since its launch and will be the main revenue driver stream for the division in the coming years apart from the annual membership maintenance fees from the existing members of Scheme 1.

SGI Vocation Club, Melaka

OSK CORPORATE VALUES

Excellence
We make decisions and formulate strategies based on objective facts. We try our best to have a thorough understanding of our businesses and the markets in which we operate so that we make decisions that are well thought-through.

We adopt high standards in all that we do so that our businesses consistently deliver high quality products and services.

Forward Thinking
We adopt a long-term view of our businesses and the markets that we operate in, and we are conscious of the long-term effects of the decisions we make.

People Driven
Our people are the ones who power the organisation. At such, we try our best to recruit, groom and retain people who have good character, are committed to the organisation, and are highly skilled in their areas of expertise.

Humility & Respect
In all our internal and external dealings,we seek to create an environment of mutual respect by demonstrating humility, appreciation and cooperation.

Integrity
We are dedicated to building strong relationships that are mutually beneficial to all our stakeholders and us. Even in the most challenging situations, we behave in a professional and ethical manner.

GOING FORWARD

As we move ahead, there remains a number of uncertainties in the market that makes it difficult to predict the near term trajectory of our operating environment. The fluid global and local political, trade and economic environment can have an impact on our businesses in Malaysia, Australia and Vietnam. Nonetheless, our Group is committed to planning and executing our business vision with a long term perspective. As we navigate the troubled waters, we remain focused on balancing the need for sustainable profits with the important task of building up a stronger and better organisational capability for the future.

In the past three years, we have spent a lot of time and resources to build up stronger and more robust support functions across the Group. We have upskilled our staff, invested in information technology, reviewed and improved our processes, and introduced a more robust governance framework across our businesses. These improvements cover a wide range of functions, from our human resource practice to our information technology platform, from internal audit to our risk management practice, from administration to our finance function. Across the Group, we have seen a transformation of the way we function on a day-to-day basis, and we believe that this will put us on a much stronger footing not only to weather the current challenging climate, but also to scale up our businesses when market conditions improve.

I hope that this report would have given you, our valued shareholders, a better perspective of what we have achieved, and what we hope to achieve in the near future. We owe much of our progress to the continued support of our shareholders, our customers, our government and regulators, our bankers and our community. We are grateful for your support, and we hope that you will continue to support us in the years to come. We also treasure our employees, the people who make up the life of our beloved organisation. We would not be able to do it without all of you.

Thank you.

Ong Ju Yan
Group Managing Director

FIVE YEARS GROUP FINANCIAL SUMMARY

(RM'000)	2018	2017	2016	2015	2014
FINANCIAL POSITION					
TOTAL ASSETS					
Investments in associated companies and a joint venture	3,423,984	3,443,134	2,896,737	2,791,783	2,245,521
Inventories	1,629,667	1,376,732	1,713,326	1,609,802	-
Property, plant and equipment	659,213	752,444	778,257	802,393	9,398
Investment properties	452,718	712,943	649,780	570,342	371,921
Trade receivables	281,453	309,530	326,628	430,886	496
Contract assets	299,909	125,918	276,919	384,807	-
Cash, bank balances and short term funds	528,611	424,676	418,452	455,699	56,098
Capital financing	565,974	512,890	351,313	382,118	394,996
Deferred tax assets	87,712	74,018	100,883	84,487	1,100
Other assets	163,757	170,384	213,855	178,736	37,352
Total assets	8,092,998	7,902,669	7,726,150	7,691,053	3,116,882
TOTAL LIABILITIES					
Borrowings	1,365,195	1,428,706	1,393,290	1,451,407	378,214
Medium term notes and Sukuk	1,109,519	838,210	837,604	746,837	-
Trade payables	136,638	183,836	202,858	402,504	818
Contract liabilities	174,006	228,855	264,037	347,094	2,654
Deferred tax liabilities	119,495	143,120	156,916	136,772	11,862
Other liabilities	518,613	473,018	428,555	298,745	15,343
Total liabilities	3,423,466	3,295,745	3,283,260	3,383,359	408,891
TOTAL EQUITY					
Share capital	2,095,310	2,095,310	1,402,891	1,402,891	969,058
Treasury shares, at cost	(30,237)	(30,237)	(30,237)	(30,234)	(30,232)
Share premium	-	-	336,481	336,481	-
Retained profits	2,435,791	2,363,172	2,405,394	2,222,071	1,670,648
Other reserves	96,674	110,445	185,981	162,823	98,517
Net assets attributable to Owners of the Company (Shareholders' funds)	4,597,538	4,538,690	4,300,510	4,094,032	2,707,991
Non-controlling interests	71,994	68,234	142,380	213,662	-
Total equity	4,669,532	4,606,924	4,442,890	4,307,694	2,707,991
Total number of outstanding Ordinary Shares in Issue ('000)	2,077,200	2,077,200	1,384,791	1,384,793	950,961

FIVE YEARS GROUP FINANCIAL SUMMARY

(RM'000)	2018	2017	2016	2015	2014
FINANCIAL PERFORMANCE					
Revenue	1,204,087	1,169,279	1,305,671	757,484	59,928
Cost of sales	(862,325)	(865,652)	(904,777)	(513,787)	(16,827)
Operating expenses	(224,823)	(207,543)	(249,045)	(146,666)	(18,192)
Operating profit	116,939	96,084	151,849	97,031	24,909
Other income	121,763	279,601 [b]	98,687	412,861 [d]	16,426
Finance costs	(80,035)	(72,971)	(77,681)	(26,865)	(2,498)
Share of results of associated companies and a joint venture	236,743	182,466	148,558	121,695	176,778
Profit before tax	395,410	485,180 [b]	321,413	604,722 [d]	215,615
Profit after tax	352,268	403,606 [b]	252,028	569,802 [d]	204,255
Profit attributable to Owners of the Company	346,053	400,219 [b]	247,273	561,528 [d]	204,255
SHARE INFORMATION					
Basic and diluted earnings per share (sen)	16.66	19.27 [b]	11.90	33.21 [d]	14.19
Gross dividends per share Declared / Proposed (sen)	5.00 [a]	6.00 [c]	7.50	20.00 [e]	7.50
Net assets per share attributable to Owners of the Company (RM)	2.21	2.19	2.07	1.97	1.90
Share price at the end of the year (RM)	0.87	1.07	0.93	1.09	1.35
Market capitalisation (RM'million)	1,807	2,223	1,939	2,257	1,930
VALUATION					
Dividend yield	5.75%	5.61%	5.36%	12.27%	3.69%
Price to earnings multiple (times)	5.22	5.55	7.82	3.28	9.51
Price to book multiple (times)	0.39	0.49	0.45	0.55	0.71
FINANCIAL RATIOS					
Return on equity	7.58%	9.06% [b]	5.89%	16.51% [d]	7.70%
Return on assets	4.33%	5.12% [b]	3.21%	10.39% [d]	6.76%
Net gearing (times)	0.42	0.40	0.41	0.42	0.12

Notes:

(a) 5.0 sen consists of a single-tier interim dividend of 2.0 sen and a proposed single-tier final dividend of 3.0 sen per share based on the enlarged number of ordinary shares after the bonus issue as disclosed in Note 26(b)(ii) to the financial statements. The proposed final dividend is subject to the Shareholders' approval at the forthcoming Annual General Meeting.

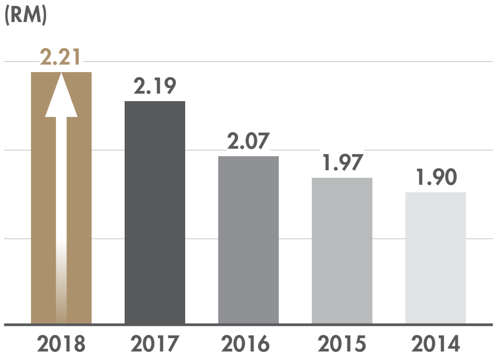
(b) Included a total gain on deemed disposal of RM177.6 million arising from the dilution in equity interest in a subsidiary company in Melbourne, Australia and realisation of foreign currency translation gains.

(c) 6.0 sen consists of a single-tier interim dividend of 2.5 sen and a single-tier final dividend of 3.5 sen per share. The single-tier final dividend of 3.5 sen per share is based on the enlarged number of ordinary shares after the bonus issue as disclosed in Note 26(b)(ii) to the financial statements.

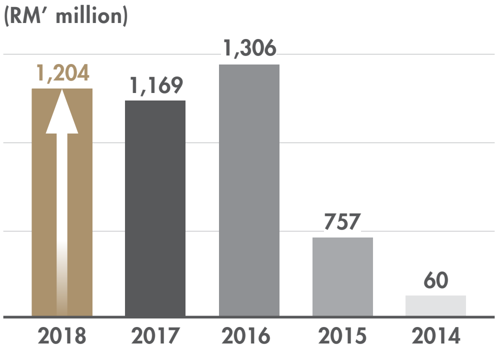
(d) Included a total negative goodwill of RM375.3 million arising from the acquisitions of OSK Property Holdings Berhad and PJ Development Holdings Berhad and subscription of rights issue in RHB.

(e) 20.0 sen consists of a single-tier special dividend of 15.0 sen, a single-tier interim dividend of 2.5 sen and a single-tier final dividend of 2.5 sen per share.

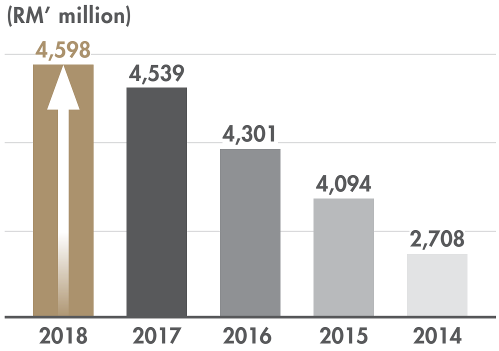
Net Assets Per Share Attributable To Owners Of The Company
RM2.21



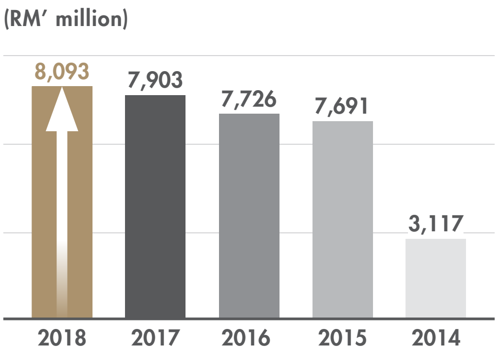
Revenue
RM1,204 million



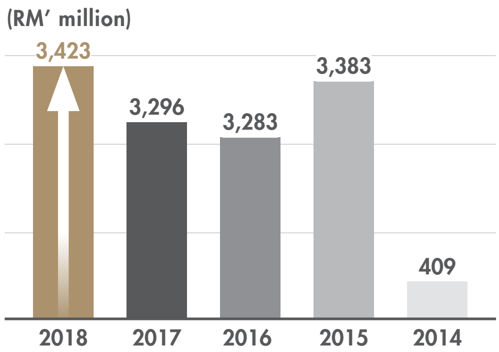
Net Assets Attributable To Owners Of The Company (Shareholders' Funds)
RM4,598 million



Total Assets
RM8,093 million



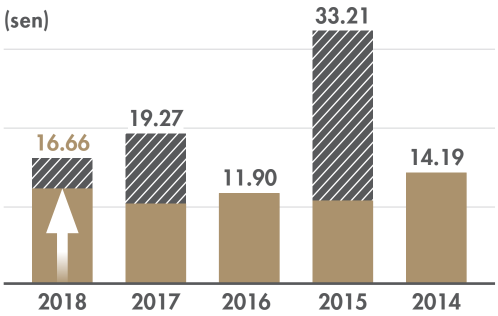
Total Liabilities
RM3,423 million



FIVE YEARS GROUP FINANCIAL SUMMARY

Basic Earnings Per Share
16.66 sen

(sen)



	2018	2017	2016	2015	2014
EPS	12.72	10.72	11.90	11.02	14.19
One-off	3.94	8.55	-	22.19	-
Total	**16.66**	**19.27**	**11.90**	**33.21**	**14.19**

One-off items include:

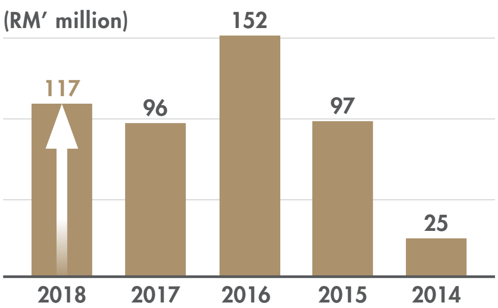
FY2018:
Gains on disposals of hotel properties.

FY2017:
Gain on deemed disposal arising from the dilution in equity interest in a subsidiary company in Melbourne, Australia and realisation of foreign currency translation gain.

FY2015:
Negative goodwill arising from the acquisition of OSK Property Holdings Berhad and PJ Development Holdings Berhad and subscription of right issue in RHB.

Operating Profit
RM117 million

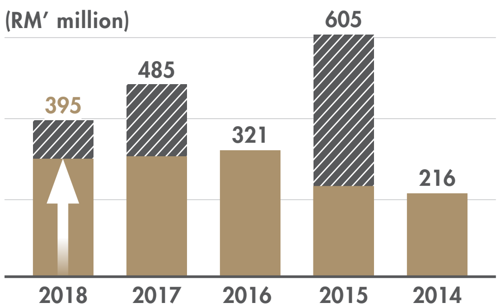
(RM' million)



	2018	2017	2016	2015	2014
Operating Profit	117	96	152	97	25

Profit Before Tax
RM395 million

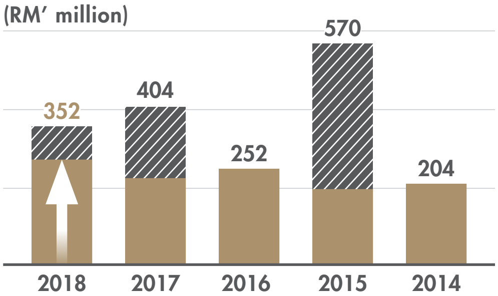
(RM' million)



	2018	2017	2016	2015	2014
PBT	302	307	321	230	216
One-off	93	178	-	375	-
Total	**395**	**485**	**321**	**605**	**216**

Profit After Tax
RM352 million

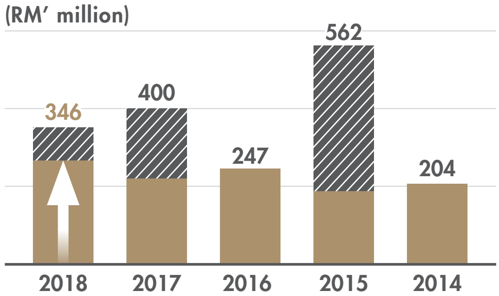
(RM' million)



	2018	2017	2016	2015	2014
PAT	270	226	252	195	204
One-off	82	178	-	375	-
Total	**352**	**404**	**252**	**570**	**204**

Profit Attributable To Owners Of The Company
RM346 million

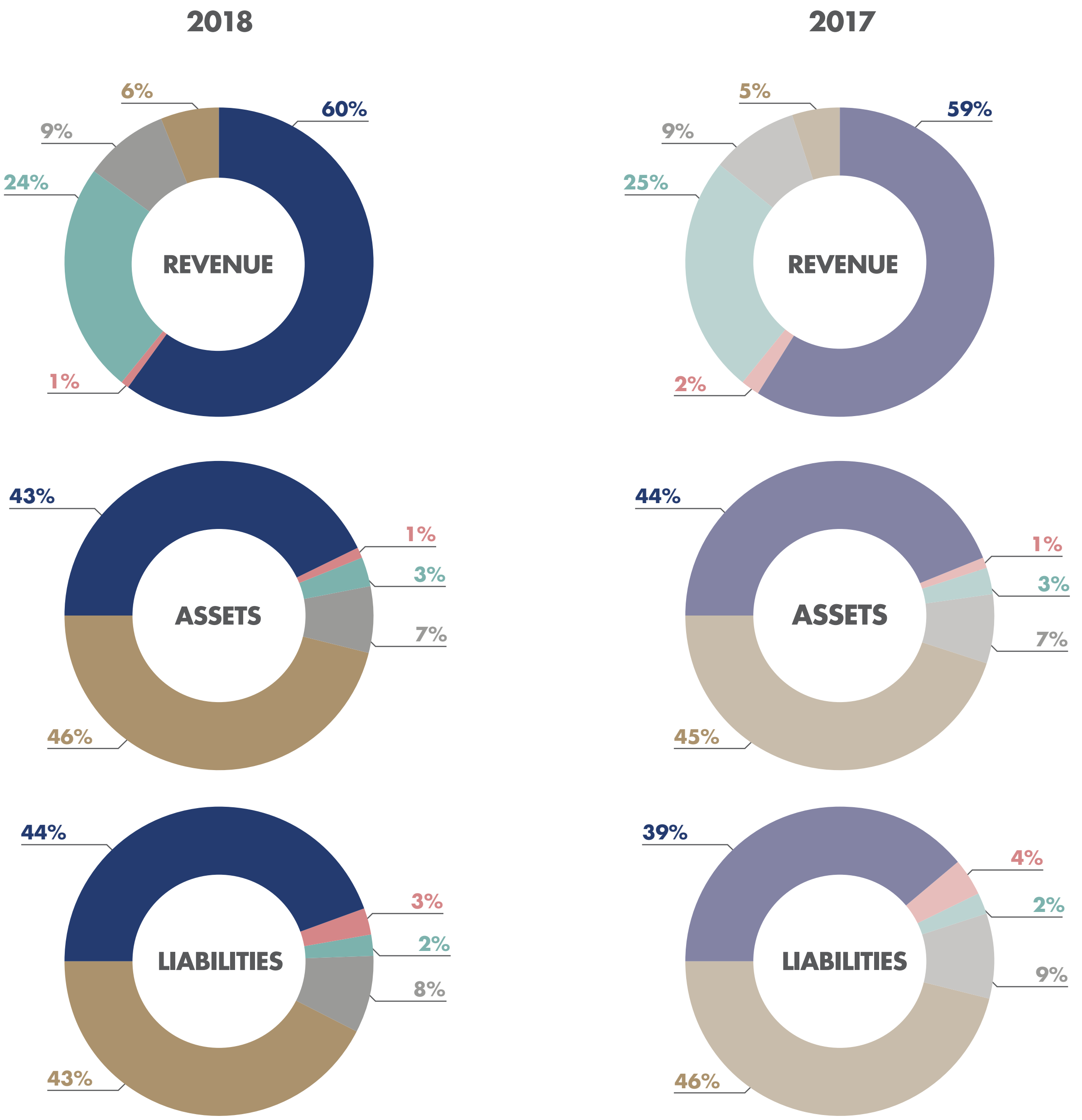
(RM' million)



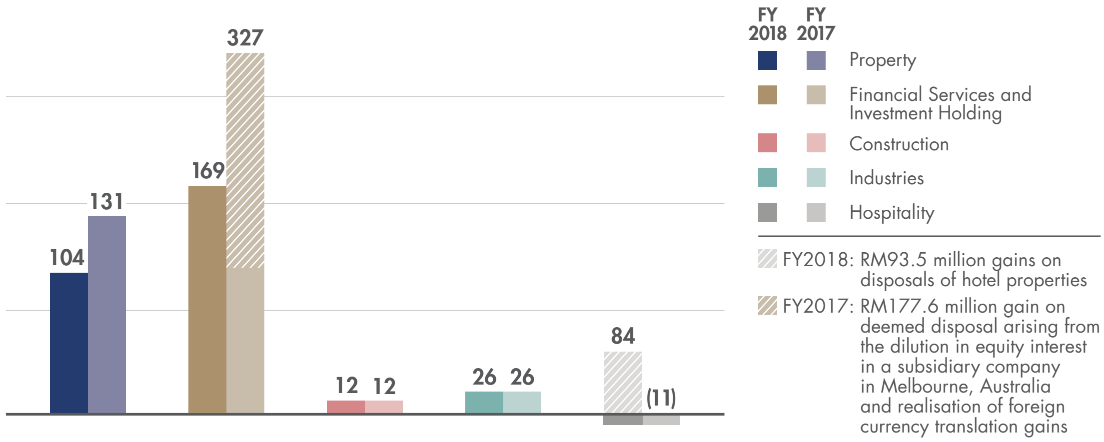
	2018	2017	2016	2015	2014
@	264	222	247	187	204
One-off	82	178	-	375	-
Total	**346**	**400**	**247**	**562**	**204**

@ Profit Attributable To Owners Of The Company

OPERATING SEGMENTS ANALYSIS



PROFIT BEFORE TAX (RM'million)

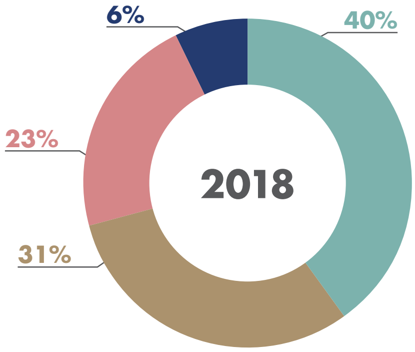


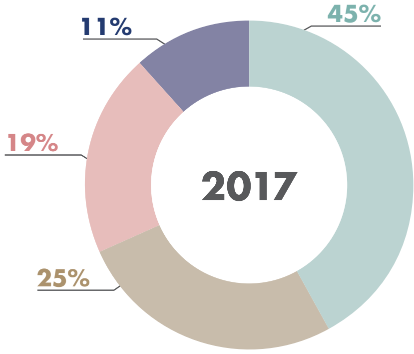
STATEMENT OF VALUE ADDED & DISTRIBUTION

(RM'000)	2018	2017	2016	2015	2014
VALUE ADDED:					
Revenue	1,204,087	1,169,279	1,305,671	757,484	59,928
Purchase of goods and services	(911,231)	(906,765)	(984,346)	(582,641)	(25,855)
Value added by the Group	292,856	262,514	321,325	174,843	34,073
Other income	121,763	101,989	98,687	37,609	16,426
Gain on deemed disposal of a subsidiary company	-	177,612	-	-	-
Negative goodwill	-	-	-	375,252	-
Share of results of associated companies and a joint venture	236,743	182,466	148,558	121,695	176,778
Total value added	651,362	724,581	568,570	709,399	227,277
RECONCILIATION:					
Profit after tax	352,268	403,606	252,028	569,802	204,255
Add: Depreciation and amortisation	27,855	29,260	29,435	10,986	848
Finance costs	80,035	72,971	77,681	26,865	2,498
Salaries and other staff costs	148,062	137,170	140,041	66,826	8,316
Tax expense	43,142	81,574	69,385	34,920	11,360
Total value added	651,362	724,581	568,570	709,399	227,277
DISTRIBUTION:					
To employees					
Salaries and other staff costs	148,062	137,170	140,041	66,826	8,316
To the Government					
Corporate taxation	43,142	81,574	69,385	34,920	11,360
To providers of capital					
Dividends to the Owners of the Company	114,246	103,860	69,240	224,815	71,322
Profit attributable to non-controlling interests	6,215	3,387	4,755	8,274	-
Finance costs	80,035	72,971	77,681	26,865	2,498
	200,496	180,218	151,676	259,954	73,820
To reinvest for future growth of the Group					
Depreciation and amortisation	27,855	29,260	29,435	10,986	848
Profits retained by the Group	231,807	296,359	178,033	336,713	132,933
	259,662	325,619	207,468	347,699	133,781
Total value distributed	651,362	724,581	568,570	709,399	227,277

TOTAL VALUE DISTRIBUTED

Employees
Governments
Providers of capital
Reinvestment





INVESTOR RELATIONS

OSK recognises that effective and timely communication of information related to the Company's business strategies, financial performance and business initiatives are essential in maintaining good relationship with our stakeholders, in particular with our shareholders and investors (collectively known as "Investment Community"). The Company's Investor Relations ("IR") team facilitates communication between the Company and the investment community.

In 2018, the senior management of the Company hosted several meetings and/or conference calls with key local and foreign institutional shareholders as well as fund managers and analysts to engage and update them on significant developments with regards to the Company's strategies and performance. All IR activities are conducted by senior management which includes the Group Managing Director, Deputy Group Managing Director, Chief Operating Officer and Group Chief Financial Officer.

In addition to the meetings stated above, the Company has also adopted the following communication channels with the investment community:

GENERAL MEETINGS

The Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM") represent the primary platforms for open communication between the shareholders, Board of Directors ("the Board") and senior management of the Group. Shareholders are able to raise questions and provide feedback to the Board and senior management as well as exercise their voting rights during these meetings. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf.

In 2018, the Company's 28th AGM was held on 24 May 2018 at the Grand Hibiscus, Level 3, Swiss-Garden Hotel & Residences Kuala Lumpur, Malaysia. The Company also held an EGM at the same date and venue immediately after the AGM. All resolutions tabled at both meetings were duly approved by the shareholders.

REPORTS

OSK produces an Annual Report which provides the investment community with a comprehensive view of the Company's financial and operational performance. This is supplemented by our Sustainability Report, which outlines the Company's management of sustainability matters, as well as quarterly financial reports and periodic announcements made to Bursa Malaysia Securities Berhad on key corporate activities. These reports and links to announcements are also accessible via the Group's website at http://www.oskgroup.com/corporate-announcements/.

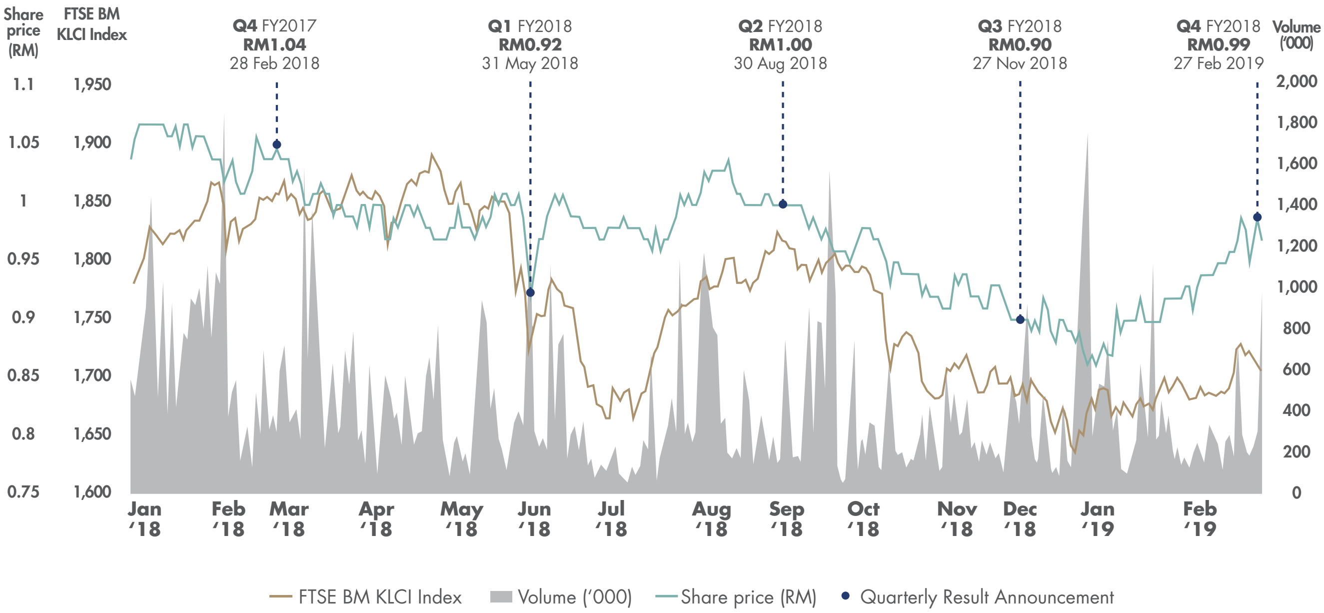
WEBSITE

The Group maintains a website at http://www.oskgroup.com/ which can be accessed by stakeholders to keep abreast with the Group's development. The website remains a key communication channel for the Group to reach the investment community and the general public. There is also a dedicated IR section available on the website where the investment community can obtain up-to-date information on the Company including financial results, Board information and corporate governance related information.

The investment community can contact the IR team through the contact details published on the Company's website at http://www.oskgroup.com/overview/ or leave their queries or feedback via the contact form on the Group's website or by sending us an email to ir@oskgroup.com.

SHARE PRICE AND VOLUME TRADED

SHARE PERFORMANCE



	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
Closing Price (RM)	1.04	1.04	1.00	1.00	0.92	0.98	1.01	1.00	0.96	0.91	0.90	0.87	0.91	0.97
Volume ('000)	15,933	9,618	11,307	7,644	7,990	5,889	6,483	8,611	8,477	5,622	6,600	9,314	5,924	5,062
FTSE BM KLCI Index	1,868.58	1,856.20	1,836.46	1,870.37	1,740.62	1,691.50	1,784.25	1,819.66	1,793.15	1,709.27	1,679.86	1,690.58	1,683.53	1,707.73
BMPI	1,202.79	1,182.86	1,084.59	1,086.77	1,018.73	1,019.93	1,088.07	1,036.50	997.39	877.15	895.53	876.06	928.14	923.61
Market Capitalisation (RM Million)	2,160	2,160	2,077	2,077	1,911	2,036	2,098	2,077	1,994	1,890	1,869	1,807	1,890	2,015

OUR SUSTAINABILITY JOURNEY

Stakeholder Engagement

Sustainability Statement

CONSTRUCTION

As the construction arm of OSK Group with a "Class A" and "G7" certification, OSK Construction is committed to provide high quality building services and has successfully constructed and built multiple residential and commercial properties in Malaysia.

http://www.oskconstruction.com/

STAKEHOLDER ENGAGEMENT

Engagement with our stakeholders is a vital process in driving sustainability at OSK Group (comprising OSK Holdings Berhad and its subsidiaries), as it enables us to balance the Group's priorities with the expectations of our shareholders, business partners, suppliers, customers, communities and employees.

We maintained continuous engagement with our key stakeholders throughout FY2018 to seek their feedback through various means including meetings, customer surveys, roadshows and social media as summarised in the table below:

STAKEHOLDER GROUP	ENGAGEMENT METHODS	OSK'S STANCE	AREAS OF INTEREST
Business and Industry Partners	• Annual and sustainability reports • Consultation on industry matters • Corporate presentation • Events and roadshows • Forums and dialogues • Membership in associations	Together with our industry peers, OSK is committed to advancing the industry through active participation in the marketplace and sharing updates on our progress, challenges and other developments.	• Industry best practices • Innovation that advances the industry • New business opportunities • OSK's position within the industry
Community	• Community engagement activities • Community partnership • Social media tools • Website, catalogues and brochures	OSK is an integrated part of society and we understand that our business operations have an impact on the community. We are committed to our role as a contributor and enabler for the communities in which we operate.	• Impact of operations on community • Local community development • Philanthropy • Staying connected with the company
Customers including Tenants, Shoppers and Guests	• Events and roadshows • Feedback channels • Loyalty programmes • Market research • Meetings • Social media tools • Website, catalogues and brochures	Relationships and trust are the foundation of everything we do. OSK envisions being the partner of its customers and maintaining a long-term perspective of its business operations.	• Brand reputation • Confidence and trust in the Company • Pleasant experience • Value for money
Employees	• Annual dinner • Employee engagement survey • Employee volunteering • Internal employee portal • Internal engagement activities • Training and development • Townhall meetings • Whistle-blowing channel	OSK is committed to providing an engaging, inclusive and stimulating work environment that encourages quality performance, high employee satisfaction and loyalty.	• Attractive remuneration • Career development • Work-life balance

STAKEHOLDER ENGAGEMENT

STAKEHOLDER GROUP	ENGAGEMENT METHODS	OSK'S STANCE	AREAS OF INTEREST
Government and Regulators	• Formal meetings • Performance reports	Each subsidiary is responsible to comply with all relevant regulations. We support the Government's initiatives and place great emphasis on being an exemplary corporate citizen.	• Compliance • Contributions to the economy, local community and nation-building
Media	• Events and launches • Media networking sessions • Media visits	Delivering the right message to the media is key especially at corporate events and launches where we disseminate first-hand project information.	• Corporate updates • Events • Upcoming developments
Shareholders and Investors	• Annual general meetings • Annual and sustainability reports • Bursa announcements • Investor relations meetings or conference calls • Quarterly financial reports • Shareholder updates	OSK's overall goal is to create sustainable shareholder value while fulfilling the expectations of other stakeholders. A strong focus on financial performance, risk management and internal control is instrumental in achieving this goal.	• Brand reputation • Future competence • Long-term relationship development • OSK's position within the industry • Positive investment growth • Risk management
Supply Chain Partners	• Satisfaction survey • Supplier audits • Supplier events	OSK works across its value chain to minimise risks, maximise future opportunities and ensure sustainable economic growth.	• Fair procurement • Staying connected with the Company • Support of local suppliers and local produce

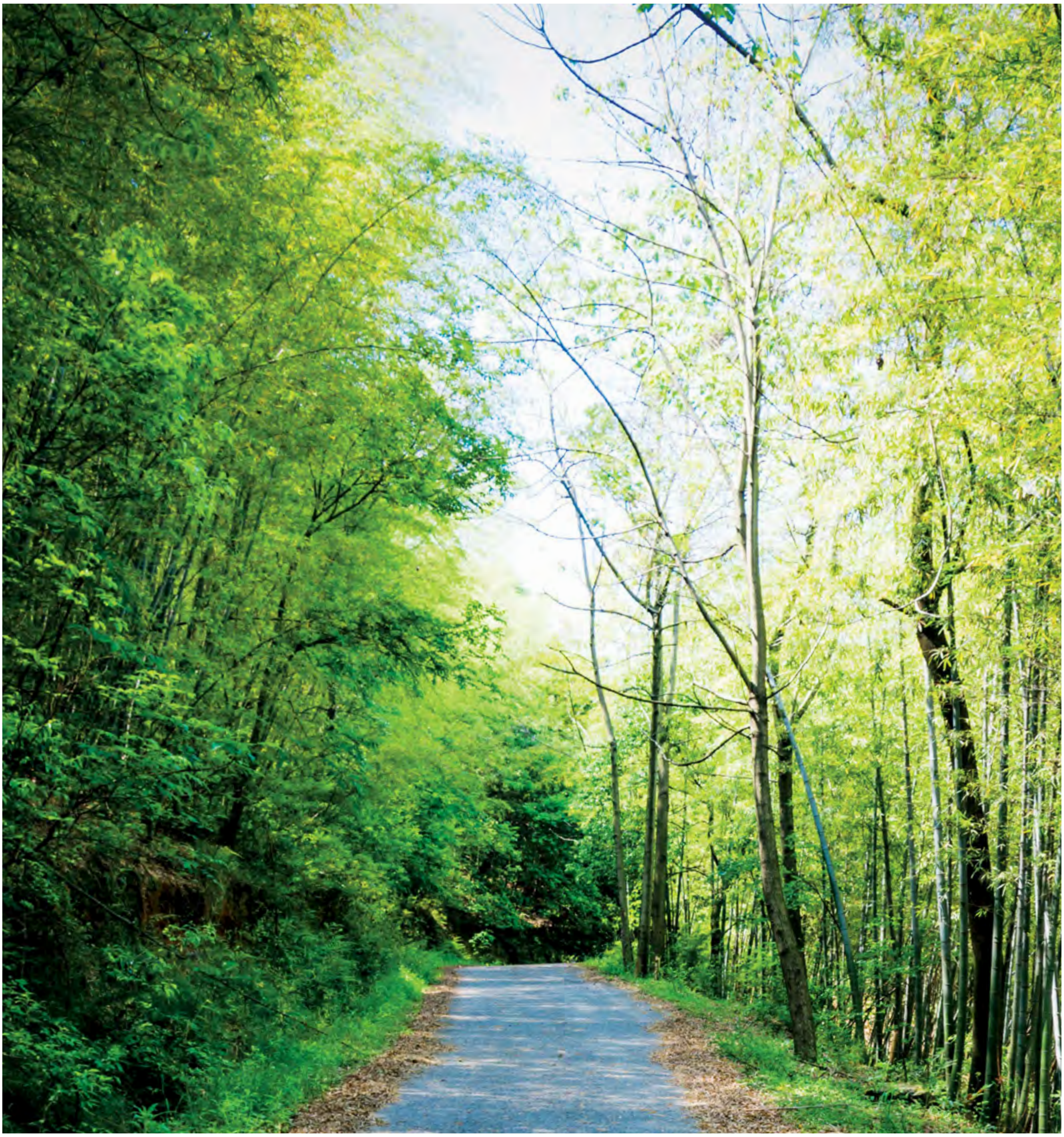
Annual General Meetings keep shareholders updated on the Company's direction and developments

Maintaining a good relationship with the media is important to the Company

SUSTAINABILITY STATEMENT

The OSK Sustainability Report 2018 is OSK Holdings Berhad's ("OSK" or "the Company") third published Sustainability Report in consecutive years and documents the Company and its subsidiaries' ("OSK Group" or "the Group") progress in managing its economic, environmental and social impacts on all its stakeholders.

This Sustainability Statement provides a summary and highlights from the full report. For deeper insights, please refer to the OSK Sustainability Report 2018.



SUSTAINABILITY STATEMENT

Iringan Bayu, Seremban

GAINING MOMENTUM

Since kick-starting our sustainability journey three years ago, OSK continues to incorporate sustainable practices into our operations and activities in our attempt to consistently create value for our stakeholders. There is better understanding and appreciation for the value of a sustainable approach in doing business through optimising our resources; upholding our work ethics; empowering our people as well as creating opportunities and contributing to external communities.

The graphic below charts how our sustainability campaign has developed over the years.

Pre-2016

Focused on Corporate Social Responsibility ("CSR") activities.

2016

Defined our stakeholder groups and identified the material matters to OSK and its stakeholders.

2017

Set Key Performance Indicators ("KPIs") for the material matters to incorporate and improve sustainable measures throughout the Group.

2018

Continued tracking of KPIs and reviewed Sustainability Framework to align with business strategy and risk management.

The task of guiding ourselves towards a sustainable future will continue on even as we strive to bridge the gap between our short-term goals and long-term aspirations.

IMPLEMENTATION ROADMAP

At the outset, OSK established a roadmap to pave the way for sustainable development to become an integral aspect and organic component of our operations and activities.

This roadmap represents a phased approach to plan and implement sustainability initiatives and programmes across the entire Group involving every subsidiary, business unit and department.

OSK'S ROADMAP TO SUSTAINABILITY IMPLEMENTATION

Please refer to our Sustainability Report 2018 for further details on our Sustainability Policy and Governance Structure.

MATERIALITY MATTERS

Within the four key dimensions (Economic, Environment, Social and Governance), we have identified the 10 most material matters to OSK and its stakeholders as depicted in the accompanying graphic.

These 10 most material matters are those deemed important to both the Group and stakeholder groups involved or impacted by the Group's operations including shareholders and investors, customers, business partners and associates, employees, vendors and suppliers as well as the government and the larger community.

SUSTAINABILITY STATEMENT

In the financial year ended 31 December 2017 and 2018 ("FY2017" and "FY2018"), the materiality matters were reviewed by the Chief Sustainability Officer and Sustainability Working Group, with both concluding that the materiality matrix and findings from the materiality survey conducted in the financial year ended 2016 remained relevant to the Group since there has been no change to the Group's business portfolio.

In FY2017, we set KPIs for each of these material matters, followed by action plans and programmes to achieve the targets. We have continued to monitor these KPIs and have summarised our Group's achievements in FY2018 in the table below.

Please refer to the Sustainability Report 2018 for more details on this section.

MOST MATERIAL MATTERS: KPIs & ACHIEVEMENTS

MATERIAL MATTER	OWNER	KPI	TARGET	ACHIEVEMENT
Economic				
Economic & Business Performance	All	Number of initiatives taken to contribute to local economy/ community	Minimum 3 initiatives per year	1. OSK Foundation ("OSKF") supported 37 organisations/ beneficiaries in FY2018. 2. OSK Property ("OSKP") and OSK Construction ("OSKC") held a Lunch Box Project fundraiser for a school within proximity of the Iringan Bayu township. 3. Atria Shopping Gallery ("Atria") supported and continues to support the Alzheimer's Disease Foundation Malaysia ("ADFM") via a dementia-friendly community corner within the mall.
Environment				
Waste Management	All	Number of waste management initiatives or campaigns conducted	Minimum 2 initiatives per year	1. Recycling Right Campaign. 2. Recycling of excess or cuttings from Acotec panels to minimise wastage. 3. 3R (Reduce, Reuse, Recycle) practices encouraged company-wide.
Social				
Quality	Property Development	Quality Assessment System for Building Construction Works ("QLASSIC") score for development projects	To achieve average score of 75.0%	OSKP achieved an average score of 81.2% for its projects completed in FY2018.
Public & Customer Safety	Property Investment - Atria	Timely maintenance of public facilities calculated by number of major breakdowns (requiring specialist/ service provider actions) per year	To keep within the number of allowable major breakdowns per year (not more than 8 breakdowns with 4 being the target allowable)	Atria experienced 3 major breakdowns in FY2018.

MATERIAL MATTER	OWNER	KPI	TARGET	ACHIEVEMENT
Social (Cont'd)				
Occupational Safety & Health	Construction	Number of initiatives conducted to cultivate a safety and health awareness culture	Minimum 2 activities per year	1. OSKC introduced the OSK Quality Standards. 2. OSKC conducted 186 toolbox meetings and 26 on-the-job trainings across their sites in FY2018.
Training & Career Development	Human Resources ("HR")	Percentage of training satisfaction score	To achieve an average satisfaction score of 75.0%	The Group achieved an average score of 85.0% for training satisfaction.
Employee Engagement	HR	Percentage of employee satisfaction score	To benchmark against the Global Engagement Index ("GEI")	The Group achieved an overall employee satisfaction score of 68.6% vs. the average GEI of 65.0%.
Governance				
Business Ethics	Company Secretarial ("Co-Sec")/All	Number of initiatives taken to enhance business ethics practices	Minimum 3 initiatives per year	1. Updated the Code of Conduct and Business Ethics. 2. Rollout of the Bahasa Melayu version of the Personal Data Protection policy. 3. Cascading of the above policies to all employees via engagements and employee portal.
Risk Management	Risk Management	Number of activities conducted to cultivate a positive risk management culture	Minimum 2 activities per year	1. Conducted internal risk awareness training to OSK Group employees. 2. Completed OSKP Risk Management Approaches and Methodology workshop. 3. Completed key Information Technology ("IT") system backup and recovery manuals for all business units. 4. Conducted Risk Control Self-Assessment Exercise with OSK Capital.
Transparency	Co-Sec	Maintain good corporate governance ("CG") practices and disclosure	To be listed in the Minority Shareholder Watchdog Group ("MSWG") Top 100 Companies for Overall CG & Performance	MSWG has yet to release the list for FY2018 at time of printing. The Company was included in the FY2017 list.

ECONOMIC

We are committed to maintain sustainable economic stakeholder value to ensure the continuous well-being of our shareholders, customers and business partners through generating positive returns, ensuring the consistency in the quality of our products and services as well as creating business opportunities for our vendors and suppliers. We do this via:

Ensuring Sustainable Financial Performance

OSK has been a strong and steady performer over an extended period, generating and maintaining healthy financial results for the benefit of our stakeholders. The Group's financial performance is available in the reports and financial statements included in this report.

THE EDGE BILLION RINGGIT Club 2018

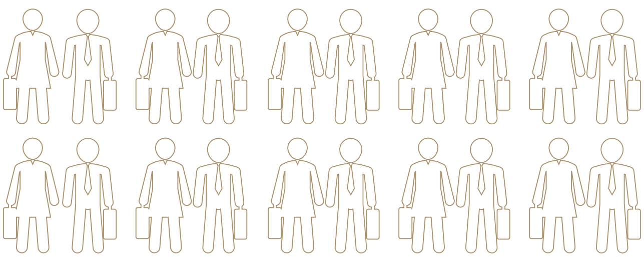
Creating Value through our Property Development Projects

The Group's subsidiary OSKP is a leading property developer for sustainable living, with projects spread across Peninsular Malaysia as well as an integrated project in Melbourne, Australia. In FY2018, the Company was recognised among the top 15 property developers in Malaysia at The Edge Top Property Developer Awards. The Company also received another prestigious award in December at The Edge Billion Ringgit Club & Corporate Awards 2018 for the Highest Growth in Profit After Tax over three years under the Property Sector for companies with market capitalisation below RM3 billion.

With more than 2,000 employees, OSK is an established source of stable employment for local talents.

Creating Employment and Nurturing Young Talent

With more than 2,000 employees, OSK is an established source of stable employment for local talents. The Group also places strong emphasis on talent development through our Internship Programme which is offered to university students pursuing their diploma or degree programmes. In FY2018, OSK offered 158 internship opportunities across the Group.



OSK offered
158
internship opportunities across the Group.

Providing Opportunities to Local Businesses

As a strong supporter of local businesses, OSK provides opportunities to vendors and suppliers to do business with us. At OSK, we source from local businesses which adhere to our standards of quality and business ethics. Although we do not have a formal policy, our selection of vendors and suppliers are invariably skewed towards those who share our values on innovation, reliability, quality and responsibility.

Advocacy and Engagement

OSK, as a Company and represented by senior management personnel on an individual basis, are active advocates and participants in the respective industries of our businesses. Our membership in several associations provide us with the platform to engage with partners, peers as well as give us a voice to engage with stakeholders such as the government and civil society.

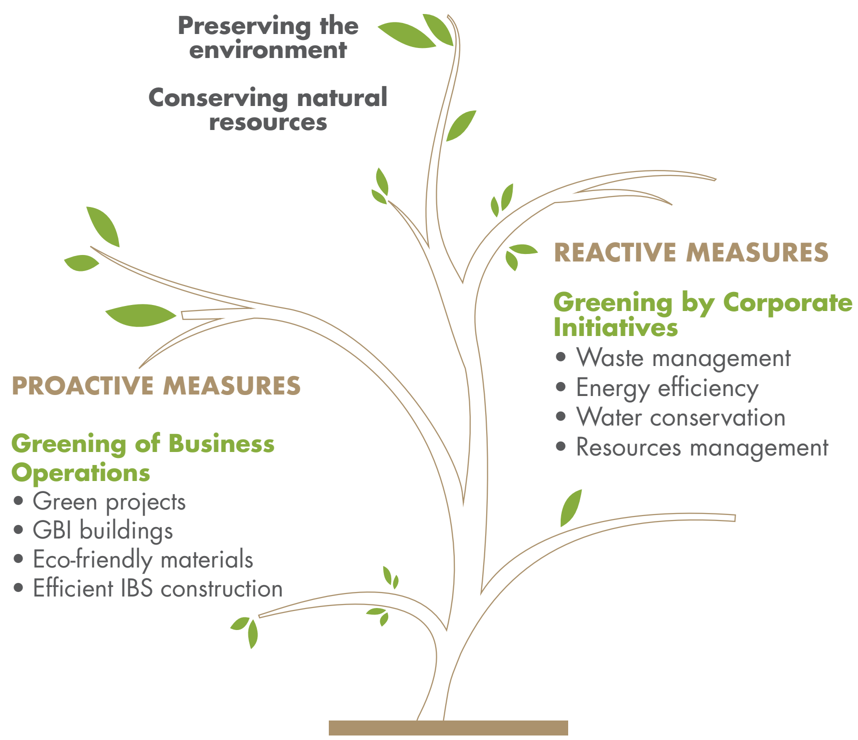
Please refer to the Sustainability Report 2018 for more details on the individual initiatives.

ENVIRONMENT

As a company with a business portfolio which includes property and construction, OSK is fully aware of the need to create sustainable living conditions without damaging the environment and the ecosystem.

We are committed to the conservation of resources and preservation of the environment via a balance of proactive measures in business operations and reactive considerations in corporate activities. Together, they serve to build future structures and systems that maximise the use of resources even as we strive to minimise wastage and mitigate other adverse repercussions.

OUR APPROACH TOWARDS ENVIRONMENTAL SUSTAINABILITY



Smart developments facilitate the integration of the 4Cs: Commerce, Communities, Communication and Conservation.

Prioritising Sustainable Living

The Group through its subsidiaries OSKP and OSKC, is prioritising smart and integrated developments designed for sustainable living. This is a holistic approach that enables people to live closer together in a sustainable manner with buildings and infrastructure integrated so as to conserve natural resources and improve the quality of life while being capable of promoting economic growth. Similar to smart cities, smart developments facilitate the integration of the 4Cs: Commerce, Communities, Communication and Conservation.

GBI and IBS

We are designing our property projects to meet the requirements of the Green Building Index ("GBI"), to be sustainable, energy efficient, as well as advocating the use of eco-friendly materials and resources. As the Group moves toward efficient and sustainable methods, OSKP and OSKC are making progress in working with our Industrialised Building System ("IBS") division to utilise more IBS solutions in its development projects in line with the Government's efforts to promote the use of IBS.

Managing Resources and Waste Management

We continue to educate and encourage our business units and employees to reduce and recycle waste consistent with good environmental practices. We have embarked actively to reduce wastage of electricity and water consumption as well as adopted a systematic approach to reuse materials over their entire life cycles.

As part of the Group's effort in reducing overall carbon footprint, we embarked on a group-wide recycling campaign in partnership with iCycle Malaysia in FY2018. We recorded a total collection of 2,012.9kg of various recycled items which was equivalent to a reduction of 1,091.1kg of carbon dioxide emission.

Please refer to the Sustainability Report 2018 for more details on the individual initiatives.

OSK Group

2,012.9 kg of recyclables

CO_2 emission reduction of **1,091.1 kg**

SOCIAL

OSK's operations and activities have considerable social impacts on the workplace as well as marketplace. As an employer with a 2,000-strong workforce, we are responsible for the job security, career development and health and safety of all our employees. Furthermore, due to the nature of our businesses in property, hotels, industries, we are also responsible for the products and services provided to our end customers.

OUR EMPLOYEES

Diversity and Inclusion

The Group is committed to creating an environment that celebrates individuality and diversity as we believe that a wide band of inclusion provides the Group with deeper cultural awareness, ideas exchange which will in turn contribute to the growth of the businesses.


OSK Movie Night


OSK Group Annual Dinner

Employee Engagement

OSK engages employees on a regular basis to seek their views on a broad range of issues from the work environment to employee feedback. Arising from the feedback from employees and management's further deliberation, OSK introduced a staggered-hour system in FY2018. During the year under review, OSK's group-wide engagement index was 68.6%, which is higher than the Global Engagement Index score of 65.0%.

Training and Career Development

OSK provides ample opportunities for career development to our employees through knowledge acquisition and training. During the year under review, we invested in various training programmes and leveraged on our Leadership Competency Framework to nurture leadership qualities in our employees so they can be better equipped to drive business performance as well as generate business continuity. We also continued on our journey of knowledge sharing through our "Leaders as Teachers" initiative.

Occupational Safety and Health

Ensuring a safe and healthy workplace is a top priority at OSK, where our practices are benchmarked against legislations and regulations including the Occupational Safety & Health Act, Factories and Machinery Act and Occupational Health and Safety Assessment Series. At OSK, occupational safety and health is managed at both company and subsidiary levels as the safety measures to be taken across our different business divisions differ according to the nature of their businesses.

Learning about ergonomics

SGI VC Achiever's Circle Award Night 2018

Measuring Performance

OSK has instilled a performance-based culture in order to drive productivity and catalyse human capital development. Performance of our management and employees are measured using a mixture of the balanced scorecard methodology of assessing KPIs and reviewing core values and competencies. At OSK, we encourage the recognition of our employees for their contributions and celebrate their successes.

Human Rights

OSK is fully committed to operating in an ethical and responsible manner. As a conglomerate operating in diverse businesses, the Company is committed to protect our employees' rights and provide a workplace that is safe, healthy and secure. OSK is committed to respecting labour rights principles in accordance with the relevant Malaysian labour laws.

OUR END CUSTOMERS

OSK has numerous touchpoints with customers and members of the public due to the nature of our business including property development and investment, construction, management of shopping malls, hotels and serviced residences. Therefore, we are accountable for the safety and quality of products as well as efficiency of service delivery to our customers.

Public and Customer Safety

We place a premium on the safety of our customers at all our premises, in particular at Atria and our Swiss-Garden chain of hotels and residences. Various measures have been put in place to ensure our customers have a safe and comfortable experience while shopping or staying with us.

SUSTAINABILITY STATEMENT

Quality

Quality is a cornerstone of our business offerings to customers, whether they are properties, building materials or hospitality services. OSK is committed in ensuring quality and reliability in everything we do.

Our construction subsidiary, OSKC achieved a 5-Star CIDB Malaysia Safety and Health Assessment System in Construction ("SHASSIC") score of 88% for its high rated Safety, Health & Environment compliance in document check and site/workplace inspection during the year under review.

Children showing off their skills at Iringan Bayu's Kids Talent Competition

In FY2018, OSKC introduced its own quality management system, OSK Quality Standard ("OQS"), an internal quality measurement method in line with the quality standards set by the Construction Industry Standard (CIDB – CIS 7 Standard and BCA – CONQUAS Standard).

OSK QUALITY STANDARD

OSKC obtained QLASSIC score of 82.8% for Iringan Bayu show units while the residential projects at Emira and Rimbun Sanctuary were granted a post assessment score of 80.3% and 80.0% respectively.

Over 1,000 runners took part in the 5km Atria Makan Fun Run 2.0 which combined 'Sports' and 'Gourmet'

Customer Engagement

OSK engages with our customers on a regular basis in order to build relations and provide an avenue for feedback on our products and services. Through these interactions, we are better placed to improve customer experience while providing quality products and efficient service delivery. During the year under review, our business units held many events for customer engagement.

Please refer to the Sustainability Report 2018 for more details on the individual initiatives.

The public took part in TimurBay's Feel Seoul Good activities

GOVERNANCE

Good governance is considered a backbone of sustainability since it revolves around the processes for making, implementing and monitoring decisions.

Promoting Sound Business Ethics

OSK is committed to carrying out its business activities with integrity, consistent with the values of the Group. In FY2018, we further enhanced our Code of Conduct and Business Ethics which is in the midst of being cascaded down to all employees through engagements and via our employee portal. We also launched the Personal Data Protection Policy in Bahasa Melayu ("BM") version so that our BM-speaking employees are able to understand and adhere to the policy.

Managing Risks and Opportunities

OSK has in place a comprehensive risk management framework that we believe can help us identify, evaluate and minimise our business risks while also being able to take advantage of potential opportunities. With regards to sustainability, we seek to find a balance between business gains and the impact on the environment and society.

OSK has in place a Group Management Risk Committee ("GMRC") to assess opportunities and its role is supported by our business units. The GMRC reports directly to the Risk Management Committee at the Board level.

Ensuring Transparency at all Levels

OSK encourages whistleblowing to ensure our people always stay within the boundaries of ethical and professional behaviour. We have established a structured process for employees and members of the public to disclose any offences or malpractices related to our business dealings, operations and other activities through our Whistleblowing and Fraud policies.

OSK is committed to carrying out its business activities with **integrity**, consistent with the values of the Group.

COMMUNITY

OSK Foundation ("OSKF" or "the Foundation") was established in May 2015 as the philanthropic arm of OSK Group to consolidate and further enhance the Company's on-going commitment towards contributing to the well-being of our community. Every year, OSK allocates up to 0.5% of its net profit to the Foundation to assist and promote the causes that we are running or have adopted.

It is the Foundation's commitment for the disbursed funds to have the strongest impact by ensuring that we give effectively and efficiently within our core focus areas of Education, Community Development and the Environment.

Going beyond donations associated with charitable giving, the Foundation also focuses on giving time and attention through advocating volunteerism by our management and employees.

In FY2018, OSKF supported 37 organisations and beneficiaries. The subsequent stories highlight a few notable partnerships in FY2018:

The partnership between OSKF and Closing the Gap offers personalised mentoring to 30 students from low income families in order to help them achieve the possibility of higher education in quality universities through the three-year programme which is delivered via mentoring, workshops and residential camps.

OSK Group's Executive Director, Dato' Saiful Bahri Zainuddin participated as a 'teacher' at a high-need school in Klang as part of Teach For Malaysia ("TFM") Week. TFM Week allows key corporate leaders to spend time as "teachers" for a day, co-teaching a lesson in school with a TFM fellow.

OSKP and OSKC worked on a programme called the "**Liter of Light**" to install 60 solar lights at an Orang Asli village in Kampung Ulu Tual B in Pahang.

OSKF, through the initiatives by OSKP and OSKC worked on a programme called the "Liter of Light" to install 60 solar lights at an Orang Asli village in Kampung Ulu Tual B in Pahang. This initiative benefited 350 villagers who are now able to do more at night with the help of the solar-powered lights.

OSKF entered into a three-year partnership with SUKA Society for their Empowered2Teach programme, which provides schooling materials to selected Orang Asli villages throughout Peninsular Malaysia, trains up Orang Asli teachers to teach within their respective villages and gives Orang Asli children below the age of 7 the opportunity to have a pre-school education.

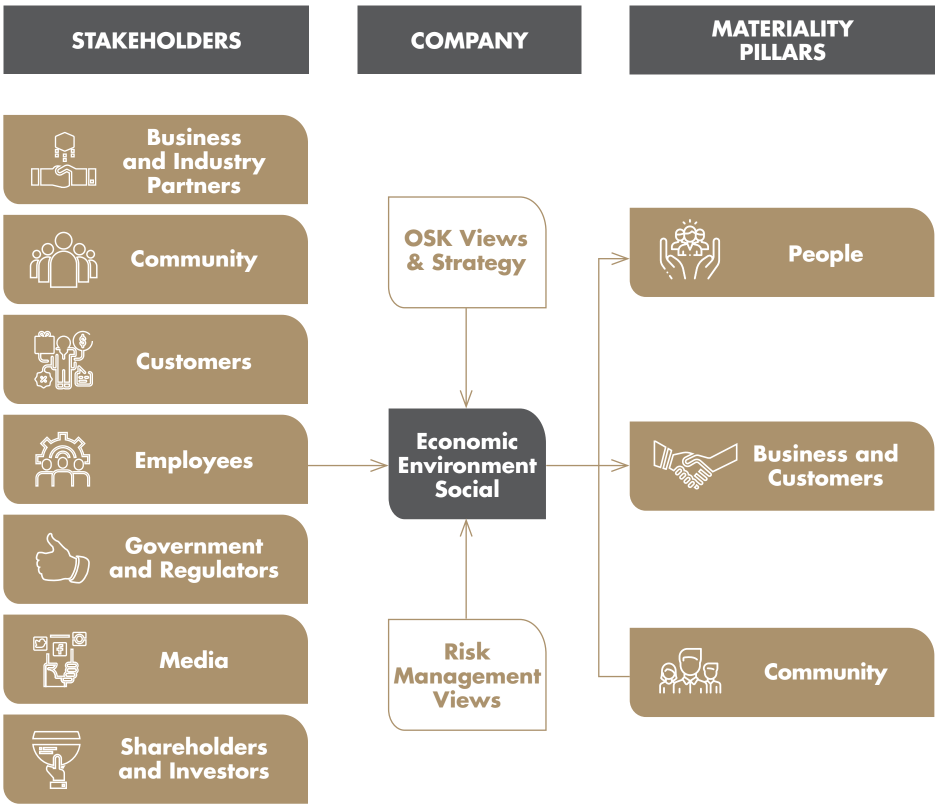
Please refer to the Sustainability Report 2018 for more details.

MOVING FORWARD

In FY2018, we carried out a review of our sustainability action plans and noted that our efforts for sustainable development were spread uniformly across all five business divisions although the two core segments of Property and Financial Services formed the bulk of OSK's business. Accordingly, we have decided to place more focus on key sustainability initiatives and efforts on these two dominant core businesses starting from the financial year ending 31 December 2019 ("FY2019").

In FY2019, OSK will also be adopting a new sustainability framework to better focus our initiatives in the years to come.

NEW SUSTAINABILITY FRAMEWORK



This will be supported by our intentions to:-

- Conduct a new materiality study;
- Align to the Group's Enterprise Risk Management framework; and
- Explore the adoption of suitable United Nations' Sustainable Development Goals.

As we head into another year in our journey towards sustainable development, OSK remains committed to embedding sustainability into our corporate culture and conduct. We are confident that the steps we are taking now will have a positive impact on the Group and all our stakeholders in the years to come.

http://www.olympic-cable.com.my/
http://www.acotec.com.my/

INDUSTRIES

The industries business under the OSK Group involves the manufacturing of cables and wall panels.

Olympic Cable Company is one of the leading cable producers in Malaysia who manages a sizeable manufacturing plant in both Malaysia and Vietnam. Acotec is a manufacturer of hollow core precast concrete wall panels using the Industrialised Building System technology from Finland and its factories are strategically located in Perak, Negeri Sembilan and Johor.

OUR COMMITMENT TO GOVERNANCE

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of OSK Holdings Berhad ("the Company") is pleased to present this Corporate Governance ("CG") Overview Statement ("Statement") to provide the shareholders and investors with an overview on the application of CG practices by the Company and its subsidiaries ("the Group") as set out in the Malaysian Code of Corporate Governance ("MCCG") for the financial year ended 31 December 2018 ("FY2018").

This Statement is prepared in accordance with Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements ("MMLR") and it is to be read together with the Corporate Governance Report of the Company in respect of FY2018 ("CG Report") which is published on the Bursa Securities' website at http://www.bursamalaysia.com/market/ and the Company's website at http://www.oskgroup.com/corporate-announcements/.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

(I) Board Responsibilities

The Company is led by an experienced Board, with high personal integrity, business acumen and management skills, which is primarily entrusted with the responsibility of charting the direction of the Group.

The major responsibilities of the Board are outlined in the Board's Terms of Reference ("TOR") and Board Charter. In FY2018, the Board discharged its key fiduciary duties, leadership functions and responsibilities, as follows:

- Together with Senior Management, promoted good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour
- Reviewed and approved the strategies, business plans and policies
- Oversaw the conduct of the Company's business and evaluated whether the business is being properly managed and sustained
- Ensured competency and succession planning of the Board and Key Senior Management
- Ensured sound risk management framework
- Ensured the adequacy and integrity of the Company's internal control system
- Ensured effective communication with stakeholders
- Ensured the integrity of the Company's financial and non-financial reporting

For the effective function of the Board, the Board has established the following Board Committees to assist in the discharge of its responsibilities:

(i) Audit Committee ("AC");
(ii) Nomination and Remuneration Committee ("NRC"); and
(iii) Risk Management Committee ("RMC").

The Board Committees operate within clearly defined TOR which were duly approved by the Board. The Board regularly reviews the TORs to ensure they are consistent with MMLR and MCCG.

The Board is helmed by the Executive Chairman, Tan Sri Ong Leong Huat @ Wong Joo Hwa ("Tan Sri Ong") who is responsible for instilling good CG practices, demonstrating leadership and oversee the effectiveness of the Board. The role of Chief Executive Officer ("CEO") is assumed by Mr. Ong Ju Yan, the Group Managing Director ("GMD"). The positions of Chairman and CEO are held by different individuals and their roles and responsibilities are distinct and clearly defined in the Board Charter.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(I) Board Responsibilities (Cont'd)

The Board is supported by two (2) Company Secretaries who are members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and are suitably qualified under the Companies Act 2016, in all aspects of in the Companies Act 2016, MMLR, MCCG and company secretarial matters. The Company Secretaries observed the Code of Ethics for Company Secretaries. The Board has full access to the advice and services of the Company Secretaries for the Board's affairs and businesses.

The Board met four (4) times during the FY2018. All Directors complied with the minimum requirements on attendance at Board meetings as stipulated in the MMLR (minimum 50% attendance). The details of the Directors' attendance at the Board and Board Committees meetings during the FY2018 are as follows:

No.	Name of Directors	Attendance of Meetings			
		Board	AC	NRC	RMC
1.	Tan Sri Ong Leong Huat @ Wong Joo Hwa	4/4	-	-	-
2.	Ong Ju Yan	4/4	-	-	-
3.	Ong Ju Xing	4/4	-	-	-
4.	Dato' Saiful Bahri bin Zainuddin	4/4	-	-	-
5.	Dato' Thanarajasingam Subramaniam	4/4	4/4	4/4	2/2
6.	Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	4/4	1/1	2/2	4/4
7.	Leong Keng Yuen *(Appointed on 25 May 2018)*	2/2	2/2	2/2	-
8.	Ong Yee Ching	4/4	2/2	-	2/2
9.	Foo San Kan *(Retired on 24 May 2018)*	2/2	2/2	2/2	2/2
10.	Dato' Abdul Majit bin Ahmad Khan *(Retired on 24 May 2018)*	2/2	2/2	2/2	2/2
11.	Nik Mohamed Sharifidin B N M Din *(Resigned on 21 August 2018)*	3/3	1/1	-	1/1

The Board Charter of the Company documented the governance and structure of the Board, authority, major responsibilities and TOR of the Board and Board Committees, matters reserved for the Board and other guidance on the Board conduct. The Board Charter was last reviewed and approved by the Board in February 2018.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(I) Board Responsibilities (Cont'd)

The Group has adopted the Code of Conduct and Business Ethics and Fit and Proper Standards for Directors and Key Senior Management since February 2018. The Code of Conduct and Business Ethics applies to all Directors and employees of the Group. The Company is committed to implementing high ethical standards as its core business principle into its daily business dealings with various business partners. The Fit and Proper Standards for Directors and Key Senior Management applied to all Directors and Key Senior Management and are to set the tone and standards at the top by possessing integrity and good character to nurture an ethical culture which engenders ethical conduct throughout all levels.

In addition, the Company has in place the Whistleblowing Policy to foster an environment where integrity and ethical behaviour are maintained and any illegal or improper action and/or wrongdoing in the Group may be exposed. The AC oversees the administration of the Whistleblowing Policy.

The Board Charter, Code of Conduct and Business Ethics, Fit and Proper Standards and the Whistleblowing Policy are available for viewing at the Company's website http://www.oskgroup.com/corporate-governance/.

(II) Board Composition

The Group is led by an experienced and competent Board with different expertise. Presently, there are eight (8) members of the Board, comprising four (4) Executive Directors (namely one (1) Executive Chairman, one (1) GMD, one (1) Deputy GMD and one (1) Executive Director), three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

The Board deems its composition as appropriate in terms of its membership and size. There is a good mix of skills and core competencies in the current Board membership. The Board is well represented by individuals with diverse professional backgrounds and experience in the areas of finance, accounting and economics, as well as capital markets services.

The Independent Non-Executive Directors make up more than one-third (1/3) of the Board and is in compliance with the MMLR. Being under the category of Large Companies, the Board does not have the majority presence of Independent Non-Executive Directors as recommended by the MCCG. Notwithstanding the above, the Board views the number of its Independent Non-Executive Directors as adequate to provide the necessary check and balance to the Board's decision-making process.

The Board through the NRC will continue to review the composition of the Board on a yearly basis and source for suitable candidates that can reinforce the independence of the Board.

The Board has not developed a policy which limits the tenure of its Independent Directors to nine (9) years. However, the Board would take appropriate action as recommended by MCCG for retention of such Director as an Independent Director. None of the Independent Directors have served more than nine (9) years on the Board.

In any appointment of Board and Senior Management, a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge, have been considered to maintain a diversified Board and Senior Management team that will help to grow the Group and have better governance in the Group.

The Board is committed to Board diversity which includes the representation of women in the composition of the Board of the Company and at Senior Management level of the Group through adoption of the Diversity Policy.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(II) Board Composition (Cont'd)

As at 31 December 2018, there are two (2) women Directors on Board with 25% female representation. The NRC will continue to source for suitable female candidates for appointment to the Board at an appropriate time.

The NRC that is established by the Board, is responsible for screening, evaluating and recommending to the Board suitable candidates for appointment as Directors and Key Senior Management as well as filling vacancies in the Board Committees. The NRC is chaired by Dato' Thanarajasingam Subramaniam, the Senior Independent Director of the Company.

During FY2018, a new Director, Mr. Leong Keng Yuen has been appointed to the Board. Mr. Leong Keng Yuen was recommended by the Directors following the nomination process as set out in the Board Charter prior to the approval by the Board. Other sources were not used as the NRC was satisfied that Mr. Leong Keng Yuen is the suitable candidate after assessment of his qualification, skill and expertise.

The Board, through the NRC, has established a formal assessment mechanism to carry out assessment on an annual basis on the effectiveness of the Board Committees, the Board as a whole and the contribution of each individual Director, including the independence of the Independent Non-Executive Directors. The annual assessment criteria of individual Directors was last reviewed and updated in November 2018 and are aligned with the practices of the MCCG. The areas covered in the annual assessment criteria of the Board, Board Committees and individual Directors are as follows:

Evaluation	Assessment Criteria
Board	Board mix and composition, understand the Group's mission, succession planning and development, risk and internal control oversight, effectiveness and communication
Board Committees	Composition, effectiveness, support, contribution and communication
Individual Directors	Overall, time commitment, preparation for meetings, contribution and performance.

In FY2018, the NRC had carried out the abovesaid assessments. The assessment on Board Committees were conducted by way of self assessment whilst the assessment on individual Director were conducted by way of peer assessment. The results indicated that the Board as a whole, the Board Committees and each individual Director had performed well and effectively and the overall composition of the Board in terms of size, mix of skills, experience, core competencies and the balance between the Executive Directors, Non-Executive Directors and Independent Directors, is appropriate. The Independent Directors had also fulfilled their independent role in corporate accountability.

In addition, the NRC obtained the annual declaration of independence from the Independent Directors confirming their independent status pursuant to the MMLR. Post evaluation, each Board member had been provided with his/her individual performance assessment result and comments, if any, for personal information and further development.

All Directors of the Company have completed the Mandatory Accreditation Programme prescribed by Bursa Securities for directors of listed issuers. Directors' training is an on-going process as the Directors recognise the need to continually develop and refresh their skills and knowledge and to update themselves on the developments in the related industry and business landscape. A dedicated training budget is allocated every year for Directors' continuing education. The Board via the NRC has in place an annual assessment of training needs for each Director.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(II) Board Composition (Cont'd)

During FY2018, the training programmes attended by the Directors are as follows:

Name of Directors	Training Programmes
Tan Sri Ong Leong Huat @ Wong Joo Hwa	AML/CFT & Regulatory Compliance Training for Board of Directors & Senior Management by PWC
	Case Study Opinion vs Defamation
	Briefing on "Global Economic and Markets Outlook" by Dr. Mark Zandi
	BDO GST Briefing
	Sustainability Awareness Session
	Briefing on Agile Leap
	Malaysia: A New Dawn 2018 Conference
Ong Ju Yan	Modern Methods of Construction (7th Annual Modular and Precast)
	Advocacy Programme on CG Assessment Using the Revised ASEAN CG Scorecard Methodology
	EPF Global Private Equity Summit 2018
	Khazanah Megatrends Forum 2018
	C-Suite Leaders Development Programme - Module 1 - Deep Change for Leaders
	C-Suite Leaders Development Programme - Module 2 - Mastering Emotional Intelligence
	C-Suite Leaders Development Programme - Check In - Peer-to-Peer Learning & Skill Practice
Ong Ju Xing	Modern Methods of Construction (7th Annual Modular and Precast)
	Cost Analysis
	C-Suite Leaders Development Programme - Module 1 - Deep Change for Leaders
	C-Suite Leaders Development Programme - Module 2 - Mastering Emotional Intelligence
	2019 Malaysian Budget Briefing
	C-Suite Leaders Development Programme - Check In - Peer-to-Peer Learning & Skill Practice

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(II) Board Composition (Cont'd)

Name of Directors	Training Programmes
Dato' Saiful Bahri bin Zainuddin	Invest Malaysia 2018
	World Capital Market Symposium
	Case Study Opinion vs Defamation
	Financial Institution Directors' Education ("FIDE") Programme - Module A
	FIDE Programme - Module B
Dato' Thanarajasingam Subramaniam	How Millennials are Shaping the Future of the Capital Market
	Delivering Faster, Cheaper and Better Value Adding Audit Result Through Risk Based Auditing
	Alternative Funding for SMEs (Part 1) - Introduction To ECF, P2P and Leap Market
Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	Invest Malaysia 2018 - The Capital Market Conversation Connecting Strengths Advancing Performance
	MICG - Corporate Governance Guide 3rd Edition : "Moving from aspiration to actualisation" - Unstacking The Guide for Application
	Bursatra - Remuneration Committee: Attracting and Retaining The Best Talents
	Sharing Session - Analysis of Sustainability Practices and Disclosures in Annual Reports and/or Sustainability Reports for Financial Year Ended 31 December 2016
	Directors Training on Regulatory Requirements from Authorities - Understanding Regulatory Affairs & Evolution of Regulatory Requirements in Malaysia
	MCCG and Bursa's Listing Requirements - Application Disclosure and Reporting Expectations
	CCMD Directors Training (#4/2018) - "Enterprise Risk Management (ERM): Driving Organisational Sustainability, Agility and Resilience"
	PNB - YTI Memorial Lecture - "Redefining Financial Integrity"
Leong Keng Yuen	Know the Process, Know Your Rights: Tax Does Not Have to be Taxing
	Introduction to Malaysian Business Reporting System (MBRS)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(II) Board Composition (Cont'd)

Name of Directors	Training Programmes
Ong Yee Ching	Nonprofit Directors Programme (Module 3) - Board Dynamics and Evaluation
	Nonprofit Directors Programme (Module 5) - Fundraising & Outreach
	Nonprofit Directors Programme (Module 6) - Financial Management & Accountability
	Nonprofit Directors Programme (Module 7) - Social Trends
	Strategic Use of Design for Innovation and Transformation
	Anticipating Risk and Precaution at the Board Level
	Launch of Women on Board and ASEAN Corporate Governance Scorecard
	Audit Committee Pit-Stop Series: AML/CFT for Companies
	Sustainable Financing
	Data and Insights – Driven Digital Innovation
	SID Sustainability Seminar 2018
	SID Director's Conference 2018
	UBS Philanthropy Conference 2018
	Forbes Asia Conference 2018
	Women's Forum Singapore 2018

The Directors will continue to participate in training programmes to keep abreast with the latest developments in the capital markets, relevant changes in laws and regulations, corporate governance matters and current business issues.

(III) Remuneration

The Board has adopted a Remuneration Policy for the remuneration of Directors and Key Senior Management. The Board is aware that a fair remuneration is critical to attract, retain and motivate its Directors and Key Senior Management.

The Remuneration Policy is reviewed periodically and was last reviewed in February 2018. The Remuneration Policy is available at the Company's website http://www.oskgroup.com/corporate-governance/.

In FY2018, the NRC carried out an annual review of the Directors' remuneration whereupon recommendations are submitted to the Board for approval. Such annual review is to ensure that the remuneration package of the Directors remains sufficiently attractive to attract and retain Directors of calibre to commensurate with the responsibilities for the effective management and operations of the Group.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(III) Remuneration (Cont'd)

The remuneration package for Directors was determined by the Board as a whole following the relevant recommendations made by the NRC, with the Directors concerned abstaining from deliberations and voting on his/her own remuneration.

The details of the Directors' remuneration for the FY2018 and the remuneration breakdown of individual Directors which includes fees, salaries and bonus, benefits in-kind and other emoluments are provided in the CG Report and disclosed under Note 38(c) of the Financial Statements in this Annual Report.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

(I) Audit Committee

The AC of the Company comprises exclusively three (3) Independent Non-Executive Directors. The members of AC possess a wide range of necessary skills to discharge thier duties. The Chairman of AC, Mr. Leong Keng Yuen, is not the Chairman of the Board as the Board acknowledges that the AC, being an independent and objective body, should function as the Company's independent watchdog to ensure the integrity of financial controls and effective financial risk management. The performance of the members of the AC is reviewed by the NRC annually.

In February 2018, the TOR of the AC has been updated with requirements to observe the cooling-off period of at least two (2) years before appointment of a former key audit partner as a member of the AC. In FY2018, none of the AC members were former key audit partners of the Company.

(II) Risk Management and Internal Control Framework

The Group Risk Management department ("GRM") is responsible to manage and monitor risk management. In providing assurance to the Board on the Group's adequacy and effectiveness of risk management, the GRM, under the purview of Group Management Risk Committee ("GMRC"), actively monitors the Group's portfolio of major risks via the Risk Control Self-Assessment approach. The GMRC reports to Risk Management Committee ("RMC") on a quarterly basis by presenting their risk reports and highlighting all risks and mitigating controls carried out by the respective Business and Functional Divisions. The RMC in turn reports directly to the Board. The RMC comprises majority Independent Non-Executive Directors and is chaired by an Independent Director.

The AC is established by the Board to provide independent oversight on the Company's internal and external audit functions, financial reporting, internal control systems and to ensure proper checks and balances within the Company.

The internal audit function is assumed by the in-house Group Internal Audit Department ("GIAD") which is responsible for the overall internal audit activities of the Group. It functions independently of the activities it audits. The Head of the GIAD reports directly to the AC. The GIAD assists the AC in discharging its duties and responsibilities to provide reasonable assurance on the adequacy and effectiveness of the system of internal control by conducting independent, regular and systematic reviews of the internal processes in addressing the risks identified and that established policies and procedures, applicable laws and regulations are complied with.

The AC is satisfied the GIAD has the necessary competencies, experience and sufficient resources to carry out the function effectively.

The details of the Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control in this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

(I) Communication with Stakeholders

The Board recognises the importance of timely and high quality disclosure as a key component to uphold the principles and best practices of corporate governance for the Group. As such, maintaining an effective communication policy between members of the public and the Company is important to build trust and understanding between the Company and its stakeholders.

The Company has adopted the Corporate Disclosure Policy and Procedures, which is applicable to the Board and all employees of the Group, in handling and disclosing material information to the shareholders and the investing public. The Board has established a Group Corporate Disclosure Committee to oversee the implementation of and adherence to the Corporate Disclosure Policy and Procedures.

The Board also recognises that effective and timely communication of information related to the Company's business strategies, financial performance and business initiatives are essential in maintaining good relationship with investors.

Various communication channels are used for disseminating information to the shareholders and the investing public on a timely basis, i.e. Annual General Meeting, Annual Report, Quarterly announcements and corporate disclosures to Bursa Securities, press releases, and investor and analyst briefings, the Company's website with updated information, designated officer to address enquiries from shareholders, investors and general public and identified Senior Independent Non-Executive Director to whom concerns of the shareholders and other stakeholders may be conveyed.

The Company has yet to adopt integrated reporting for FY2018 but the Board and the Management have been taking reasonable steps to ensure the Company's Annual Report contains comprehensive information for the stakeholders.

The Company will consider adoption of the integrated reporting which is based on a globally recognised framework at an appropriate time.

(II) Conduct of General Meetings

The Annual General Meeting ("AGM") has been the main forum for shareholders to engage with the Board to facilitate greater understanding of the Company's business, governance and performance.

The Notice of the 28th AGM, together with the explanatory notes of the background information and reports or recommendations that are relevant to the proposed resolutions, as well as the Form of Proxy, was sent to shareholders at least 28 days prior to the date of the 28th AGM, so as to give sufficient time for the shareholders to consider the resolutions that will be discussed and decided at the 28th AGM, and to arrange for proxies to attend the 28th AGM on their behalf, if so required.

All Directors, Chairmen of AC, RMC and NRC had attended the 28th AGM and Extraordinary General Meeting ("EGM") held on 24 May 2018, except for Mr. Ong Ju Xing, who was away due to his prior commitment overseas.

The Directors had actively responded to relevant questions addressed to them during the 28th AGM and EGM.

The Group Chief Financial Officer, representatives of external auditors, representatives of Principal Adviser for the corporate exercise and Chief Operating Officer were also present to respond to the queries raised by the shareholders.

This Statement was approved by the Board of Directors of the Company on 25 February 2019.

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE REPORT

The Audit Committee (''Committee") was established by the Board of Directors to assist them to carry out their responsibilities. The Committee is guided by its Terms of Reference ("TOR") which sets out the authority, duties and functions of the Committee. The TOR is published on the Company's website at http://www.oskgroup.com/corporate-governance/ .

The Committee is pleased to present its Report for the financial year ended 31 December 2018 ("FY2018").

COMPOSITION

The Committee comprises three (3) members all of whom are Independent Non-Executive Directors. This meets the requirements of Paragraph 15.09(1) of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("MMLR").

The Chairman of the Committee is not the Chairman of the Board. This is in line with Practice 8.1 under the Malaysian Code on Corporate Governance ("MCCG").

The Committee has been re-constituted as follows:

Leong Keng Yuen
Chairman, Independent Non-Executive Director
(Appointed on 25 May 2018)

Dato' Thanarajasingam Subramaniam
Senior Independent Non-Executive Director

Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir
Independent and Non-Executive Director
(Appointed on 21 August 2018)

Foo San Kan
Chairman, Senior Independent Non-Executive Director
(Retired on 24 May 2018)

Dato' Abdul Majit bin Ahmad Khan
Independent Non-Executive Director
(Retired on 24 May 2018)

Ong Yee Ching
Non-Independent Non-Executive Director
(Resigned on 25 May 2018)

Nik Mohamed Sharifidin B N M Din
Independent Non-Executive Director
(Appointed 25 May 2018 & Resigned on 21 August 2018)

ATTENDANCE OF MEETINGS

During the FY2018, the Committee held a total of four (4) meetings. The details of attendance of the Committee members are as follows:

Name	87th ACM 26.02.2018	88th ACM 21.05.2018	89th ACM 20.08.2018	90th ACM 21.11.2018	Attendance (%)
Leong Keng Yuen	N/A	N/A	√	√	2/2 (100%)
Dato' Thanarajasingam Subramaniam	√	√	√	√	4/4 (100%)
Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	N/A	N/A	N/A	√	1/1 (100%)
Foo San Kan	√	√	N/A	N/A	2/2 (100%)
Dato' Abdul Majit bin Ahmad Khan	√	√	N/A	N/A	2/2 (100%)
Ong Yee Ching	√	√	N/A	N/A	2/2 (100%)
Nik Mohamed Sharifidin B N M Din	N/A	N/A	√	N/A	1/1 (100%)

The Committee meetings were also attended by the Group Chief Financial Officer, Head of Finance, the Chief Internal Auditor, senior representatives of the External Auditors and the Company Secretary.

The Company Secretary is responsible for coordinating administrative details such as calling for meetings and keeping the minutes. Minutes of each meeting were recorded and tabled for confirmation at the next following Committee's meeting and subsequently presented to the Board for notation. The extract of matters requiring actions were distributed to relevant attendees and members of the Committee.

SUMMARY OF ACTIVITIES

During the financial year under review, the following were the activities carried out by the Committee:

Internal Audit

1. Considered and approved the risk based internal audit plan for the Company and the Group to cover the risk areas that have been identified in the audit plan, including the budget for FY2018;

2. Reviewed and discussed the internal audit reports, summary of follow-up on audit issues, and directed that corrective actions be taken to rectify the weaknesses highlighted in the audit reports;

3. Received regular communication from the Chief Internal Auditor on the internal audit activities and performance relative to its plan and on matters related to its manpower;

4. Reviewed the effectiveness of the audit process, the adequacy and competency of the internal audit function, the resource requirements actual versus planned for the year, and assessed the performance of the overall Internal Audit function; and

5. Held a private session with the Chief Internal Auditor in February 2018 without the presence of the Management.

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES (CONT'D)

Financial Reporting

1. Reviewed the quarterly financial results as well as the year-end financial statements of the Group and ensured that the financial reporting and disclosure requirements had been complied with before recommending them to the Board for approval, focusing particularly on:

   - any changes in or implementation of accounting policies and practices;
   - significant adjustment arising from the audit, if any;
   - the going concern assumption;
   - significant and unusual events; and
   - compliance with accounting standards and other legal requirements.

2. Discussed with Management, amongst others, the accounting principles and standards that were applied and critical judgement exercised, if any that may affect the financial results; and

3. Confirmed with Management and the External Auditors that the Group's and the Company's audited financial statements have been prepared in compliance with applicable Financial Reporting Standards.

External Audit

1. Approved the external audit fees for financial year ended 31 December 2017 ("FY2017");

2. Reviewed the Audit Completion Report from the External Auditors for FY2017;

3. Reviewed the report from the External Auditors for the six months financial period ended 30 June 2018. Reviewed and discussed the management letter for improvement arising from the review;

4. Reviewed the audit plan for the FY2018 from the External Auditors to discuss their audit approach, significant audit areas, engagement team, key dates and deliverables, and updates on financial reporting, legal and changes to listed issuers' reporting requirements prior to the commencement of their annual audit;

5. Reviewed the annual audited financial statements of the Company and the Group prior to submission to the Board for approval;

6. Reviewed and discussed the key audit and accounting matters highlighted by the External Auditors including internal control matters and recommendations made by them on their evaluation of the system of internal control and the Management's comments;

7. Assessed the performance of the External Auditors, including their suitability, objectivity and independence, in accordance with the Policy and Guidelines on the Performance Evaluation of External Auditors on an annual basis. The External Auditors provided an annual confirmation of their independence in accordance with the terms of all professional and regulatory requirements. Pursuant to the Policy, the engagement and concurring partners responsible for the Group audit are rotated at least every five (5) financial years. Following the review of the External Auditors' effectiveness and independence, the Committee is satisfied with the performance and the audit independence of the External Auditors. Accordingly, it was recommended to the Board for their re-appointment. A resolution for their re-appointment was tabled for approval at the 28th AGM held on 24 May 2018 and was approved by the Shareholders; and

8. Held two private sessions with the External Auditors in February 2018 and August 2018 without the presence of the Management. There were no major concerns from the External Auditors and they conveyed that they had been receiving full cooperation from the Management and staff.

SUMMARY OF ACTIVITIES (CONT'D)

Whistleblowing and Investigation

1. Reviewed and discussed reports of whistleblowing cases and investigations that were carried out during the year arising from the whistleblowers' reports or from work carried out by the internal auditors.

Risk Management and Internal Control

1. Reviewed the Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the MMLR and recommended to the Board for approval; and

2. Reviewed the effectiveness and efficiency of internal controls and risk management processes.

Related Party Transactions and Recurrent Related Party Transactions

1. Reviewed the related party transactions entered into by the Group and any conflict of interest situation that may arise within the Company and its subsidiary companies including any transaction, procedure or course of conduct that raises questions of management integrity as well as to ensure that the transactions are fair and reasonable, and are not to the detriment of the minority shareholders.

2. Reviewed the Recurrent Related Party Transactions of the Group on quarterly basis.

INTERNAL AUDIT FUNCTION

The Internal Audit function is carried out by the Group Internal Audit Department ("GIAD") which is responsible for the overall internal audit activities of the Group. The Internal Audit function is independent of the activities and operations of the Group. During the year, the GIAD operated with a total manpower of 19 staff including the Chief Internal Auditor and all of them were also free from any relationships or conflicts of interest. The Chief Internal Auditor reports directly to the Committee.

OSK Holdings Berhad is a corporate member of the Institute of Internal Auditors ("IIA") Malaysia. All internal auditors had signed a statement on their employment that they will apply and uphold the principles as set forth in the IIA's Code of Ethics when conducting internal audit services. The GIAD is guided by the International Professional Practices Framework.

The GIAD assists the Committee in discharging its duties and responsibilities to provide reasonable assurance on the adequacy and effectiveness of the system of risk management and internal control by conducting independent, regular and systematic review of the internal control processes in addressing the risks identified and that established policies and procedures, applicable laws and regulations are complied with.

A risk based audit plan for the year was presented to the Committee for discussion and approval. The audit plan prioritised the audit review according to the Group's objectives, key risks and core/priority areas and also covered the review of the adequacy of operational and accounting controls, compliance with applicable laws and regulations, established policies and procedures as well as governance processes.

During the FY2018, the GIAD conducted audits under the various business divisions and corporate functions. Key areas covered were:

- Project management
- Construction management
- Financial management, contract administration and project final accounts

AUDIT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION (CONT'D)

- Sales administration
- Customer service and defects rectification
- Hotels, resorts and golf club operations
- Production management and quality control
- Purchasing, receiving and inventory control
- Safety and security
- Fixed asset management
- Property investment
- Shopping Mall operations
- Capital financing operations
- Building management services
- Car park operations
- Sales and marketing
- Leasing operations
- Credit control, accounts receivable and collection
- Tenancy management
- IT systems review on access security, network and server management, backup and service support
- Harvesting, weeding and manuring operations at oil palm plantation
- Payment process, accounts payable, bank reconciliations and general accounting control
- Related Party and Recurrent Related Party Transactions monitoring, reporting and disclosure
- Regulatory compliances
- Marketing Communication and Corporate Procurement of Hotel Division
- Post Implementation review of IT systems
- Head Office Corporate Administration Department

On a quarterly basis, the GIAD submits audit reports and the status of the internal audit plan for review and approval by the Committee. The audit reports contain findings and recommendations for corrective measures on risks or internal control weaknesses identified, if any, for implementation by Management. Internal audit also conducts follow-up audit to ensure that Management has taken actions to rectify and correct deficient conditions and improve control processes. The Committee monitors and reviews the effectiveness of the internal audit activities thereby ensuring that these activities contribute to the ongoing effectiveness of the system of internal control.

The total payroll and related costs incurred for the internal audit function of the Group for the FY2018 amounted to RM2,238,243. Overall, the Committee is satisfied with the performance of the Internal Audit function.

PERFORMANCE OF COMMITTEE

The performance of the Committee was assessed annually through self-evaluation and the Nomination & Remuneration Committee reviewed the results of such assessment. During the FY2018, the Board is satisfied that the Committee has discharged its statutory duties and responsibilities in accordance with the TOR of the Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("the Board") is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control of OSK Holdings Berhad ("OSK" or "the Company") and its subsidiaries ("OSK Group" or "the Group") for the financial year ended 31 December 2018.

The objective of establishing a sound risk management framework and an adequate and effective system of internal control is to safeguard shareholders' investment and the Group's assets, as outlined in the Malaysian Code on Corporate Governance.

THE BOARD'S RESPONSIBILITY:

The Board is committed to ensure the effectiveness of risk management and internal control systems by continuously reviewing the completeness and adequacy of controls and integrity of the Group's systems. The Board also acknowledges that the Group's risk management and internal control systems are designed to mitigate risks threatening the achievement of the Group's business and corporate objectives and that the systems in place can provide only reasonable but not absolute assurance against material misstatement or losses. To ensure the integration of effective governance structures and processes, the Board has set up a Risk Management Committee ("RMC") which comprises of independent directors in majority to oversee the Group's risk management and internal controls.

The Group has in place an on-going process of anticipating, identifying, evaluating, monitoring, managing and mitigating risks. The Management assists the Board in the implementation of frameworks, policies and procedures on risk and control by identifying risks, assessing the potential impact, and mitigating the risks through suitable internal controls. This process is actively reviewed by the Board.

MANAGEMENT'S ROLE:

Management is responsible to assist the Board in implementing the risk management process to ensure that it is in place and functioning. Management also ensures that the risk management framework is embedded and consistently adopted throughout the Group and is within the parameters established by the Board and Oversight Board Committee. In this regard, the Group Managing Director and Group Management Risk Committee ("GMRC") have given their assurance that the risk management and internal controls of the Group are in place, adequate and effective.

INTERNAL AUDIT'S ROLE:

Internal auditing is an independent, objective assurance and consulting activity designed to improve and add value to the Company's operations. The internal auditors review the adequacy and the integrity of the risk management and internal control system, assess compliance with applicable laws and regulations, ascertain compliance with policies and procedures and make appropriate recommendations in improving the internal control and governance processes in the Group.

The internal auditors report directly to the Audit Committee of the Group. The Audit Committee monitors and reviews the effectiveness of the internal audit activities and that actions have been taken by Management to correct the deficiencies and improve control processes highlighted by the internal auditors, thereby contributing to the ongoing effectiveness of the system of risk management and internal control.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT'S ROLE:

The Group's risk management function is benchmarked against the ISO31000:2009 Risk Management - Principles and Guidelines to embed Enterprise Risk Management ("ERM") into activities and processes of the Group. Risk Management enable the Group to identify, assess and mitigate risks systematically through the following:

» Ascertain functional **responsibilities and accountabilities** within committees and sub-committees work group for management of risks;

» Establish a **Risk Management Framework** that sets risk appetite and risk tolerance based on measurable parameters related to critical risks that may impact the strategy, performance and reputation of the Group;

» Develop **risk strategies** which are in line with the risk appetite and tolerance of the Group; and

» Allocate adequate **resources** and training to provide overall risk management support.

The Group adopts the Three Lines of Defence ("3LOD") model in implementing the Risk Management. The 3LOD defines the responsibilities and accountability of risk management across the Group.

1) First line of defence consists of Business Operation Function to conduct business in accordance with agreed strategy and related risk appetite and limits.

2) Second line of defence are Risk Management Functions that monitors risk mitigation strategy and provide independent risk oversight across all risk types, business units, and locations.

3) Third line of defence will be the Internal Audit Function; whereby they perform independent testing and assess whether the risk framework and related controls are functioning as intended. Also, provide assurance to management and the Board related to the effectiveness of the risk management and internal controls process.

Continuous risk assessment is fundamental to the Group's risk management process. Operating subsidiaries are tasked with reporting major risks on a quarterly basis to Management. The respective operating subsidiaries being risk owners of their immediate sphere are responsible to develop the appropriate response strategies to mitigate the risks identified.

In providing assurance to the Board on the Group's adequacy and effectiveness of risk management, Group Risk Management ("GRM") continuously review and enhance the risk management process in identifying and mitigating all major risks of the Group.

On a quarterly basis at the respective business division management committee meetings, major risks and mitigation controls from the various operating subsidiaries are highlighted and deliberated. Thereafter, the consolidated risk profiles are updated in the GMRC meetings. The consolidated risk profiles are reported to the Board on a quarterly basis while ad-hoc or new critical risks will be escalated to the Board immediately for deliberation.

RISK MONITORING & REPORTING

We determine our risks based on the assessment of the operating environment and nature of our property, construction, property investment, hospitality, industries and financial services businesses as well as the Head Office support functions. The identified risks are closely monitored and managed to ensure mitigation plans are in place.

In providing assurance to the Board on the Group's adequacy and effectiveness of risk management, GRM, under the purview of GMRC, actively monitors the Group's portfolio of major risks via the Risk Control Self-Assessment ("RCSA") approach. The quarterly risk reports from all Business Divisions are consolidated and updated to GMRC and RMC for their review and deliberation.

The Board will meet and deliberate on the top risks identified quarterly. Significant issues arising from changes in business environment are reviewed continuously to ensure minimal impact to the Group. GRM is accountable for effectiveness of the risk management framework and is independently distinguished from risk owners - the respective heads of operating subsidiaries being such person with vital insight of respective businesses and able to actively influence the identified risks through decisions and actions.

For the financial year under review, GRM has identified the following key risks for the Group. These were presented to the Board where internal controls and risk mitigation strategies were highlighted:

Key Risk Profiles	Effect on Us	Ratings	Our Mitigation Strategies
Softening Market Demand	The risk arising from the weak macroeconomic environment that have an adverse impact on the Group's revenue.		This is an inherent risk. To mitigate, the Management conducts market studies to identify and understand the demand appetite of customers to ensure products and services are competitive.
Competition	The risk associated with market competition and brand positioning of our OSK Group products and services.		Ongoing strategic effort to ensure our products and services are of high quality through innovations, research and development.
Changes in Regulatory Requirements and Government Policies	Risk that some changes may negatively impact the Group's operating environment and possibly our financial performance.		Management actively monitors changes in the legal and regulatory requirements and ensure the relevant employees are adequately trained and are competent to ensure compliance.

Ratings	Remarks
	High
	Medium

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL

The Group's internal control system comprises the network of systems established in the Group to provide reasonable assurance on the following:

- Effectiveness and efficiency of operations;
- Reliability of financial reporting;
- Safeguarding of assets; and
- Compliance with policies, procedures, laws and regulations.

The components of internal control such as control environment, risk assessment, control activities, information, communication and monitoring, work together to support the organisation's mission, strategies and related business objectives.

The key elements of the Group's internal control system are described below:

- A conducive control environment established by the Board and Senior Management with strong corporate culture that embraces excellence, humility and respect, forward thinking, integrity and people driven values. The Board demonstrates independence from Management and oversight of the development and performance of internal controls by approving policies and monitoring business performance while process owners are held accountable for their internal control responsibilities in their pursuit of business objectives;
- Clear Group organisational structure that is aligned with the business and operational requirements, defined lines of responsibilities and appropriate levels of delegation;
- Annual business plans and operating budgets are prepared by business and operating units and approved by the Board. Actual performances and significant variances against budget are monitored on an ongoing basis;
- Board meetings are held at least quarterly with a formal agenda. In addition, regular management and operation meetings are conducted by Senior Management;
- There are approved policies, procedures and operations manuals for key aspects of the businesses. Limits of Approving Authorities ("AA") have been established and approved by the Board to provide a sound framework of authority and accountability within the Group; and
- The Internal Audit function acts as the third line of defence to provide independent assurance on the adequacy and effectiveness of the risk management and internal control systems. Audit follow-up is carried out to ensure the implementation of corrective action plans in a timely manner.

THE BOARD'S STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

As the Group operates in a dynamic business environment, the Board is committed to maintaining a sound system of risk management and internal control and believes that with such a system in place, a balanced achievement of its business objectives and operational efficiency can be attained.

The Board has reviewed the system of risk management and internal control operating for the year under review and believes that, up to the date of issuance of this statement, it is effective and adequate to safeguard shareholders' investment, the Group's assets, meet the requirements of regulators and the interests of stakeholders. The Board has also received assurance from the RMC, GMRC and Group Managing Director that the Group's risk management and internal control system is, in all material aspects, effective and adequate throughout the financial year under review.

The Group will continue to identify, evaluate and monitor all major risks as well as strive to improve and enhance the existing risk management and internal control system. This Statement on Risk Management and Internal Control does not cover joint ventures and associated companies where the risk management and internal control systems of such companies are managed by the respective Management teams.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors had reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide ("AAPG") 3 Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report. It does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group. Based on the procedures performed, nothing had come to their attention that caused them to believe that the Statement on Risk Management and Internal Control set out above was not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor was factually inaccurate.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

OVERVIEW OF ENTERPRISE RISK MANAGEMENT FRAMEWORK ("ERMF")

The ERMF is consistent with the ISO 31000 Risk Management Principles and guidelines, which is designed to establish the context for an embedded ERM into key departments and business processes of OSK Holdings Berhad and its subsidiaries ("the Group"). The ERMF key elements are:

a) Business Objectives: The Group's objectives are part of the core of the ERMF Risk Management design and function to assist achieving key business objectives;

b) Risk Strategy: The Group's plans and approach towards achieving business objectives with prudent risk management;

c) Risk Culture: The collection of behaviours, values, and beliefs displayed by OSK leaders and employees that shape the organisation's approach to risk appetite, risk taking and attitude towards the management of risk; and

d) Governance: OSK has a governance structure tasked with overseeing the effectiveness of the ERMF.

ERMF IN PRACTICE

ERMF sets the tone of the Group's approach to enterprise risk management practices. In providing assurance to the Board of Directors ("the Board") on the Group's adequacy and effectiveness of risk management, Group Risk Management ("GRM"), under the purview of Group Management Risk Committee ("GMRC"), actively monitors the Group's portfolio of risks with the following objectives:

a) **Assure**

Provide assurance to the Board that a firm and sound risk management and internal control systems are in place and to meet any requirements of regulatory bodies;

b) **Guide**

Provide guiding risk management principles to Heads of Business Divisions to govern the actions of risk identification and assessment;

c) **Monitor**

To ensure the risk management processes are applied systematically across the Group to identify, assess, treat and manage risks that threaten resources or the achievement of the organisation's objectives; and

d) **Strategise**

Provide Management with a summary of key risks that may affect the respective Business Divisions and to ensure these risks are adequately managed; and to report on the group risk exposures and mitigation plans.

In identifying risks, the Group uses the Risk Control Self-Assessment ("RCSA") methodology to build a structured, consistent and complete risk identification exercise across the business areas of the Group. The RCSA is a depository of all risks that the Group faces and used in generating an enterprise view of the Group operational risk profile.

The RCSA risk card is assigned a risk title with the corresponding related industry, risk description, operation environment and respective risk owners. Based on the risk identified, risk exposure measured in terms of impact and likelihood is used to produce gross risk rating.

Subsequently, risk mitigation measures are directed towards reducing the severity of gross risk identified through development and implementation of various forms of internal controls to reach the residual risk rating. The Group uses risk mitigation strategies to manage identified risks. The Group has five (5) core responses as follows:

Risk Treatment Strategies:

a) **Avoid**

Risk exposure shall be rejected entirely, as the potential return does not commensurate with the downside exposure;

b) **Retain**

Risk exposure shall be accepted. The potential return is viewed as desirable and the downside exposure shall be mitigated with change mitigation where risk exposure shall be maintained but with enhancements to mitigations (e.g. internal controls);

c) **Reduce**

Risk exposure shall be reduced through new or enhanced mitigation (e.g. contingency plan, contractual agreement to share risks, etc.);

d) **Transfer**

Risk exposure transfers systematically to other parties not within the Group (e.g. through insurance policies or outsourcing arrangements on certain tasks or processes); and

d) **Exploit**

A calculated and well-planned strategy to increase the risk exposure with mitigation plan with anticipation of upside return.

The quarterly risk reports from all Business Divisions are consolidated and updated to GMRC and Risk Management Committee ("RMC"), highlighting all risks and mitigating controls carried out by the respective Business Divisions. Heads of departments at business units are responsible to communicate directly with the GRM on changes to the status of key risks under their purview as well as ensuring that their risk profiles presented to the GMRC/RMC/Board are accurate and complete. The RMC, GMRC and GRM are also responsible to ensure that an effective communication strategy is in place to provide common education and awareness of Group's ERMF to all employees.

KEY RISK COMPONENTS IN THE ERMF

The Group identified major risk areas of concern and mitigating actions were undertaken within appropriate timeframe. Some of the key risk components in the ERMF have been summarised in the table below.

Risk Component Descriptions

Strategic	Risks that are associated with the competitive positioning of the business and the Group's ability to respond in a timely manner to changes in the competitive landscape.	To mitigate such risks, the Group has various measures put in place, including the following: • Conduct studies on market demand, macro market development and sustainability of business together with review of investment portfolio. • Annual business plans are approved by Group Executive Committee with quarterly and mid-year review on each business performance; and • Financial budgets are approved by Group Executive Committee and Board.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

Risk Component Descriptions (Cont'd)

Operational	The risk of loss, resulting from inadequate or failed internal processes, people and systems or from external events. This includes legal and regulatory compliance, adherence to internal policies and industry standards as well as other classes of risk such as project management, human resources, quality control, customer services, industrial product development, etc.	The business divisions carry out various measures such as: • Project planning inputs being provided by various departments and consultants (e.g. Project Department, Finance, Quantity Surveyor and Architect); • Internal audit function assesses effectiveness of internal controls; • Supervisory reviews of work performed, periodic monitoring and meetings with consultants and contractors on progress of projects; • Non-performing contractors are terminated and removed from the approved vendor list; and • Stringent quality control at production lines.
Financial	Financial Risks are mainly quantitative risks that includes Credit Risk and Market Risk. Financial Risks may be aggregated to determine a mathematical measure or an amount of money that the Group may gain or lose with a direct impact on the economic value. Credit Risks arise from the inability to recover debts in a timely manner which may affect OSK Group's profitability, cash flows and funding. Market Risks refer to the risks resulting from economic and regulatory conditions and the inherent cyclical nature of OSK Group's business. In addition to the above, the Group manages its operating cash flows and the availability of funding to meet its financial obligations, particularly the appropriate matching of payables with receivables to generate adequate funds for working capital purposes.	In mitigating the risk mentioned, Group Finance carries out the following measures: • Monitor cash flow and overall debt portfolio in terms of tenure, rates and security with close assistance and advice from bankers. Conserve cash flow with cost containment measures implemented. Projects will only be launched after thorough feasibility studies and market research have been conducted; • Close rapport with principal bankers is maintained and frequent meetings are held to update bankers on operational and financial condition of OSK Group; and • Off-loading of non-core assets and clearing of completed unsold development properties.

CONCLUSION

ERMF is the key pillar to create a risk culture for the organisation. Besides that, ERMF is to ensure that all risks faced by the Group are identified, monitored, and adequately managed. In assisting to inculcate a desirable risk culture, RMC and the Management is responsible to ensure that an effective communication strategy in place to provide common education, knowledge and awareness of the Group's risks management to all employees. The framework also ensures that risk management is embedded and consistently practised at all levels with the aim of facilitating a reasonable accurate perception of acceptable risks by all employees of the Group.

ADDITIONAL DISCLOSURES

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The details of the OSK Holdings Berhad ("OSK" or "the Company") Group's recurrent related party transactions made during the financial year ended 31 December 2018 pursuant to the shareholders' mandate obtained are as follows:

Name of Company/ Group Involved	Nature of Transaction	Name of Related Party/ Service Provider	Relationship with OSK – Interested Directors, Major Shareholders and Persons Connected	Actual Value (RM)
OSK Group	Provision of construction works for property development, ancillary infrastructure works and related services by DCSB Group	DCSB Group	TSO, PSK, OJY, OJX, OYC, OYM, OSKE, LMSB (See Note 1)	20,657,370
OSK Group	Project management fee by NTSB	NTSB	TSO, PSK, OJY, OJX, OYC, OSKE, LMSB, JBPSB (See Note 2)	1,200,000

Notes:

The following disclosure is extracted from the Circular to Shareholders dated 2 April 2018:

(1) Tan Sri Ong Leong Huat @ Wong Joo Hwa ("Tan Sri Ong" or "TSO") is a Major Shareholder and the Executive Chairman of OSK. Tan Sri Ong is a major shareholder of Dindings Consolidated Sdn Bhd ("DCSB"). He is the spouse of Puan Sri Khor Chai Moi ("Puan Sri Khor" or "PSK") and the father of Mr. Ong Ju Yan ("OJY"), Mr. Ong Ju Xing ("OJX"), Ms. Ong Yee Ching ("OYC") and Ms. Ong Yee Min ("OYM").

Puan Sri Khor is a Major Shareholder of OSK. Puan Sri Khor is a director and major shareholder of DCSB. She is the spouse of Tan Sri Ong and the mother of OJY, OJX, OYC and OYM.

OJY is the Group Managing Director of OSK. OJY is the son of Tan Sri Ong and Puan Sri Khor and the brother of OJX, OYC and OYM.

OJX is the Deputy Group Managing Director of OSK. OJX is the son of Tan Sri Ong and Puan Sri Khor and the brother of OJY, OYC and OYM.

OYC is the Non-Independent Non-Executive Director of OSK. OYC is the daughter of Tan Sri Ong and Puan Sri Khor and the sister of OJY, OJX and OYM.

OYM is a director of DCSB. OYM is the daughter of Tan Sri Ong and Puan Sri Khor and the sister of OJY, OJX and OYC.

OSK Equity Holdings Sdn Bhd ("OSKE") is a Major Shareholder of OSK. Tan Sri Ong and Puan Sri Khor are directors of OSKE and Tan Sri Ong is a major shareholder of OSKE.

Land Management Sdn Bhd ("LMSB") is a Major Shareholder of OSK. Puan Sri Khor, OYC and OJX are directors of LMSB while Tan Sri Ong and Puan Sri Khor are major shareholders of LMSB.

The principal activities of DCSB are investment holding and property development. The principal activities of DCSB's subsidiary companies are property development, building construction, contracting works, interior designer and general contractors, life and general insurance agents, and provision of general administration and management services.

ADDITIONAL DISCLOSURES

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (CONT'D)

(2) Tan Sri Ong is a Major Shareholder and the Executive Chairman of OSK. He is a director of Nova Terrace Sdn Bhd ("NTSB"). He is the spouse of Puan Sri Khor and the father of OJY, OJX and OYC.

Puan Sri Khor is a Major Shareholder of OSK. She is a director of NTSB. Puan Sri Khor is the spouse of Tan Sri Ong and the mother of OJY, OJX and OYC.

OJY is the Group Managing Director of OSK. OJY is the son of Tan Sri Ong and Puan Sri Khor and the brother of OYC and OJX.

OJX is the Deputy Group Managing Director of OSK, and a director of NTSB. OJX is the son of Tan Sri Ong and Puan Sri Khor and the brother of OJY and OYC.

OYC is the Non-Independent Non-Executive Director of OSK. OYC is the daughter of Tan Sri Ong and Puan Sri Khor and the sister of OJY and OJX.

OSKE is a Major Shareholder of OSK. Tan Sri Ong and Puan Sri Khor are directors of OSKE and Tan Sri Ong is a major shareholder of OSKE.

LMSB is a Major Shareholder of OSK. Puan Sri Khor, OYC and OJX are directors of LMSB while Tan Sri Ong and Puan Sri Khor are major shareholders of LMSB.

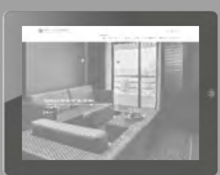
J.B. Properties Sdn Bhd ("JBPSB") is the holding company of NTSB. Puan Sri Khor and OYC are the directors of JBPSB while Puan Sri Khor and OJX are major shareholders of JBPSB.

The principal activities of NTSB are building construction, investment holding and letting of properties.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company or its subsidiary companies involving the interests of the Directors (including the Chief Executive who is also a Director) and major shareholders, either still subsisting at the end of the financial year ended 31 December 2018 or if not then subsisting, entered into since the end of the previous financial year.

FINANCIALS



http://www.swissgarden.com/
http://www.sgivacationclub.com/

Hospitality

The hospitality business under the OSK Group comprises the hotels and resorts and vacation club businesses.

Under the Swiss-Garden International brand, the hotels and resorts division manages 9 hotels, resorts and inns with an inventory of over 1,850 keys across Malaysia as well as the Damai Laut Golf and Country Club. SGI Vacation Club is an award-winning vacation club operator with over 12,000 members.

STATEMENT OF RESPONSIBILITY BY DIRECTORS

IN RESPECT OF THE PREPARATION OF THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the annual audited financial statements of the Group and the Company are drawn up in accordance with the requirements of the applicable approved Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards issued by the International Accounting Standards Board, the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group and the Company are prepared with reasonable accuracy from the accounting records of the Group and the Company so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2018, and of the results of their operations and cash flows for the year ended on that date.

In preparing the annual audited financial statements, the Directors have applied the appropriate and relevant accounting policies on a consistent basis; made judgements and estimates that are reasonable and prudent; and prepared the annual audited financial statements on a going concern basis.

The Directors are also responsible for taking reasonable steps to preserve the interest of stakeholders and to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiary companies; and the associated companies and a joint venture, are described in Notes 6 and 7 to the financial statements respectively. There have been no significant changes in the nature of these principal activities during the year.

(A) FINANCIAL MATTERS

PROFIT AFTER TAX

	Group RM'000	Company RM'000
Profit after tax attributable to:		
Owners of the Company	346,053	116,132
Non-controlling interests	6,215	-
	352,268	116,132

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the year have been disclosed in the financial statements.

BUSINESS REVIEW

The business review of the Group was discussed in the Chairman's Statement on pages 42 to 45 and Group Managing Director's Review on pages 46 to 67 of the Annual Report for the year ended 31 December 2018.

DIVIDENDS

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

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

(A) FINANCIAL MATTERS (CONT'D)

DIVIDENDS (CONT'D)

(b) Proposed dividend to be paid by the Company:

	RM'000
- A single-tier final dividend of 3.0 sen per ordinary share in respect of the current year ended 31 December 2018	62,316

The Board of Directors recommended a single-tier final dividend of 3.0 sen per ordinary share amounting to approximately RM62.3 million, estimated based on the number of outstanding shares in issue at the end of the year, in respect of the year ended 31 December 2018. The proposed dividend is subject to the Shareholders' approval at the forthcoming Annual General Meeting. The entitlement date for the final dividend shall be determined by the Board of Directors and disclosed in the notice of Annual General Meeting on page 328. The financial statements for the current year do not reflect this proposed final dividend. Such dividend will be accounted for in the Shareholders' equity as an appropriation of retained profits in the year ending 31 December 2019 if approved by the Shareholders.

Further details of the dividends are disclosed in Note 37 to the financial statements.

SIGNIFICANT EVENTS

The significant events are disclosed in Note 41 to the financial statements.

MATERIAL SUBSEQUENT EVENTS

There were no material subsequent events after the year end.

ISSUE OF SHARES AND DEBENTURES

There were no new issue of shares and debentures during the year. The details of shares and warrants are disclosed in Note 26 to the financial statements.

OPTIONS TO TAKE UP UNISSUED SHARES OF THE COMPANY

There were no movements of Warrants C 2015/2020 during the year. The details of Warrants C 2015/2020 are disclosed in Note 26(c) to the financial statements.

There were no new options granted during the year to take up unissued shares of the Company.

TREASURY SHARES

There were no movements of treasury shares of the Company during the year. The details of treasury shares are disclosed in Note 27 to the financial statements.

DIRECTORS' REPORT

(A) FINANCIAL MATTERS (CONT'D)

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts, are disclosed in Notes 11, 12 and 14 to the financial statements.

At the date of this report, the Directors are not aware of any circumstances which would render the amounts written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS OTHER THAN DEBTS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps to ensure that any current assets other than debts, which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company, where applicable, had been written down to an amount which the current assets might be expected so to realise and the assets are disclosed in Notes 9, 13 and 14 to the financial statements.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading.

METHOD OF VALUATION OF ASSETS OR LIABILITIES

At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate. Assets that are measured at fair values are disclosed in Notes 5, 15, 17, 18 and 19 to the financial statements.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the year, other than those arising in the normal course of business of the Group and of the Company as disclosed in Note 40 to the financial statements.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the year which, in the opinion of the Directors, will or may affect the ability of the Group or of the Company to meet their obligations when they fall due.

(A) FINANCIAL MATTERS (CONT'D)

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF UNUSUAL NATURE

In the opinion of the Directors:

(a) the results of the operations of the Group and of the Company during the year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the year in which this report is made.

(B) DIRECTORS MATTERS

DIRECTORS OF THE COMPANY

The Directors of the Company who have held office during the year are:

Tan Sri Ong Leong Huat @ Wong Joo Hwa*	
Ong Ju Yan*	
Ong Ju Xing*	
Dato' Saiful Bahri bin Zainuddin*	
Dato' Thanarajasingam Subramaniam	
Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	
Ong Yee Ching	
Leong Keng Yuen	- appointed on 25 May 2018
Foo San Kan	- retired on 24 May 2018
Dato' Abdul Majit bin Ahmad Khan	- retired on 24 May 2018
Nik Mohamed Sharifidin B N M Din	- resigned on 21 August 2018

* Who is also Director of the subsidiary company(ies)

During the period commencing from the end of the year and ending on the date of this report, there were no changes in directorship of the Company.

(B) DIRECTORS MATTERS (CONT'D)

DIRECTORS OF THE SUBSIDIARY COMPANIES

In addition to the four Directors of the Company who are also Directors of the subsidiary companies as disclosed above, the Directors of the subsidiary companies who have held office during the year are:

Puan Sri Khor Chai Moi	
Dato' Mohd Daud bin Samsuddin	
Chow Hock Kin	
Eng Kim Haw	
Estrop Evon Agnes	
Fan Pui Chin	
Foo San Kan	
Mohamed Nazari bin Noordin	
Ng Lee Huat	
Noriza Binti Shahadan	
Ong Ghee Bin	
Siew Kem Kem	
Tan Kheak Chun	
Terence Vincent Slattery	
Ting Chun Hong	
Wong Chong Shee	
Wong Kit Yin	
Yeat Siew Hong	
Tang Cheng Leong	- appointed on 27 March 2018
Khuu John Lap Co	- appointed on 19 September 2018 and resigned on 27 September 2018
Lim Han Boon	- appointed on 19 September 2018 and resigned on 28 December 2018
Quah Poh Keat	- appointed on 19 September 2018 and resigned on 28 December 2018
Shiu Siu Tao	- appointed on 27 September 2018 and resigned on 28 December 2018
Ang Beng Teik	- resigned on 30 June 2018

During the period commencing from the end of the year and ending on the date of this report, there were no changes in directorship of the subsidiary companies.

DIRECTORS' INTERESTS

Neither at the end of the year, nor at any time during the year, did there subsist any arrangement to which the Company was a party, being arrangements with the objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

(B) DIRECTORS MATTERS (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

According to the Register of Directors' Shareholdings, the Directors in office at the end of the year who have interests in the shares and warrants of the Company and of its related corporations during the year are as follows:

(a) The Company

	Number of ordinary shares			
	As at 1.1.2018 / Date of appointment	Acquired	Disposed	As at 31.12.2018
Direct interest:				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	135,685,978	-	-	135,685,978
Ong Ju Yan	24,737,550	-	-	24,737,550
Ong Ju Xing	22,084,395	-	-	22,084,395
Ong Yee Ching	12,667,189	-	-	12,667,189
Leong Keng Yuen	318,608 (1)	-	-	318,608
Indirect interest:				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	1,035,501,572 (2)	1,419,900	-	1,036,921,472 (2)
Ong Ju Yan	2,467,701 (3)	-	-	2,467,701 (3)
Ong Ju Xing	4,603,062 (4)	-	-	4,603,062 (4)
Ong Yee Ching	288,280 (3)	-	-	288,280 (3)
Leong Keng Yuen	221,869 (1)(6)	-	-	221,869 (6)

	Number of Warrants C 2015/2020			
	As at 1.1.2018 / Date of appointment	Acquired	Disposed	As at 31.12.2018
Direct interest:				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	3,075,000	-	-	3,075,000
Ong Ju Yan	1,208,335	-	-	1,208,335
Ong Ju Xing	211,810	-	-	211,810
Ong Yee Ching	442,890	-	-	442,890
Leong Keng Yuen	42,900 (1)	-	-	42,900
Indirect interest:				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	152,999,578 (5)	-	-	152,999,578 (5)
Ong Ju Yan	266,299 (3)	-	-	266,299 (3)
Ong Yee Ching	72,069 (3)	-	-	72,069 (3)
Leong Keng Yuen	55,467 (1)(6)	-	-	55,467 (6)

(B) DIRECTORS MATTERS (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

(a) The Company (Cont'd)

Each Warrants C 2015/2020 entitles the registered holder to subscribe for 1 new ordinary share in the Company at an exercise price of RM1.20 at any time between the date of issue on 23 July 2015 and the expiry date of 22 July 2020. The details of Warrants C 2015/2020 are disclosed in Note 26(c) to the financial statements.

(b) Related corporations

(i) Ultimate holding company

OSK Equity Holdings Sdn. Bhd.

	Number of ordinary shares			
	As at 1.1.2018	Acquired	Disposed	As at 31.12.2018
Direct interest:				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	99,999	-	-	99,999

(ii) Subsidiary companies

PJ Development Holdings Berhad

	Number of ordinary shares			
	As at 1.1.2018	Acquired	Disposed	As at 31.12.2018
Indirect interest:				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	508,260,493 [7]	207,100	-	508,467,593 [7]

	Number of Warrants C 2010/2020			
	As at 1.1.2018	Acquired	Disposed	As at 31.12.2018
Indirect interest:				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	129,338,996 [7]	-	-	129,338,996 [7]

(B) DIRECTORS MATTERS (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

(b) Related Corporations (Cont'd)

(ii) Subsidiary companies (Cont'd)

OSK Property Holdings Berhad

	Number of ordinary shares			
	As at 1.1.2018	Acquired	Disposed	As at 31.12.2018
Indirect Interest:				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	345,637,523 [7]	-	-	345,637,523 [7]

[1] Disclosure made pursuant to Section 219 of the Companies Act 2016 ("CA2016") upon Leong Keng Yuen's appointment as a Director of the Company on 25 May 2018.

[2] Deemed interested pursuant to Section 8 of CA2016 by virtue of his substantial shareholdings in Dindings Consolidated Sdn. Bhd., Land Management Sdn. Bhd. and OSK Equity Holdings Sdn. Bhd. and disclosure made pursuant to Section 59(11)(c) of CA2016 in relation to interests held by his spouse and children, other than Ong Ju Yan, Ong Ju Xing and Ong Yee Ching whose interests have been disclosed herein.

[3] Disclosure made pursuant to Section 59(11)(c) of CA2016 in relation to interest held by his/her spouse.

[4] Deemed interested pursuant to Section 8 of CA2016 by virtue of his substantial shareholdings in Ladang Setia Sdn. Bhd. and disclosure made pursuant to Section 59(11)(c) of CA2016 in relation to interest held by his spouse.

[5] Deemed interested pursuant to Section 8 of CA2016 by virtue of his substantial shareholdings in Land Management Sdn. Bhd. and OSK Equity Holdings Sdn. Bhd. and disclosure made pursuant to Section 59(11)(c) of CA2016 in relation to interests held by his spouse and children, other than Ong Ju Yan, Ong Ju Xing and Ong Yee Ching whose interests have been disclosed herein.

[6] Deemed interested pursuant to Section 8 of the CA2016 by virtue of his substantial shareholdings in Wing Foong Holdings Sdn. Berhad and disclosure made pursuant to Section 59(11)(c) of CA2016 in relation to interest held by his spouse.

[7] Deemed interested pursuant to Section 8 of CA2016 by virtue of Tan Sri Ong Leong Huat @ Wong Joo Hwa's substantial shareholdings in OSK Holdings Berhad.

(B) DIRECTORS MATTERS (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

Tan Sri Ong Leong Huat @ Wong Joo Hwa, by virtue of his interest in the Company, is also deemed to have an interest in the shares of all the subsidiary companies to the extent the Company has an interest.

Other than as disclosed above, the other Directors in office at the end of the year did not hold any shares or warrants in the Company or its related corporations.

REMUNERATION AND BENEFITS OF DIRECTORS OF THE COMPANY

Since the end of the previous year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of full time employees or estimated money value of other benefits of certain subsidiary companies of the Company as disclosed in Notes 38(b) and (c) to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 38(e) to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company provides an insurance cover for the Directors and officers of the Group and of the Company. The total amount of insurance premium paid by the Company for the year was RM69,000.

(C) AUDITORS AND AUDITORS' REMUNERATION

On 2 January 2019, the auditors, BDO (AF: 0206), a conventional partnership was converted to BDO PLT (LLP0018825-LCA & AF: 0206), a limited liability partnership. BDO PLT have expressed their willingness to continue in office.

The details of auditors' remuneration are disclosed in Note 32 to the financial statements.

(D) STRUCTURE OF THE GROUP

ULTIMATE HOLDING COMPANY

OSK Equity Holdings Sdn. Bhd., a company incorporated in Malaysia, is regarded by the Directors as the Company's ultimate holding company.

(D) STRUCTURE OF THE GROUP (CONT'D)

SUBSIDIARY COMPANIES

The details of subsidiary companies are disclosed in Note 6 to the financial statements.

For the year ended 31 December 2018, the auditors' reports on the financial statements of all the subsidiary companies are not qualified.

None of the subsidiary companies hold any shares in the holding company or in other related corporations.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 8 March 2019.

Tan Sri Ong Leong Huat @ Wong Joo Hwa

Ong Ju Yan

Kuala Lumpur, Malaysia
8 March 2019

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Sri Ong Leong Huat @ Wong Joo Hwa and Ong Ju Yan, being two of the Directors of OSK Holdings Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 141 to 317 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of the results and the cash flows of the Group and of the Company for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 8 March 2019.

Tan Sri Ong Leong Huat @ Wong Joo Hwa

Ong Ju Yan

Kuala Lumpur, Malaysia
8 March 2019

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Ng Lai Ping (CA 12349), being the officer primarily responsible for the financial management of OSK Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 141 to 317 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
the abovenamed Ng Lai Ping
at Kuala Lumpur in the Federal Territory
on 8 March 2019

Ng Lai Ping

Before me,

Commissioner for Oaths
Kuala Lumpur, Malaysia
8 March 2019

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF OSK HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of OSK Holdings Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 141 to 317.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws"), and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters for the Group

1 Property development revenue and profit recognition

Revenue from property development during the year as disclosed in Note 29 to the financial statements is RM647.2 million.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the satisfaction of performance obligations as stated in the contracts with customers, transaction price allocations and costs in applying the input method to recognise revenue over time.

The Group identifies performance obligations that are distinct and material, which are judgmental in the context of contracts. Transaction prices are determined based on estimated profit margins prior to its allocation to the identified performance obligations.

The Group also estimates total contract costs in applying the input method to recognise revenue over time. In estimating the total costs to complete, the Group considers the completeness and accuracy of its costs estimation, including its obligations to contract variations, claims and cost contingencies.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF OSK HOLDINGS BERHAD

Key Audit Matters (Cont'd)

Key Audit Matters for the Group (Cont'd)

1 Property development revenue and profit recognition (Cont'd)

Audit procedures

Our audit procedures included the following:

(a) reviewed contracts with customers to identify distinct and material performance obligations, and compared our findings to the findings of the Group;

(b) assessed estimated total costs to complete through inquiries with operational and financial personnel of the Group;

(c) inspected documentation to support cost estimates made including contract variations and cost contingencies;

(d) compared contract budgets to actual outcomes to assess the reliability of these budgets; and

(e) recomputed the results of the input method determined by management for revenue recognition based on verified actual costs incurred to-date and budgeted costs.

2 Impairment of trade receivables

As at 31 December 2018, gross trade receivables of the Group amounted to RM287.4 million have been disclosed in Note 12 to the financial statements.

The Group has impaired trade receivables amounted to RM6.0 million as at 31 December 2018.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the probability of default by trade receivables, appropriate forward-looking information and significant increase in credit risk.

Audit procedures

Our audit procedures included the following:

(a) recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group;

(b) recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical credit losses to determine the appropriateness of the forward-looking information used by the Group;

(c) inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses; and

(d) assessed actual loss events subsequent to the end of reporting period for its relationship with the indicators of significant increase in credit risk applied by management.

Key Audit Matters for the Company

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company, or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF OSK HOLDINGS BERHAD

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we also report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Law Kian Huat
02855/06/2020 J
Chartered Accountant

Kuala Lumpur
8 March 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
ASSETS:					
Non-current					
Property, plant and equipment	4	659,213	752,444	1,017	1,138
Investment properties	5	452,718	712,943	-	-
Investments in subsidiary companies	6	-	-	1,578,692	1,829,830
Investments in associated companies and a joint venture	7	3,423,984	3,443,134	2,213,235	2,225,185
Intangible assets	8	1,461	1,726	306	262
Inventories	9	1,174,439	815,175	-	-
Deferred tax assets	10	87,712	74,018	958	1,322
Capital financing	11	132,667	151,850	-	-
Trade receivables	12	21,860	30,170	-	-
Other assets	14	4,499	5,357	-	-
		5,958,553	5,986,817	3,794,208	4,057,737
Current					
Inventories	9	455,228	561,557	-	-
Capital financing	11	433,307	361,040	-	-
Trade receivables	12	259,593	279,360	-	-
Contract assets	13	299,909	125,918	-	-
Other assets	14	120,711	78,388	551	587
Biological assets	15	144	80	-	-
Amounts due from subsidiary companies	16	-	-	489	206,390
Tax recoverable		36,694	54,151	767	2,699
Derivative assets	17	-	17,742	64,670	64,670
Securities at fair value through profit or loss	18	248	299	248	299
Cash, bank balances and short term funds	19	528,611	424,676	58,536	7,393
		2,134,445	1,903,211	125,261	282,038
Non-current assets held for sale	20	-	12,641	-	-
		2,134,445	1,915,852	125,261	282,038
TOTAL ASSETS		8,092,998	7,902,669	3,919,469	4,339,775

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
LIABILITIES:					
Non-current					
Medium term notes and Sukuk	21	1,069,190	774,717	574,546	774,717
Borrowings	22	424,189	608,282	-	149,377
Trade payables	23	20,168	24,455	-	-
Contract liabilities	24	135,396	152,943	-	-
Deferred tax liabilities	10	119,495	143,120	-	-
		1,768,438	1,703,517	574,546	924,094
Current					
Medium term notes and Sukuk	21	40,329	63,493	40,329	63,493
Borrowings	22	941,006	820,424	35,700	67,304
Trade payables	23	116,470	159,381	-	-
Contract liabilities	24	38,610	75,912	-	-
Tax payable		5,108	4,796	-	-
Other liabilities	25	513,505	468,222	5,294	7,630
Amounts due to subsidiary companies	16	-	-	229,639	245,179
		1,655,028	1,592,228	310,962	383,606
TOTAL LIABILITIES		3,423,466	3,295,745	885,508	1,307,700
NET ASSETS		4,669,532	4,606,924	3,033,961	3,032,075
EQUITY:					
Share capital	26	2,095,310	2,095,310	2,095,310	2,095,310
Treasury shares, at cost	27	(30,237)	(30,237)	(30,237)	(30,237)
		2,065,073	2,065,073	2,065,073	2,065,073
Reserves	28	2,532,465	2,473,617	968,888	967,002
Issued capital and reserves attributable to Owners of the Company		4,597,538	4,538,690	3,033,961	3,032,075
Non-controlling interests	6(d)	71,994	68,234	-	-
TOTAL EQUITY		4,669,532	4,606,924	3,033,961	3,032,075

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Revenue	29	1,204,087	1,169,279	184,108	206,652
Cost of sales	30	(862,325)	(865,652)	(64)	(228)
Gross profit		341,762	303,627	184,044	206,424
Other income	31	121,763	279,601	20,101	20,164
Administrative expenses	32	(203,317)	(197,578)	(22,521)	(24,234)
Other expenses	33	(21,506)	(9,965)	(51)	-
		238,702	375,685	181,573	202,354
Finance costs	34	(80,035)	(72,971)	(64,804)	(62,305)
		158,667	302,714	116,769	140,049
Share of results of associated companies and a joint venture, net of tax		236,743	182,466	-	-
Profit before tax		395,410	485,180	116,769	140,049
Tax expense	35	(43,142)	(81,574)	(637)	(325)
Profit after tax		352,268	403,606	116,132	139,724
Profit attributable to:					
Owners of the Company		346,053	400,219	116,132	139,724
Non-controlling interests	6(d)	6,215	3,387	-	-
		352,268	403,606	116,132	139,724
Earnings per share attributable to Owners of the Company (sen):					
Basic	36	16.66	19.27		
Diluted	36	16.66	19.27		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Profit after tax		352,268	403,606	116,132	139,724
Other comprehensive income/ (expenses) for the year, net of tax					
(a) Items of other comprehensive income/ (expenses):					
(i) Will be reclassified subsequently to profit or loss when specific conditions are met:					
- Fair value gain/(loss) on cash flow hedge	17(b)	99	(349)	-	-
- Foreign currency translation		262	17,377	-	-
(ii) Reclassified to profit or loss:					
- Fair value of cash flow hedge upon maturity	31	(12)	-	-	-
- Fair value of available-for-sale securities upon disposal	31	-	(88)	-	-
- Foreign currency translation gain upon deemed disposal of a subsidiary company	6(c)(v)	-	(40,599)	-	-
- Foreign currency translation gain upon striking off of subsidiary companies	31	-	(1,745)	-	-
(b) The share of other comprehensive income/(expenses) and reserves of associated companies accounted for using equity method:					
(i) Items that will not be reclassified subsequently to profit or loss:					
- Fair values through other comprehensive income ("FVTOCI") and other reserves		2,491	89	-	-
(ii) Items that will be reclassified subsequently to profit or loss when specific conditions are met:					
- Foreign currency translation reserves		(25,951)	(54,032)	-	-
- FVTOCI and other reserves		776	19,773	-	-
Total other comprehensive expenses for the year, net of tax		(22,335)	(59,574)	-	-
Total comprehensive income		329,933	344,032	116,132	139,724
Total comprehensive income attributable to:					
Owners of the Company		324,675	337,553	116,132	139,724
Non-controlling interests		5,258	6,479	-	-
		329,933	344,032	116,132	139,724

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

Group

	Note	Attributable to Owners of the Company									
		Share capital (Note 26) RM'000	Treasury shares (Note 27) RM'000	Revaluation reserve (Note 28) RM'000	Foreign currency translation reserves (Note 28) RM'000	Hedging reserve (Note 28) RM'000	Other reserves (Note 28) RM'000	Retained profits (Note 28) RM'000	Total issued share capital and reserves RM'000	Non-controlling interests [Note 6(d)] RM'000	Total equity RM'000
As at 1 January 2018											
As per previously reported		2,095,310	(30,237)	63,451	42,969	(85)	4,110	2,363,172	4,538,690	68,234	4,606,924
Effects of adoption of MFRS 9:	46(a)(v)										
- subsidiary companies		-	-	-	-	-	-	(1,553)	(1,553)	(44)	(1,597)
- an associated company		-	-	-	26	-	7,581	(157,787)	(150,180)	-	(150,180)
As restated		2,095,310	(30,237)	63,451	42,995	(85)	11,691	2,203,832	4,386,957	68,190	4,455,147
Profit after tax		-	-	-	-	-	-	346,053	346,053	6,215	352,268
Fair value gain on cash flow hedge		-	-	-	-	97	-	-	97	2	99
Fair value of cash flow hedge reclassified to profit or loss upon maturity	31	-	-	-	-	(12)	-	-	(12)	-	(12)
Foreign currency translation gain		-	-	-	257	-	-	-	257	5	262
Share of other comprehensive (expenses)/ income and reserves of associated companies accounted for using equity method:											
- Foreign currency translation reserves		-	-	-	(24,987)	-	-	-	(24,987)	(964)	(25,951)
- FVTOCI and other reserves		-	-	-	-	-	3,267	-	3,267	-	3,267
Other comprehensive (expenses)/income		-	-	-	(24,730)	85	3,267	-	(21,378)	(957)	(22,335)
Total comprehensive (expenses)/income		-	-	-	(24,730)	85	3,267	346,053	324,675	5,258	329,933
Dividends paid to:											
- Owners of the Company	37(a)	-	-	-	-	-	-	(114,246)	(114,246)	-	(114,246)
- Non-controlling interests		-	-	-	-	-	-	-	-	(1,007)	(1,007)
Total distributions to Owners		-	-	-	-	-	-	(114,246)	(114,246)	(1,007)	(115,253)
Acquisition of additional interests in a subsidiary company from non-controlling interests:											
- Accretion of equity interests	6(b)(i)	-	-	-	-	-	-	-	-	(487)	(487)
- Gain on acquisitions	6(b)(i)	-	-	-	-	-	-	176	176	-	176
Exercise of warrants of a subsidiary company:											
- Shares issued by a subsidiary company	6(b)(ii)	-	-	-	-	-	-	-	-	16	16
- Effects of dilution of interests in a subsidiary company		-	-	-	-	-	-	(24)	(24)	24	-
Total changes in ownership interest in a subsidiary company		-	-	-	-	-	-	152	152	(447)	(295)
Total transactions with Owners in their capacity as Owners		-	-	-	-	-	-	(114,094)	(114,094)	(1,454)	(115,548)
As at 31 December 2018		2,095,310	(30,237)	63,451	18,265	-	14,958	2,435,791	4,597,538	71,994	4,669,532

Group (Cont'd)

		Attributable to Owners of the Company											
	Note	Share capital (Note 26) RM'000	Treasury shares (Note 27) RM'000	Share premium (Note 28) RM'000	Available-for-sale reserve RM'000	Revaluation reserve (Note 28) RM'000	Foreign currency translation reserves (Note 28) RM'000	Hedging reserve (Note 28) RM'000	Other reserves (Note 28) RM'000	Retained profits (Note 28) RM'000	Total issued share capital and reserves RM'000	Non-controlling interests [Note 6(d)] RM'000	Total equity RM'000
As at 1 January 2017		1,402,891	(30,237)	336,481	64	76,321	125,095	253	(15,752)	2,405,394	4,300,510	142,380	4,442,890
Profit after tax		-	-	-	-	-	-	-	-	400,219	400,219	3,387	403,606
Fair value loss on cash flow hedge		-	-	-	-	-	-	(338)	-	-	(338)	(11)	(349)
Foreign currency translation gain		-	-	-	-	-	15,091	-	-	-	15,091	2,286	17,377
Foreign currency translation gain reclassified to profit or loss upon deemed disposal of a subsidiary company	6(c)(v), 31	-	-	-	-	-	(40,599)	-	-	-	(40,599)	-	(40,599)
Foreign currency translation gain reclassified to profit or loss upon striking off of subsidiary companies	31	-	-	-	-	-	(1,745)	-	-	-	(1,745)	-	(1,745)
Fair valuation of available-for-sale securities	31	-	-	-	(64)	-	-	-	-	-	(64)	(24)	(88)
Share of other comprehensive (expenses)/income and reserves of associated companies accounted for using equity method:													
- Foreign currency translation reserves		-	-	-	-	-	(54,873)	-	-	-	(54,873)	841	(54,032)
- FVTOCI and other reserves		-	-	-	-	-	-	-	19,862	-	19,862	-	19,862
Other comprehensive (expenses)/income		-	-	-	(64)	-	(82,126)	(338)	19,862	-	(62,666)	3,092	(59,574)
Total comprehensive (expenses)/ income		-	-	-	(64)	-	(82,126)	(338)	19,862	400,219	337,553	6,479	344,032

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

Group (Cont'd)

		Attributable to Owners of the Company											
	Note	Share capital (Note 26) RM'000	Treasury shares (Note 27) RM'000	Share premium (Note 28) RM'000	Available-for-sale reserve RM'000	Revaluation reserve (Note 28) RM'000	Foreign currency translation reserves (Note 28) RM'000	Hedging reserve (Note 28) RM'000	Other reserves (Note 28) RM'000	Retained profits (Note 28) RM'000	Total issued share capital and reserves RM'000	Non-controlling interests [Note 6(d)] RM'000	Total equity RM'000
As at 1 January 2017 (Cont'd)													
Dividends paid to:													
- *Owners of the Company*	37(a)	-	-	-	-	-	-	-	-	(103,860)	(103,860)	-	(103,860)
- *Non-controlling interests*		-	-	-	-	-	-	-	-	-	-	(1,190)	(1,190)
Shares issued pursuant to:													
- *Bonus Issue*	26(b)(ii)	692,397	-	(336,481)#	-	-	-	-	-	(355,916)	-	-	-
- *Exercise of Warrants C 2015/2020*	26(c)	22	-	-	-	-	-	-	-	-	22	-	22
Total contribution by and distributions to Owners		692,419	-	(336,481)	-	-	-	-	-	(459,776)	(103,838)	(1,190)	(105,028)
Acquisition of additional interests in subsidiary companies from non-controlling interests:													
- *Accretion of equity interests*		-	-	-	-	-	-	-	-	-	-	(10,116)	(10,116)
- *Gain on acquisitions*		-	-	-	-	-	-	-	-	5,668	5,668	-	5,668
Exercise of warrants of subsidiary companies:													
- *Shares issued by subsidiary companies*		-	-	-	-	-	-	-	-	-	-	540	540
- *Effects of dilution of interests in subsidiary companies*		-	-	-	-	-	-	-	-	(455)	(455)	455	-
Effects of acquisitions of warrants in a subsidiary company	6(c)(i)	-	-	-	-	-	-	-	-	(749)	(749)	-	(749)
Effect of deemed disposal of a subsidiary company	6(c)(v)	-	-	-	-	-	-	-	-	-	-	(70,314)	(70,314)
Accretion of interests in a subsidiary company of an associated company		-	-	-	-	-	-	-	-	1	1	-	1
Total changes in ownership interest in subsidiary companies		-	-	-	-	-	-	-	-	4,465	4,465	(79,435)	(74,970)
Total transactions with Owners in their capacity as Owners		692,419	-	(336,481)	-	-	-	-	-	(455,311)	(99,373)	(80,625)	(179,998)
Reserve reclassified to retained profits upon disposal of investment properties which recognised previously as property, plant and equipment	28(b)	-	-	-	-	(12,870)	-	-	-	12,870	-	-	-
As at 31 December 2017		2,095,310	(30,237)	-	-	63,451	42,969	(85)	4,110	2,363,172	4,538,690	68,234	4,606,924

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

Company

	Note		Distributable			
		Share capital (Note 26) RM'000	Treasury shares (Note 27) RM'000	Share premium (Note 28) RM'000	Retained profits (Note 28) RM'000	Total equity RM'000
As at 1 January 2018		2,095,310	(30,237)	-	967,002	3,032,075
Profit after tax/ Total comprehensive income		-	-	-	116,132	116,132
Dividends paid to Owners of the Company	37(a)	-	-	-	(114,246)	(114,246)
Total distribution to Owners		-	-	-	(114,246)	(114,246)
As at 31 December 2018		2,095,310	(30,237)	-	968,888	3,033,961
As at 1 January 2017		1,402,891	(30,237)	336,481	1,287,054	2,996,189
Profit after tax/ Total comprehensive income		-	-	-	139,724	139,724
Dividends paid to Owners of the Company	37(a)	-	-	-	(103,860)	(103,860)
Share issued pursuant to:						
- *Bonus Issue*	26(b)(ii)	692,397	-	(336,481)#	(355,916)	-
- *Exercise of Warrants C 2015/2020*	26(c)	22	-	-	-	22
Total contribution by and distributions to Owners		692,419	-	(336,481)	(459,776)	(103,838)
As at 31 December 2017		2,095,310	(30,237)	-	967,002	3,032,075

\# Upon the commencement of CA2016 on 31 January 2017, the amount standing to the credit of the Company's share premium becomes part of the Company's share capital pursuant to Section 618(2) of CA2016. The Company may use the credit amount of the share premium within twenty-four months in accordance with Section 74 of CA2016. On 29 November 2017, the Company has fully utilised the credit amount of RM336.5 million in the share premium account as part of the issuance of bonus shares.

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		395,410	485,180	116,769	140,049
Add/(Less) non-cash and non-operating items:					
Allowance for/(Write back of) impairment loss (net) on:					
- capital financing	11	6	(4,163)	-	-
- trade receivables	12	907	(347)	-	-
- other receivables	14	2,738	(100)	-	-
- loans to a subsidiary company	6	-	-	(125)	-
Amortisation of finance cost		1,891	1,194	1,809	1,194
Depreciation and amortisation		27,855	29,260	206	102
Dividend income		(23)	(67)	(174,308)	(196,733)
Facilities fee		2,679	51	1,925	-
Funds distribution income		(6,669)	(5,716)	(478)	(235)
Gain on deemed disposal of a subsidiary company					
- upon change in share of net assets	6(c)(v)	-	(137,013)	-	-
- foreign currency translation reserve reclassified from other comprehensive income	6(c)(v)	-	(40,599)	-	-
(Gain)/Loss on disposals of:					
- available-for-sale securities		-	(267)	-	-
- club membership		-	51	-	-
- investment properties		-	(4,868)	-	-
- property, plant and equipment		(93,850)	(139)	-	-
(Gain)/Loss on fair valuation of:					
- biological assets	15	(64)	65	-	-
- investment properties	5	(61)	(53,127)	-	-
- retention sums		(1,834)	(1,115)	-	-
- securities measured at fair value through profit or loss		51	(100)	51	(100)
Impairment loss on:					
- infrastructure development costs	4	-	10	-	-
- property, plant and equipment	4	-	2,051	-	-
Interest income		(56,714)	(52,885)	(10,155)	(10,328)
Interest expense		92,265	86,143	61,070	61,111
Listing expenses		12,332	-	-	-
Loss on foreign currency translations		808	1,895	-	-
Sub-total carried forward		377,727	305,394	(3,236)	(4,940)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)					
Sub-total brought forward		377,727	305,394	(3,236)	(4,940)
Reclassified from other comprehensive income for:					
- gain on fair valuation of available-for-sale securities realised upon disposal		-	(88)	-	-
- gain on fair value of cash flow hedge upon maturity		(12)	-	-	-
- gain on foreign currency translation realised upon striking off of subsidiary companies		-	(1,745)	-	-
Effect of foreign currency translation upon maturity of cash flow hedge		12	-	-	-
Recovery of bad debts of:					
- capital financing		(2)	(1,639)	-	-
- trade receivables		(1,295)	-	-	-
Share of results of associated companies and a joint venture		(236,743)	(182,466)	-	-
Write down of inventories:					
- completed properties held for sale		275	665	-	-
- finished goods		3,061	2,411	-	-
- raw materials		359	312	-	-
Write off of:					
- bad debts on trade receivables		390	246	-	-
- bad debts on other receivables		652	1,351	-	-
- club membership	8(c)	-	132	-	-
- plant and equipment	4(b)(iii)	720	376	-	-
- software licences	8(b)(ii)	-	40	-	-
Operating profit/(loss) before working capital changes		145,144	124,989	(3,236)	(4,940)
Decrease/(Increase) in operating assets:					
Inventories		138,661	(103,165)	-	-
Capital financing		(53,088)	(155,776)	-	-
Trade receivables		32,617	23,842	-	-
Contract assets		(173,991)	151,001	-	-
Other assets		23,134	34,507	36	(435)
Sub-total carried forward		112,477	75,398	(3,200)	(5,375)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)					
Sub-total brought forward		112,477	75,398	(3,200)	(5,375)
(Decrease)/Increase in operating liabilities:					
Trade payables		(47,899)	(13,037)	-	-
Contract liabilities		(54,849)	(35,184)	-	-
Other liabilities		43,213	160,600	(2,336)	824
Cash generated from/(used in) operations		52,942	187,777	(5,536)	(4,551)
Interest received		56,714	52,885	-	-
Interest paid		(36,537)	(29,194)	-	-
Income tax paid		(88,274)	(79,332)	(819)	(663)
Income tax refunded		25,582	815	2,478	59
Net cash generated from/(used in) operating activities ^		10,427	132,951	(3,877)	(5,155)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisitions of additional:					
- shares in a subsidiary company from non-controlling interests	6(b)(i), 6(c)(i)	(311)	(4,447)	(311)	(4,447)
- warrants in a subsidiary company	6(c)(i)	-	(749)	-	(749)
(Advance to)/Repayment from:					
- an associated company		-	(1,216)	-	-
- subsidiary companies		-	-	248,041	64,847
Capital repayment from subsidiary companies	6(f)(ii)	-	-	224,060	-
Distribution from an associated company	7(b)	11,950	-	11,950	-
Dividends received		71,103	48,808	174,308	196,733
Exercise of warrants in a subsidiary company		-	-	-	(17,870)
Expenditure incurred on investment properties	5	(2,659)	(14,536)	-	-
Funds distribution income received		6,669	5,716	478	235
Interest received		-	-	10,155	10,328
Listing expenses		(10,872)	-	-	-
Net cash outflow upon deemed disposal of a subsidiary company	6(c)(v)	-	(3,646)	-	-
Proceeds from disposals of:					
- available-for-sale securities		-	1,221	-	-
- club membership		-	17	-	-
- investment properties		-	17,368	-	-
- property, plant and equipment		129,508	222	-	-
Purchase of:					
- land held for property development		(116,213)	(118,321)	-	-
- property, plant and equipment	4	(27,901)	(26,198)	(63)	(1,041)
- software licences	8(b)	(98)	(171)	(66)	(69)
Subscription of shares in subsidiary companies		-	-	(30,166)	(99,000)
Net cash generated from/(used in) investing activities		61,176	(95,932)	638,386	148,967

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to:					
- Owners of the Company	37(a)	(114,246)	(103,860)	(114,246)	(103,860)
- non-controlling interests		(1,007)	(1,190)	-	-
Drawdown of loans		223,600	276,978	-	-
Drawdown of revolving credits - net		177,070	132,130	-	35,000
Expenses incurred on borrowings and medium term notes and Sukuk		(3,589)	(51)	(1,925)	-
Interest paid		(75,465)	(72,752)	(62,223)	(61,014)
Proceeds from exercise of warrants of					
- the Company		-	22	-	22
- subsidiary companies		16	540	-	-
Proceeds from issuance of medium term notes and Sukuk	21(d)	513,971	-	-	-
Redemption of medium term notes and Sukuk	21(d)	(242,407)	-	(223,907)	-
Repayment of loans		(445,775)	(250,662)	(181,065)	(10,735)
Net cash generated from/(used in) financing activities		32,168	(18,845)	(583,366)	(140,587)
Net increase in cash and cash equivalents		103,771	18,174	51,143	3,225
Effects of exchange rate changes		400	(12,412)	-	-
Cash and cash equivalents at the beginning of the year		424,158	418,396	7,393	4,168
Cash and cash equivalents at the end of the year		528,329	424,158	58,536	7,393
Cash and cash equivalents comprised:					
Cash, bank balances and short term funds	19	528,611	424,676	58,536	7,393
Bank overdrafts	22	(282)	(518)	-	-
		528,329	424,158	58,536	7,393

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

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

1. GENERAL INFORMATION OF THE COMPANY AND AUTHORISATION OF FINANCIAL STATEMENTS FOR USE

The Company is a public company limited by shares, incorporated under the Companies Act, 1965 (which had been superseded by CA2016), domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") categorised under property sector. The registered office of the Company is located at 21st Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur. The principal place of business of the Company is located at 7th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur and the principal places of businesses of its subsidiary companies are disclosed in the annual report on pages 18 to 21 and in its website.

The Company is an investment holding company. The principal activities of the subsidiary companies; and the associated companies and a joint venture, are described in Notes 6 and 7 respectively. There have been no significant changes in the nature of these principal activities during the year.

OSK Equity Holdings Sdn. Bhd., a company incorporated in Malaysia, is regarded by the Directors as the Company's ultimate holding company.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 8 March 2019.

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared on a historical cost convention, other than investment properties, biological assets, derivative assets, securities measured at fair value through profit or loss and short term funds which are measured at their fair values. The financial statements are presented in Ringgit Malaysia ("RM") which is also the functional currency of the Company and all values are rounded to the nearest thousand (RM'000), unless otherwise indicated. The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards ("IFRSs") and the requirements of CA2016 in Malaysia. During the year, the Group and the Company have adopted applicable MFRSs and amendments to MFRSs as disclosed in Note 46(a) and comparative figures of other income, other expenses and finance costs have been reclassified to conform with current year's presentation so as to reflect more appropriate classification of those transactions. Such reclassifications do not have any financial impact to the Group.

3. SEGMENT INFORMATION

The Group's businesses are organised into five 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 of the Board of Directors and senior management of the Group to make decisions about resources allocation to the segment and assess its performance 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 and a joint venture.

(ii) Property Investment and Management
- Management and letting of properties, contributing rental yield and appreciation of properties.

3. SEGMENT INFORMATION (CONT'D)

The Group's businesses are organised into five 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 of the Board of Directors and senior management of the Group to make decisions about resources allocation to the segment and assess its performance are as follows: (Cont'd)

(b) Construction

- Building construction works.

(c) Industries

(i) Olympic - Cables
- Manufacturing and trading of power cables and wires.

(ii) Acotec - Industrialised Building System ("IBS")
- Manufacturing and sale of IBS concrete wall panels and trading of building materials.

(d) Hospitality

(i) Swiss-Garden Hotels and Resorts
- Management of hotels and resorts including golf course operations.

(ii) SGI Vacation Club
- Management of vacation timeshare membership scheme.

(e) Financial Services and Investment Holding

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

(ii) Investment Holding
- Investing activities and other insignificant business segments, where investments contribute dividend income and interest income as well as sharing of results of associated companies.

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. Income taxes are not allocated to operating segments.

Business segment revenue and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The inter-segment transactions have been entered into at arms-length with terms mutually agreed between the segments and have been eliminated to arrive at the Group's results. During the year, there is no single external customer accounted for ten percent or more of the Group's revenue.

Basis of segmentation and related measurement of segment revenue, results, assets and liabilities have no material changes as compared with previous year, other than comparative figures of segment assets and segment liabilities have been reclassified to conform with current year's presentation so as to reflect its nature of business activities involved. Such reclassifications merely improve disclosure of business performance and do not have any financial impact to the Group.

3. SEGMENT INFORMATION (CONT'D)

(a) Business segment analysis:

	Property RM'000	Construction RM'000	Industries RM'000	Hospitality RM'000	Financial Services & Investment Holding RM'000	Consolidated RM'000
2018						
Revenue						
Total revenue	724,645	281,591	294,595	112,814	414,102	1,827,747
Inter-segment revenue	(3,797)	(270,545)	(1,590)	(421)	(15,896)	(292,249)
Dividends from:						
- subsidiary companies	-	-	-	-	(260,331)	(260,331)
- an associated company	-	-	-	-	(71,080)	(71,080)
Revenue from external parties	720,848	11,046	293,005	112,393	66,795	1,204,087
Results						
Segment profit/(loss)	86,048	9,556	25,928	83,803	(39,446)	165,889
Share of results of associated companies and a joint venture	21,621	-	-	-	215,122	236,743
	107,669	9,556	25,928	83,803	175,676	402,632
(Eliminations of unrealised profit)/ Realisation of profit upon completion of sale	(3,439)	2,550	-	-	(6,333)	(7,222)
Profit before tax	104,230	12,106	25,928	83,803	169,343	395,410
Tax expense						(43,142)
Profit after tax						352,268
Included in the results are:						
(Allowance for)/Write back of impairment losses (net) on:						
- capital financing	-	-	-	-	(6)	(6)
- trade receivables	68	-	(1,108)	(38)	171	(907)
- other receivables	(2,738)	-	-	-	-	(2,738)
Amortisation of finance cost	-	-	-	-	(1,891)	(1,891)
Depreciation and amortisation	(4,957)	(1,155)	(5,802)	(14,007)	(1,934)	(27,855)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

3. SEGMENT INFORMATION (CONT'D)

(a) Business segment analysis: (Cont'd)

	Property RM'000	Construction RM'000	Industries RM'000	Hospitality RM'000	Financial Services & Investment Holding RM'000	Consolidated RM'000
2018						
Included in the results are: (Cont'd)						
Dividend income	-	-	-	-	23	23
Effect of foreign currency translation upon maturity of cash flow hedge	(12)	-	-	-	-	(12)
Finance costs	(18,907)	-	(1,284)	(3,401)	(54,552)	(78,144)
Funding costs	-	-	-	-	(16,800)	(16,800)
Funds distribution income	5,219	297	-	-	1,153	6,669
Gain on disposal of property, plant and equipment	102	207	137	93,404	-	93,850
Gain/(Loss) on fair valuation of:						
- biological assets	-	-	-	-	64	64
- investment properties	61	-	-	-	-	61
- retention sums	1,834	-	-	-	-	1,834
- securities measured at fair value through profit or loss	-	-	-	-	(51)	(51)
Interest income	4,060	181	501	490	51,482	56,714
Listing expenses	-	-	-	-	(12,332)	(12,332)
Loss on foreign currency translations	-	-	(93)	(668)	(47)	(808)
Reclassified from other comprehensive income for gain on fair value of cash flow hedge upon maturity	12	-	-	-	-	12
Recovery of bad debts of:						
- capital financing	-	-	-	-	2	2
- trade receivables	1,295	-	-	-	-	1,295
Write down of inventories:						
- completed properties held for sale	(275)	-	-	-	-	(275)
- finished goods	-	-	(3,061)	-	-	(3,061)
- raw materials	-	-	(359)	-	-	(359)
Write off of:						
- bad debts on trade receivables	(370)	-	-	-	(20)	(390)
- bad debts on other receivables	(346)	(306)	-	-	-	(652)
- plant and equipment	(241)	(476)	-	(3)	-	(720)

3. SEGMENT INFORMATION (CONT'D)

(a) Business segment analysis: (Cont'd)

	Note	Property RM'000	Construction RM'000	Industries RM'000	Hospitality RM'000	Financial Services & Investment Holding RM'000	Consolidated RM'000
2018							
Assets							
Tangible assets		2,942,688	71,136	228,413	555,298	745,612	4,543,147
Intangible assets		414	-	-	-	1,047	1,461
		2,943,102	71,136	228,413	555,298	746,659	4,544,608
Investments in associated companies and a joint venture		519,429	-	-	-	2,904,555	3,423,984
Segment assets		3,462,531	71,136	228,413	555,298	3,651,214	7,968,592
Deferred tax assets and tax recoverable							124,406
Total assets							8,092,998
Liabilities							
Segment liabilities		1,457,361	112,396	49,077	278,923	1,401,106	3,298,863
Deferred tax liabilities and tax payable							124,603
Total liabilities							3,423,466
Other information							
Expenditure capitalised under:							
Property, plant and equipment	4	1,598	1,613	1,088	22,763	839	27,901
Investment properties	5	2,659	-	-	-	-	2,659
Intangible assets	8(b)	32	-	-	-	66	98
		4,289	1,613	1,088	22,763	905	30,658

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

3. SEGMENT INFORMATION (CONT'D)

(a) Business segment analysis: (Cont'd)

	Property RM'000	Construction RM'000	Industries RM'000	Hospitality RM'000	Financial Services & Investment Holding RM'000	Consolidated RM'000
2017						
Revenue						
Total revenue	691,584	309,324	294,293	107,325	654,192	2,056,718
Inter-segment revenue	(2,769)	(279,025)	(5,023)	(690)	(27,505)	(315,012)
Dividends from:						
- subsidiary companies	-	-	-	-	(523,686)	(523,686)
- an associated company	-	-	-	-	(48,741)	(48,741)
Revenue from external parties	688,815	30,299	289,270	106,635	54,260	1,169,279
Results						
Segment profit/(loss)	127,214	16,826	25,593	(11,178)	153,225	311,680
Share of results of associated companies and a joint venture	4,221	-	-	-	178,245	182,466
	131,435	16,826	25,593	(11,178)	331,470	494,146
Eliminations of unrealised profit	-	(4,846)	-	-	(4,120)	(8,966)
Profit/(Loss) before tax	131,435	11,980	25,593	(11,178)	327,350	485,180
Tax expense						(81,574)
Profit after tax						403,606
Included in the results are:						
Amortisation of finance cost	-	-	-	-	(1,194)	(1,194)
Depreciation and amortisation	(5,317)	(1,124)	(6,053)	(14,898)	(1,868)	(29,260)
Dividend income	-	-	-	-	67	67
Finance costs	(13,340)	-	(1,514)	(3,719)	(53,204)	(71,777)
Funding costs	-	-	-	-	(14,417)	(14,417)
Funds distribution income	3,824	418	79	-	1,395	5,716
Gain on deemed disposal of a subsidiary company						
- upon change in share of net assets	-	-	-	-	137,013	137,013
- foreign currency translation reserve reclassified from other comprehensive income	-	-	-	-	40,599	40,599

3. SEGMENT INFORMATION (CONT'D)

(a) Business segment analysis: (Cont'd)

	Property RM'000	Construction RM'000	Industries RM'000	Hospitality RM'000	Financial Services & Investment Holding RM'000	Consolidated RM'000
2017						
Included in the results are: (Cont'd)						
Gain/(Loss) on disposal of:						
- available-for-sale securities	-	-	-	-	267	267
- club membership	(51)	-	-	-	-	(51)
- investment properties	4,868	-	-	-	-	4,868
- plant and equipment	140	2	15	(18)	-	139
Gain/(Loss) on fair valuation of:						
- available-for-sale securities	-	-	-	-	88	88
- biological assets	-	-	-	-	(65)	(65)
- investment properties	53,127	-	-	-	-	53,127
- retention sums	1,115	-	-	-	-	1,115
- securities measured at fair value through profit or loss	-	-	-	-	100	100
Interest income	7,774	190	162	2,633	42,126	52,885
(Loss)/Gain on foreign currency translations	-	-	(153)	131	(1,873)	(1,895)
Recovery of bad debts of capital financing	-	-	-	-	1,639	1,639
Write back of/(Allowance for) impairment losses (net) on:						
- capital financing	-	-	-	-	4,163	4,163
- infrastructure development costs	-	-	-	(10)	-	(10)
- property, plant and equipment	-	-	(200)	(1,851)	-	(2,051)
- trade receivables	155	(1)	355	(162)	-	347
- other receivables	100	-	-	-	-	100
Write down of inventories:						
- completed properties held for sale	(665)	-	-	-	-	(665)
- finished goods	-	-	(2,411)	-	-	(2,411)
- raw materials	-	-	(312)	-	-	(312)
Write off of:						
- bad debts on trade receivables	(206)	-	-	(40)	-	(246)
- bad debts on other receivables	(1,341)	(1)	-	-	(9)	(1,351)
- club membership	(132)	-	-	-	-	(132)
- plant and equipment	(3)	(60)	(1)	(185)	(127)	(376)
- software licences	(40)	-	-	-	-	(40)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

3. SEGMENT INFORMATION (CONT'D)

(a) Business segment analysis: (Cont'd)

	Note	Property RM'000	Construction RM'000	Industries RM'000	Hospitality RM'000	Financial Services & Investment Holding RM'000	Consolidated RM'000
2017							
Assets							
Tangible assets		2,926,077	76,992	215,269	501,240	610,062	4,329,640
Intangible assets		531	-	-	-	1,195	1,726
		2,926,608	76,992	215,269	501,240	611,257	4,331,366
Investments in associated companies and a joint venture		529,358	-	-	-	2,913,776	3,443,134
Segment assets		3,455,966	76,992	215,269	501,240	3,525,033	7,774,500
Deferred tax assets and tax recoverable							128,169
Total assets							7,902,669
Liabilities							
Segment liabilities		1,235,708	137,885	45,986	269,768	1,458,482	3,147,829
Deferred tax liabilities and tax payable							147,916
Total liabilities							3,295,745
Other information							
Expenditure capitalised under:							
Property, plant and equipment	4	2,423	7,758	1,563	12,913	1,541	26,198
Investment properties	5	14,536	-	-	-	-	14,536
Intangible assets	8(b)	47	-	-	-	124	171
		17,006	7,758	1,563	12,913	1,665	40,905

3. SEGMENT INFORMATION (CONT'D)

(b) Geographical segments analysis:

The Group's operations are mainly based in Malaysia and Australia. Other geographical segments mainly include Singapore, Vietnam, British Virgin Islands and Cayman Islands. In presenting information on the basis of geographical areas, segment performance is presented based on the geographical location of customers; and non-current segments assets are presented based on the geographical location of the assets.

The non-current assets disclosed below have excluded financial instruments, deferred tax assets; and investments in associated companies and a joint venture.

	Note	Malaysia RM'000	Australia RM'000	Others RM'000	Total RM'000
2018					
Revenue		1,165,454	301	38,332	1,204,087
Profit/(Loss) before tax		384,774	11,785	(1,149)	395,410
Non-current assets		2,282,416	-	5,415	2,287,831
Expenditure capitalised under:					
Property, plant and equipment	4	27,868	-	33	27,901
Investment properties	5	2,659	-	-	2,659
Intangible assets	8(b)	98	-	-	98
		30,625	-	33	30,658
2017					
Revenue		1,133,665	3,405	32,209	1,169,279
Profit/(Loss) before tax		496,981	(10,656)	(1,145)	485,180
Non-current assets		2,276,540	-	5,748	2,282,288
Expenditure capitalised under:					
Property, plant and equipment	4	25,182	1,008	8	26,198
Investment properties	5	14,536	-	-	14,536
Intangible assets	8(b)	171	-	-	171
		39,889	1,008	8	40,905

4. PROPERTY, PLANT AND EQUIPMENT

Group

	As at 1.1.2018 RM'000	Additions (Note 3) RM'000	Disposals [Note (b)(vi)] RM'000	Write off [Note (b)(iii)] RM'000	Foreign currency translation differences RM'000	Reclassified from investment property (Note 5) RM'000	As at 31.12.2018 RM'000
At cost							
Freehold land	163,081	-	(3,000)	-	-	2,864	162,945
Buildings on freehold land	139,177	707	-	-	-	-	139,884
Golf course on freehold land	17,879	-	-	-	-	-	17,879
Hotel properties on freehold land	251,472	102	(101,471)	-	-	-	150,103
Hotel properties on leasehold land	86,456	371	-	-	-	-	86,827
Long term leasehold land and buildings	90,475	336	-	-	-	-	90,811
Short term leasehold land and buildings	13,310	42	-	-	(11)	-	13,341
Jetty and infrastructure	38,189	-	-	-	-	-	38,189
Plant and machinery	132,508	773	(676)	(3,437)	(7)	-	129,161
Motor vehicles and boats	16,883	862	(1,570)	-	(1)	-	16,174
Office equipment	17,686	793	(12)	(46)	(2)	-	18,419
Furniture, fittings and equipment	127,864	13,760	(35,333)	(1,390)	2	-	104,903
Construction-in-progress	4,230	9,501	-	-	-	-	13,731
Office renovation	853	364	-	-	-	-	1,217
Bearer plants	17,768	290	-	-	-	-	18,058
	1,117,831	27,901	(142,062)	(4,873)	(19)	2,864	1,001,642

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)

	As at 1.1.2018 RM'000	Charge for the year [Note (b)(ii)] RM'000	Disposals [Note (b)(vi)] RM'000	Write off [Note (b)(iii)] RM'000	Foreign currency translation differences RM'000	As at 31.12.2018 RM'000
Accumulated depreciation						
Buildings on freehold land	15,929	3,075	-	-	-	19,004
Hotel properties on freehold land	47,877	5,392	(21,941)	-	-	31,328
Hotel properties on leasehold land	21,541	1,950	-	-	-	23,491
Long term leasehold land and buildings	15,674	1,163	-	-	-	16,837
Short term leasehold land and buildings	3,094	384	-	-	-	3,478
Jetty and infrastructure	29,863	-	-	-	-	29,863
Plant and machinery	100,180	8,419	(675)	(3,380)	(3)	104,541
Motor vehicles and boats	10,863	2,028	(1,551)	-	-	11,340
Office equipment	12,968	1,552	(9)	(46)	-	14,465
Furniture, fittings and equipment	92,927	6,982	(26,436)	(660)	-	72,813
Office renovation	213	112	-	-	-	325
Bearer plants	1,761	686	-	-	-	2,447
	352,890	31,743	(50,612)	(4,086)	(3)	329,932

	As at 1.1.2018/ 31.12.2018 RM'000
Accumulated impairment	
Buildings on freehold land	200
Hotel properties on freehold land	1,851
Jetty and infrastructure	8,326
Construction-in-progress	2,120
	12,497

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)

	As at 1.1.2017 RM'000	Additions (Note 3) RM'000	Disposals [Note (b)(vi)] RM'000	Write off [Note (b)(iii)] RM'000	Deemed disposal of a subsidiary company [Note 6(c)(v)] RM'000	Reclass-ifications RM'000	Foreign currency translation differences RM'000	Reclassified to non-current assets held for sale [Note (b)(v)] RM'000	As at 31.12.2017 RM'000
At cost									
Freehold land	169,654	-	-	-	-	-	(157)	(6,416)	163,081
Buildings on freehold land	137,703	1,474	-	-	-	-	-	-	139,177
Golf course on freehold land	17,879	-	-	-	-	-	-	-	17,879
Hotel properties on freehold land	257,010	796	-	-	-	-	(152)	(6,182)	251,472
Hotel properties on leasehold land	84,564	1,892	-	-	-	-	-	-	86,456
Long term leasehold land and buildings	90,228	32	-	-	-	215	-	-	90,475
Short term leasehold land and buildings	13,969	-	-	-	-	-	(659)	-	13,310
Jetty and infrastructure	38,179	10	-	-	-	-	-	-	38,189
Plant and machinery	124,030	7,564	(65)	-	-	1,337	(358)	-	132,508
Motor vehicles and boats	17,357	1,280	(1,626)	(91)	-	-	(37)	-	16,883
Office equipment	16,198	1,649	(49)	(71)	-	-	(4)	(37)	17,686
Furniture, fittings and equipment	122,346	9,647	(522)	(1,038)	(1,174)	1,111	(39)	(2,467)	127,864
Construction-in-progress	5,717	1,303	-	(127)	-	(2,663)	-	-	4,230
Office renovation	635	273	(55)	-	-	-	-	-	853
Bearer plants	17,490	278	-	-	-	-	-	-	17,768
	1,112,959	26,198	(2,317)	(1,327)	(1,174)	-	(1,406)	(15,102)	1,117,831

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)

	As at 1.1.2017 RM'000	Charge for the year [Note (b)(ii)] RM'000	Disposals [Note (b)(vi)] RM'000	Write off [Note (b)(iii)] RM'000	Deemed disposal of a subsidiary company [Note 6(c)(v)] RM'000	Foreign currency translation differences RM'000	Reclassified to non-current assets held for sale [Note (b)(v)] RM'000	As at 31.12.2017 RM'000
Accumulated depreciation								
Buildings on freehold land	12,970	2,959	-	-	-	-	-	15,929
Hotel properties on freehold land	43,188	5,936	-	-	-	(32)	(1,215)	47,877
Hotel properties on leasehold land	19,647	1,894	-	-	-	-	-	21,541
Long term leasehold land and buildings	14,510	1,164	-	-	-	-	-	15,674
Short term leasehold land and buildings	2,813	396	-	-	-	(115)	-	3,094
Jetty and infrastructure	29,863	-	-	-	-	-	-	29,863
Plant and machinery	90,175	10,360	(52)	-	-	(303)	-	100,180
Motor vehicles and boats	10,455	2,004	(1,536)	(34)	-	(26)	-	10,863
Office equipment	11,530	1,566	(43)	(54)	-	(3)	(28)	12,968
Furniture, fittings and equipment	87,825	7,701	(460)	(789)	(91)	(41)	(1,218)	92,927
Office renovation	215	51	(53)	-	-	-	-	213
Bearer plants	1,075	686	-	-	-	-	-	1,761
	324,266	34,717	(2,144)	(877)	(91)	(520)	(2,461)	352,890

	As at 1.1.2017 RM'000	Made during the year [Note (b)(iv)] RM'000	As at 31.12.2017 RM'000
Accumulated impairment			
Buildings on freehold land	-	200	200
Hotel properties on freehold land	-	1,851	1,851
Jetty and infrastructure	8,316	10	8,326
Construction-in-progress	2,120	-	2,120
	10,436	2,061	12,497

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4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)

	As at 31.12.2018 RM'000	As at 31.12.2017 RM'000
Net carrying amount		
Freehold land	162,945	163,081
Buildings on freehold land	120,680	123,048
Golf course on freehold land	17,879	17,879
Hotel properties on freehold land	116,924	201,744
Hotel properties on leasehold land	63,336	64,915
Long term leasehold land and buildings	73,974	74,801
Short term leasehold land and buildings	9,863	10,216
Plant and machinery	24,620	32,328
Motor vehicles and boats	4,834	6,020
Office equipment	3,954	4,718
Furniture, fittings and equipment	32,090	34,937
Construction-in-progress	11,611	2,110
Office renovation	892	640
Bearer plants	15,611	16,007
	659,213	752,444
Net carrying amount analysed by business segments:		
Property	176,544	179,648
Construction	9,251	13,580
Industries	79,546	81,423
Hospitality	338,487	421,461
Financial services and investment holding	55,385	56,332
	659,213	752,444

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company

	As at 1.1.2018 RM'000	Additions RM'000	Charge for the year [Note (b)(ii)] RM'000	As at 31.12.2018 RM'000
At cost				
Furniture and fittings	21	-	-	21
Motor vehicle	464	-	-	464
Office equipment	401	59	-	460
Office renovation	357	4	-	361
Plant and machinery	5	-	-	5
	1,248	63	-	1,311
Accumulated depreciation				
Furniture and fittings	3	-	3	6
Motor vehicle	5	-	66	71
Office equipment	80	-	78	158
Office renovation	21	-	36	57
Plant and machinery	1	-	1	2
	110	-	184	294

	As at 1.1.2017 RM'000	Additions RM'000	Charge for the year [Note (b)(ii)] RM'000	As at 31.12.2017 RM'000
At cost				
Furniture and fittings	-	21	-	21
Motor vehicle	-	464	-	464
Office equipment	123	278	-	401
Office renovation	84	273	-	357
Plant and machinery	-	5	-	5
	207	1,041	-	1,248
Accumulated depreciation				
Furniture and fittings	-	-	3	3
Motor vehicle	-	-	5	5
Office equipment	18	-	62	80
Office renovation	2	-	19	21
Plant and machinery	-	-	1	1
	20	-	90	110

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company (Cont'd)

	As at 31.12.2018 RM'000	As at 31.12.2017 RM'000
Net carrying amount		
Furniture and fittings	15	18
Motor vehicle	393	459
Office equipment	302	321
Office renovation	304	336
Plant and machinery	3	4
	1,017	1,138

(a) Recognition, measurement and significant judgement

Property, plant and equipment are initially measured at cost and subsequently at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land and golf course on freehold land are not depreciated. Construction-in-progress is not depreciated until such time when the asset is available for use.

Depreciation is calculated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life. The estimated useful life represents common life expectancy applied in the industry within which the Group and the Company operate. The principal depreciation periods and annual rates used are as follows:

	Years	Percentage (%)
Buildings on freehold land	50	2
Hotel properties on freehold land	50	2
Hotel properties on leasehold land	43	2
Long term leasehold land and buildings	50 - 98	1 - 2
Short term leasehold land and buildings	24 - 47	2 - 4
Jetty and infrastructure	50	2
Plant and machinery	5 - 10	10 - 20
Motor vehicles and boats	5 - 7	15 - 20
Office equipment	5 - 7	15 - 20
Furniture, fittings and equipment	5 - 10	10 - 20
Office renovation	10	10
Bearer plants	22	5

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

Residual value, useful life and depreciation method are reviewed at the end of the year to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

At the end of the year, the Group and the Company assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. An impairment is accounted for if the carrying amount exceeds the recoverable amount.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

The Group has assessed and classified land use rights of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance lease in accordance with MFRS 117 'Leases'.

(b) Other information

(i) Assets pledged as security

Property, plant and equipment of certain subsidiary companies with the following carrying amounts are pledged to licensed financial institutions for credit facilities granted to the subsidiary companies as disclosed in Note 22(b):

	Group	
	2018 RM'000	2017 RM'000
Freehold land	55,890	39,590
Buildings on freehold land	38,141	39,104
Hotel properties on freehold land	107,544	147,886
	201,575	226,580

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4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Other information (Cont'd)

(ii) Depreciation charge

The total depreciation charge is as follows:

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Recognised in profit or loss:					
- Cost of sales	30(b)	4,909	5,160	-	-
- Administrative expenses	32	22,583	23,739	184	90
Charged to contract assets and liabilities in relation to construction contracts	13(b)(ii)	4,251	5,818	-	-
		31,743	34,717	184	90

(iii) Write off

The plant and equipment written off are as follows:

	Note	Group 2018 RM'000	Group 2017 RM'000
Cost		4,873	1,327
Accumulated depreciation		(4,086)	(877)
Net carrying amount		787	450
Recognised in profit or loss:			
- Other expenses	33	720	376
Charged to contract assets and liabilities in relation to construction contracts	13(b)(ii)	67	74
		787	450

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Other information (Cont'd)

(iv) Impairment

Total impairment losses recognised are as follows:

	Note	Group 2018 RM'000	Group 2017 RM'000
Buildings on freehold land		-	200
Hotel property on freehold land		-	1,851
Jetty and infrastructure		-	10
	33	-	2,061

In accordance with the accounting policies, the Group assesses whether the carrying amount of the assets is fully recoverable. The above impairment were made as the carrying amount exceeded the recoverable amount.

(v) Reclassification of asset to non-current assets held for sale

The property, plant and equipment reclassified to non-current assets held for sale is as follows:

	Note	Group 2018 RM'000	Group 2017 RM'000
Cost		-	15,102
Accumulated depreciation		-	(2,461)
Net carrying amount reclassified	20	-	12,641

(vi) Other relevant information

During the year, the Group disposed a hotel property in Kuala Lumpur and recognised a gain of RM76.0 million in profit or loss and the balance sum receivable is disclosed in Note 14(b).

During the previous year, a motor vehicle with carrying amount of RM90,000 was awarded to a long service Director as recognition of his past contributions to the Group.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

5. INVESTMENT PROPERTIES

	Note	Group 2018 RM'000	2017 RM'000
Investment properties, at fair value			
At the beginning of the year		694,735	631,610
Disposals		(241,873)	(4,500)
Expenditure incurred	3	2,659	14,498
Gain on fair valuation recognised in profit or loss	31	61	53,127
Reclassified to property, plant and equipment	4	(2,864)	-
At the end of the year		452,718	694,735
Investment property under construction, at cost			
At the beginning of the year		18,208	18,170
Expenditure incurred	3	-	38
Disposals		(18,208)	-
At the end of the year		-	18,208
		452,718	712,943
Carrying amount analysed by business segments:			
Property		452,453	709,814
Industries		265	3,129
		452,718	712,943

(a) Recognition and measurement

Investment properties comprise of properties held for rental yields or capital appreciation or both and are not occupied by the Group.

Investment properties are initially measured at acquisition cost, the fair value of consideration paid, including related transaction costs and subsequently measured at fair value.

Investment property under construction is measured at fair value if the fair value is considered reliable, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, it is measured at cost until either the fair value becomes reliably determinable or construction is completed, whichever is earlier.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed off when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

5. INVESTMENT PROPERTIES (CONT'D)

(a) Recognition and measurement (Cont'd)

Gains or losses arising from changes in the fair values of investment properties during the year are recognised in the profit or loss.

Investment properties are derecognised when either they have been disposed or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal during the year are recognised in profit or loss.

(b) Fair value measurement and significant judgement

(i) Valuation process overview

The Group's investment properties are valued by independent professionally qualified valuers who hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. The management team reviewed and discussed the valuations, including valuation processes, performed by the independent valuers for financial reporting purposes. Below are the key review processes carried out each year:

(1) Verification of all major inputs to the independent valuation report;

(2) Assessment of property valuation movements when compared to the prior year valuation report; and

(3) Discussions with the independent valuer.

(ii) Valuation techniques adopted

Pursuant to MFRS 13 'Fair Value Measurement', the Group establishes a fair value hierarchy that is categorised into three levels of inputs for valuation techniques which are used to measure fair value.

The carrying amount of the assets can be categorised into the fair value hierarchy as follows:

(1) Level 1, using unadjusted active market price of identified assets.

(2) Level 2, valuation techniques for which all inputs that have a significant effect on the recorded fair values are observable for the asset, using the market approach (comparison approach) which uses observable inputs (including prices and other relevant information generated by market transactions involving identical or comparable/similar assets).

(3) 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 asset, using investment, residual, income capitalisation and comparison approaches based on inputs which are not observable market data.

5. INVESTMENT PROPERTIES (CONT'D)

(b) Fair value measurement and significant judgement (Cont'd)

(ii) Valuation techniques adopted (Cont'd)

The income capitalisation method of valuation entails determining the net annual income by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value. By using income capitalisation method, the comparison method will be used as a check. The key inputs for this valuation techniques include estimated income, term rate, reversion rate and void allowance.

Those inputs are unobservable, any significant changes in the inputs might result in a significantly higher or lower fair value measurement.

The comparison method analyses recent transactions and asking price of similar with applicable adjustments.

(iii) Fair value measurement of investment properties

The Group engaged independent valuation specialists to determine fair values of certain investment properties when required. The fair value was determined using income capitalisation method and/or comparison method. The key inputs for income capitalisation method include:

(1) Estimated rental/income : based on income and tenure of the existing lease agreement

(2) Term rate : capitalisation rate for term of lease based on current rate of return of the properties in market

(3) Reversion rate : capitalisation rate for perpetuity based on current rate of return of the properties in market

(4) Void allowance : based on the current occupancy rate in the market according to the type and location of the properties

The comparison method analyses recent transactions and asking price of similar properties in the larger locality with applicable adjustments made for differences in location, size and etc.

The increase/(decrease) in the estimated rental income would result in a higher/(lower) fair value of the investment property. The higher/(lower) term rate, reversion rate or void allowance would otherwise will result in lower/(higher) fair value of the investment property.

The carrying amount of the investment properties are categorised into the fair value hierarchy as follows:

	Group 2018 RM'000	2017 RM'000
Level 1	-	-
Level 2	91,518	353,382
Level 3	361,200	359,561
	452,718	712,943

5. INVESTMENT PROPERTIES (CONT'D)

(b) Fair value measurement and significant judgement (Cont'd)

(iv) Fair value reconciliation of investment properties measured at Level 3

Group

	Shopping mall, supermarket premises and car park RM'000	Others RM'000	Total RM'000
2018			
At the beginning of the year	352,110	7,451	359,561
Expenditure incurred	1,522	-	1,522
Gain on fair valuation	117	-	117
At the end of the year	353,749	7,451	361,200
2017			
At the beginning of the year	344,469	7,438	351,907
Expenditure incurred	14,188	13	14,201
Loss on fair valuation	(7,188)	-	(7,188)
Reclassified from Level 2	641	-	641
At the end of the year	352,110	7,451	359,561

The investment properties measured at Level 3 are using the following significant unobservable inputs in the valuation model:

Property category	Valuation technique	Significant unobservable inputs	Group 2018	2017
Shopping mall	Comparison method	Adjusted property value	RM710 - RM809 per sqft	-
Shopping mall	Income Capitalisation method	Estimated net income (RM'000)	-	22,000
		Term rate	-	6.00%
		Reversion rate	-	7.00%
		Void allowances	-	12.00%
Supermarket premises	Income Capitalisation method	Estimated rental (RM'000)	7,386	7,386
		Term rate	5.75% - 7.00%	5.75% - 7.00%
		Reversion rate	7.25% - 8.00%	7.25% - 8.00%
		Void allowances	5.00%	5.00%

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5. INVESTMENT PROPERTIES (CONT'D)

(b) Fair value measurement and significant judgement (Cont'd)

(iv) Fair value reconciliation of investment properties measured at Level 3 (Cont'd)

The investment properties measured at Level 3 are using the following significant unobservable inputs in the valuation model: (Cont'd)

Property category	Valuation technique	Significant unobservable inputs	Group 2018	2017
Others	Income Capitalisation method	Estimated rental (RM'000)	265	265
		Term rate	5.75%	5.75%
		Reversion rate	7.25%	7.25%
		Discount rate	4.87%	4.87%

(c) Other information

(i) Investment properties, at fair value

The investment properties of the Group comprise shopping mall, supermarket premises, office buildings, shop offices, commercial units, residential units and car parks. The expenditure incurred under investment properties during the year mainly represents additional costs incurred for the existing investment properties. Rental income and direct expenses arising from investment properties during the year are as follows:

	Group 2018 RM'000	2017 RM'000
Rental income generated	27,450	30,152
Direct expenses - income generated	17,278	14,674

(ii) Investment properties pledged as security

Investment properties of certain subsidiary companies with a carrying amount of RM409.3 million (2017: RM409.6 million) are pledged to licensed financial institutions for the credit facilities granted to the subsidiary companies [Note 22(b)].

(iii) Other relevant information

The Group has no restriction on the realisability of its investment properties and no contracted obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

6. INVESTMENTS IN SUBSIDIARY COMPANIES

	Note	Company 2018 RM'000	Company 2017 RM'000
Unquoted shares in Malaysia			
At cost			
At the beginning of the year		1,912,016	1,772,832
Acquisition of additional equity interests from non-controlling interests		311	4,447
Exercise of warrants in a subsidiary company		-	35,737
Subscription of shares		30,301	99,000
Capital repayment from subsidiary companies	(f)(ii)	(281,750)	-
At the end of the year		1,660,878	1,912,016
Accumulated impairment losses			
At the beginning/end of the year		(97,977)	(97,977)
		1,562,901	1,814,039
Loans to subsidiary companies			
At cost			
At the beginning of the year		8,516	8,516
Repayment from a subsidiary company		(125)	-
At the end of the year		8,391	8,516
Accumulated impairment losses			
At the beginning of the year		(8,516)	(8,516)
Write back	31	125	-
At the end of the year		(8,391)	(8,516)
		-	-
Fair values of financial guarantees given to financial institutions for credit facilities granted to certain subsidiary companies		15,791	15,791
		1,578,692	1,829,830

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6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(a) Recognition, measurement and significant judgement

Subsidiary companies are all entities, including any structured entities, over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. Subsidiary companies are deconsolidated from the date that the Group's control ceases.

Investments in subsidiary companies are stated at cost, measured at the fair value of consideration paid, and subsequently carried at cost less accumulated impairment losses, if any.

The Company reviews the investments in subsidiary companies for impairment when there is an indication of impairment at the end of the year. The recoverable amounts of the investments in subsidiary companies are assessed by reference to the fair value less cost to sell of the underlying assets or value-in-use of subsidiary companies.

(b) Changes in Group's composition for the year ended 31 December 2018

(i) Acquisitions of additional equity interests from non-controlling interests of PJ Development Holdings Berhad ("PJD"), a subsidiary company of the Company

During the year, the Company further acquired the following ordinary shares of PJD:

	Shares
Number of units	207,100
Average price per unit (RM)	1.50
Total purchase consideration (RM)	310,650

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

	RM'000
Net assets acquired from non-controlling interests	(487)
Gains on consolidation recognised in equity	176
Cash outflow on acquisitions of additional ordinary shares in PJD	(311)

(ii) Issuance of 16,100 PJD's ordinary shares pursuant to conversion of PJD's Warrants C

During the year, PJD issued 16,100 new ordinary shares for cash pursuant to the exercise of warrants at an exercise price of RM1.00 for the equivalent numbers by the registered holders.

According to (i) and (ii) above, the Company's effective interest in PJD's ordinary shares and warrants increased from 96.93% to 96.96% and from 91.87% to 91.88% respectively.

(iii) Incorporation of L26 Tower Sdn. Bhd.

On 17 January 2018, OSK Property Holdings Berhad ("OSKP"), a subsidiary company of the Company, incorporated a wholly-owned subsidiary company, L26 Tower Sdn. Bhd., with an issued and paid up capital of RM1,000 comprising of 1,000 ordinary shares. This company is presently dormant.

(iv) Incorporation of OSK I CM Sdn. Bhd. ("OSKICM")

On 18 January 2018, the Company incorporated a wholly-owned subsidiary company, OSKICM, with an issued and paid up capital of RM1,000 comprising of 1,000 ordinary shares. This company is the issuer of medium term notes and Sukuk as disclosed in Note 21(c).

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(b) Changes in Group's composition for the year ended 31 December 2018 (Cont'd)

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

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

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

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

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

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

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

(vii) Proposed Listing of the shares of OCC Cables Limited ("OCC Cables"), an indirect subsidiary company of the Company, on the Main Board of The Stock Exchange of Hong Kong Limited ("HK Exchange") ("Proposed Listing")

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

On 27 March 2018, PJD acquired the entire issued and paid up capital of OSK Industries Limited ("OSK Industries"), a subsidiary company of PJD, which in turn is a subsidiary company of the Company, an exempted company incorporated in the Cayman Islands from Reid Services Limited for a total consideration of HKD0.01. Subsequent to the aforesaid acquisition, PJD had on even date further subscribed for 19,999,999 ordinary shares of HKD0.01 each in the capital of OSK Industries. Consequently, OSK Industries and its wholly-owned subsidiary companies, namely OCC Cables and OCC Malaysia Sdn. Bhd. ("OCC Malaysia"), became the indirect subsidiary companies of the Company through PJD.

On 28 March 2018, OCC Malaysia entered into a Share Sale Agreement with OCC Cables Berhad ("OCCB"), a wholly-owned subsidiary company of PJD, to acquire the entire equity interest of Olympic Cable Company Sdn. Bhd. ("OCCSB") for a total consideration of RM128,213,000, which has been arrived at based on the net assets of OCCSB and its subsidiary company, namely OVI Cables (Vietnam) Co., Ltd. ("OVI"), as at 31 December 2017 ("Proposed Acquisition"). Upon the completion of the Proposed Acquisition, OCCSB will become a wholly-owned subsidiary company of OCC Malaysia and OVI will become an indirect subsidiary company of OCC Malaysia.

On 29 March 2018, RHB Investment Bank Berhad ("RHBIB"), on behalf of the Board, announced that the Company proposes to undertake the Proposed Listing and that the Company had, on even date, through Fortune Financial Capital Limited, the sole sponsor of the Proposed Listing, submitted an application to the HK Exchange for the Proposed Listing.

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(b) Changes in Group's composition for the year ended 31 December 2018 (Cont'd)

(vii) Proposed Listing of the shares of OCC Cables Limited ("OCC Cables"), an indirect subsidiary company of the Company, on the Main Board of The Stock Exchange of Hong Kong Limited ("HK Exchange") ("Proposed Listing") (Cont'd)

The Proposed Listing, should it materialise, will constitute a deemed disposal by the Group arising from the dilution of no more than 30% of equity interest in OCC Cables. It is proposed that, upon the completion of the Proposed Listing, the Company will continue to be a controlling shareholder indirectly holding no less than 70% of the enlarged issued share capital of OCC Cables. Further details of the Proposed Listing were set out in the Circular to Shareholders dated 7 May 2018.

At Extraordinary General Meeting ("EGM") held on 24 May 2018, the Company obtained its Shareholders' approval on the Proposed Listing.

On 27 June 2018, the Company announced on Bursa Securities that OCC Malaysia and OCCB had mutually agreed in writing to extend the completion date of the Proposed Acquisition for another three months from 27 June 2018 to 27 September 2018, in accordance with the terms of the Share Sale Agreement. On 12 September 2018, the Proposed Acquisition was duly completed. The Proposed Acquisition did not have any material impact to the Group.

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

On 28 September 2018, approval in-principle for the application of the Proposed Listing were obtained from the HK Exchange. On 5 October 2018, the Prospectus of OCC Cables was issued and the offering of OCC Cables began on 5 October 2018 and closed on 11 October 2018.

On 12 October 2018, in view of the adverse global market conditions during the period, the management decided not to proceed with the Proposed Listing as scheduled. On 26 December 2018, in view of the continuous adverse global market conditions, the management decided to abort the Proposed Listing. Save for RM12.3 million costs incurred in relation to the Proposed Listing which was expensed off in third quarter of 2018. The abortion of the exercise did not have any material impact to the earnings of the Group.

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

On 21 November 2018, SGIH&R, a wholly-owned subsidiary company of Swiss-Garden International Sdn. Bhd., a subsidiary company of PJD, which in turn is a subsidiary company of the Company, had been deregistered from the registration of the Australian Securities & Investments Commission ("ASIC"). SGIH&R is a dormant company.

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

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

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(b) Changes in Group's composition for the year ended 31 December 2018 (Cont'd)

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

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

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

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

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

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

Both of the above exercises will strengthen shareholders' fund of DLGR for its operations. Accordingly, the issued and paid up ordinary share capital of DLGR increased from RM169,000,000 to RM199,447,900. The Group effective equity interest in DLGR increased from 95.96% to 96.36%.

(c) Changes in Group's composition for the year ended 31 December 2017

(i) Acquisitions of additional equity interests from non-controlling interests of PJD

From 1 January 2017 to 28 February 2017, pursuant to the Notice to Holder Who Has Not Accepted the Voluntary Take-Over Offer dated 4 October 2016, the Company acquired the following ordinary shares and warrants of PJD:

	Shares	Warrants C
Number of units	2,156,000	1,498,083
Average price per unit (RM)	1.50	0.50
Total purchase consideration (RM)	3,234,000	749,042

Arising from the above, the Company's effective interest in ordinary shares and warrants of PJD increased from 96.42% to 96.83% and from 90.60% to 91.67% respectively.

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6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(c) Changes in Group's composition for the year ended 31 December 2017 (Cont'd)

(i) Acquisitions of additional equity interests from non-controlling interests of PJD (Cont'd)

There were no acquisitions of ordinary shares and warrants of PJD in March 2017. From 1 April 2017 to 31 December 2017, the Company acquired the following ordinary shares of PJD from open market:

	Shares
Number of units	808,880
Average price per unit (RM)	1.50
Total purchase consideration (RM)	1,213,320

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

	RM'000
Net assets acquired from non-controlling interests	(7,219)
Gains on consolidation recognised in equity	2,772
Cash outflow on acquisitions of additional ordinary shares in PJD	(4,447)
Cash outflow on acquisitions of additional warrants in PJD	(749)
	(5,196)

(ii) Issuance of 309,499 PJD's ordinary shares pursuant to conversion of PJD's Warrants C

From 11 May 2017 to 31 December 2017, PJD issued 309,499 new ordinary shares for cash pursuant to the exercise of warrants at an exercise price of RM1.00 for the equivalent numbers by the registered holders.

According to (i) and (ii) above, the Company's effective interest in PJD's ordinary shares and warrants increased from 96.83% to 96.93% and from 91.67% to 91.87% respectively.

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(c) Changes in Group's composition for the year ended 31 December 2017 (Cont'd)

(iii) Incorporation of Yarra Development Holdings (Australia) Sdn. Bhd. ("YDH")

On 28 March 2017, PJD incorporated a wholly-owned subsidiary company, YDH, with an issued and paid up capital of RM100 comprising of 100 ordinary shares.

(iv) Incorporation of Yarra Australia Development Pty. Ltd. ("YAD")

On 29 March 2017, YDH incorporated a wholly-owned subsidiary company, YAD, with an issued and paid up capital of AUD10 comprising of 10 ordinary shares.

(v) Share Sale Agreement entered by PJD and Employees Provident Fund Board ("EPF") and Share Subscription Agreement entered by YAD and Yarra Park City Pty. Ltd. ("YPC")

On 5 April 2017, PJD entered a Share Sale Agreement with EPF for the disposal of 100 ordinary shares representing 100% equity interest in YDH, a wholly-owned subsidiary company of PJD, which in turn is a subsidiary company of the Company, for a total cash consideration of RM100 ("Disposal of YDH").

On even date, YAD has entered into a Share Subscription Agreement with YPC, a 81.85% owned subsidiary company of P.J. (A) Pty. Limited, a subsidiary company of PJD, which in turn is a 79.26% owned subsidiary company of the Company, to subscribe for 110,490,197 ordinary shares in the YPC at AUD154.0 million ("Base Subscription Amount"), which may be adjusted to include an amount or amounts (if any) of up to (in aggregate) AUD21.0 million ("Contingent Amount") in accordance with the Subscription Agreement, which representing 49.00% of the entire enlarged paid-up share capital of the YPC ("Share Subscription").

On 7 August 2017, the Disposal of YDH was duly completed.

On 8 August 2017, the Share Subscription was duly completed.

The Disposal of YDH has no material impact to the Group. The Share Subscription by YAD resulted in a dilution (or deemed disposal) of the Group's effective interest in YPC from 79.30% to 40.44% and the Group accounts for it as an associated company as disclosed in Note 7. The gain on deemed disposal comprised the difference between the fair value of interest retained in YPC and the carrying amount of investment in YPC as well as realisation of foreign currency translation gain from reserves reclassified to profit or loss.

The Share Subscription by YAD in YPC resulted in a deemed disposal of YPC which was completed on 8 August 2017, the date control of YPC passed to the acquirer.

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6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(c) Changes in Group's composition for the year ended 31 December 2017 (Cont'd)

(v) Share Sale Agreement entered by PJD and Employees Provident Fund Board ("EPF") and Share Subscription Agreement entered by YAD and Yarra Park City Pty. Ltd. ("YPC") (Cont'd)

The values of assets and liabilities of YPC recorded in the consolidated financial statements as at 8 August 2017 were as follow:

	Note	RM'000
Equipment	4	1,083
Inventories	9	598,201
Deferred tax assets	10	1,330
Other receivables, deposits and prepayments		1,413
Bank balances		2,960
Borrowings	22(c)(ii)	(106,606)
Trade payables		(5,855)
Amount due to related companies		(106,642)
Other payables, deposits and accruals		(7,643)
Net assets		378,241
Non-controlling interest		(70,314)
Realisation of foreign currency translation reserve		(40,599)
		267,328
Capitalised as investment in an associated company		(445,626)
Gain on deemed disposal of a subsidiary company at Group level		177,612
Expenses incurred upon deemed disposal		(686)
Bank balances of a subsidiary company deemed disposed		(2,960)
Net cash outflow upon deemed disposal of a subsidiary company		(3,646)

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(c) Changes in Group's composition for the year ended 31 December 2017 (Cont'd)

(v) Share Sale Agreement entered by PJD and Employees Provident Fund Board ("EPF") and Share Subscription Agreement entered by YAD and Yarra Park City Pty. Ltd. ("YPC") (Cont'd)

Gain on the deemed disposal of YPC, including realisation of foreign currency translation gain based on a prevailing foreign currency exchange rate on 8 August 2017, on the Group's financial statements:

	Note	RM'000
Fair value of investment in an associated company recognised upon change of status from a subsidiary company (Deemed disposal)		445,626
Less: Cost of investment in a subsidiary company		(267,046)
Less: Expenses incurred on deemed disposal		(686)
Gain on deemed disposal of a subsidiary company at a subsidiary company level		177,894
Pre-acquisition reserves recognised upon acquisition		2,087
Post-acquisition reserves recognised up to the date of deemed disposal		(109,626)
Excess of fair value over carrying amount of the remaining equity stake (gain on dilution of equity interest)		66,658
Gain on change in share of net assets	31	137,013
Realisation of foreign currency translation gain reclassified from reserve	31	40,599
Gain on deemed disposal of a subsidiary company at Group level		177,612

As at 31 December 2017, consequential changes in the exercises disclosed in Note 6(c)(i) and (ii), the Group's effective interest in YPC increased from 40.44% to 40.46%.

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(c) Changes in Group's composition for the year ended 31 December 2017 (Cont'd)

(vi) Striking off of Olympic Cable (Singapore) Pte. Ltd. ("OCS")

On 4 July 2017, OCS, a dormant and wholly-owned subsidiary company of OCCSB, a subsidiary company of PJD, which in turn is a subsidiary company of the Company, had been struck off from the register under the Singapore Companies Act (Chapter 50) by application to the Accounting and Corporate Regulatory Authority of Singapore. The striking off of OCS did not have any material financial effect to the Group.

(vii) Striking off of Swiss-Garden Rewards (Singapore) Pte. Ltd. ("SGRS")

On 7 August 2017, SGRS, a dormant and wholly-owned subsidiary company of Swiss-Garden Rewards Sdn. Bhd., a subsidiary company of PJD, which in turn is a subsidiary company of the Company, had been struck off from the register under the Singapore Companies Act (Chapter 50) by application to the Accounting and Corporate Regulatory Authority of Singapore. The striking off did not have any material financial effect to the Group.

(viii) Issuance of 18,101,311 OSKP ordinary shares pursuant to exercise of OSKP's Warrants C

From 1 July 2017 to 28 August 2017, OSKP issued 18,101,311 new ordinary shares for cash pursuant to the exercise of warrants at exercise price of RM1.00 for the equivalent numbers by the Company and the registered holders of 17,870,378 and 230,933 respectively.

Arising from the above, the Company's effective interest in ordinary shares of OSKP decreased from 99.99% to 99.93%.

The remaining OSKP's Warrants C of 801,350 units had expired on 28 August 2017.

(ix) Subscription of redeemable preference shares and ordinary shares in OSKR

On 27 February 2017, the Company subscribed for 75,000,000 redeemable preference shares in OSKR for a cash consideration of RM75,000,000 for its working capital purpose.

On 16 October 2017, the Company subscribed for 24,000,000 new ordinary shares in OSKR for a cash consideration of RM24,000,000 for its working capital purpose.

Accordingly, the issued and paid up ordinary share capital of OSKR increased from RM150,000,000 to RM174,000,000. The equity interest in OSKR remained at 100%.

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(d) Subsidiary companies with non-controlling interests

The subsidiary companies of the Group that have material non-controlling interests to the Group are set out below:

	OSKP Group RM'000	PJD Group RM'000	Total RM'000
2018			
Proportion of ownership interest held by non-controlling interests	0.07%	3.04%	
Accumulated non-controlling interests	25,929	46,065	71,994
Profit attributable to non-controlling interests	909	5,306	6,215
Dividend paid to non-controlling interests of OSKP/PJD	-	-	-
2017			
Proportion of ownership interest held by non-controlling interests	0.07%	3.07%	
Accumulated non-controlling interests	25,025	43,209	68,234
(Loss)/Profit attributable to non-controlling interests	(1,488)	4,875	3,387
Dividend paid to non-controlling interests of OSKP/PJD	-	-	-

There were significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiary companies with material non-controlling interests.

The above information is presented based on the financial statements of subsidiary groups before accounting for fair value adjustments upon both entities being acquired and inter company transactions elimination.

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6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(d) Subsidiary companies with non-controlling interests (Cont'd)

Summarised financial information of the subsidiary companies have non-controlling interests are set out below:

	OSKP Group RM'000	PJD Group RM'000
2018		
Aggregated assets and liabilities (100%)		
Current assets	424,825	1,187,113
Non-current assets	1,207,789	1,089,894
Total assets	1,632,614	2,277,007
Current liabilities	(712,086)	(576,683)
Non-current liabilities	(312,609)	(294,978)
Total liabilities	(1,024,695)	(871,661)
Net assets	607,919	1,405,346
Aggregated results (100%)		
Revenue	192,260	966,368
Profit for the year	6,042	178,189
Other comprehensive expenses	-	(31,223)
Total comprehensive income	6,042	146,966
Profit/(Loss) attributable to:		
- owners of OSKP/PJD	5,124	178,233
- non-controlling interests of OSKP/PJD	918	(44)
	6,042	178,189
Total comprehensive income/(expenses) attributable to:		
- owners of OSKP/PJD	5,124	147,010
- non-controlling interests of OSKP/PJD	918	(44)
	6,042	146,966
Aggregated cash flows (100%)		
Net cash generated from/(used in):		
- operating activities	353,238	6,739
- investing activities	(374,852)	113,941
- financing activities	(16,935)	(40,856)
Net (decrease)/increase in cash and cash equivalents	(38,549)	79,824

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(d) Subsidiary companies with non-controlling interests (Cont'd)

Summarised financial information of the subsidiary companies have non-controlling interests are set out below: (Cont'd)

	OSKP Group RM'000	PJD Group RM'000
2017		
Aggregated assets and liabilities (100%)		
Current assets	549,971	987,087
Non-current assets	810,804	1,208,899
Total assets	1,360,775	2,195,986
Current liabilities	(430,647)	(546,941)
Non-current liabilities	(320,095)	(356,528)
Total liabilities	(750,742)	(903,469)
Net assets	610,033	1,292,517
Aggregated results (100%)		
Revenue	388,986	794,974
Profit for the year	4,378	198,033
Other comprehensive expenses	-	(64,708)
Total comprehensive income	4,378	133,325
Profit/(Loss) attributable to:		
- owners of OSKP/PJD	5,847	199,523
- non-controlling interests of OSKP/PJD	(1,469)	(1,490)
	4,378	198,033
Total comprehensive income/(expenses) attributable to:		
- owners of OSKP/PJD	5,847	131,384
- non-controlling interests of OSKP/PJD	(1,469)	1,941
	4,378	133,325
Aggregated cash flows (100%)		
Net cash generated from/(used in):		
- operating activities	190,902	83,072
- investing activities	(133,795)	(33,795)
- financing activities	5,661	(92,183)
Net increase/(decrease) in cash and cash equivalents	62,768	(42,906)

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6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(e) List of subsidiary companies

Name of companies	Principal place of business/ Country of incorporation	Principal activities	Effective proportion of ownership interest 2018 %	2017 %
KE-ZAN Holdings Berhad	Malaysia	Property investment and letting of commercial properties	100.00	100.00
OSK Capital Sdn. Bhd.	Malaysia	Capital financing business	100.00	100.00
OSK Capital Management Sdn. Bhd.	Malaysia	Provision of treasury management services	100.00	100.00
OSK I CM Sdn. Bhd.	Malaysia	Provision of treasury management services	100.00 Note (b)(iv)	-
OSK Management Services Sdn. Bhd.	Malaysia	Provision of management services	100.00	100.00
OSK Property Holdings Berhad	Malaysia	Investment holding	99.93	99.93
OSK Realty Sdn. Bhd.	Malaysia	Property investment and letting of commercial properties	100.00	100.00
PJ Development Holdings Berhad	Malaysia	Investment holding, property investment and provision of management services	96.96 Note (b)(i)	96.93
Subsidiary companies of OSK Property Holdings Berhad				
Aspect Potential Sdn. Bhd.	Malaysia	Property development	99.93	99.93
Aspect Synergy Sdn. Bhd.	Malaysia	Property development	99.93	99.93
Atria Damansara Sdn. Bhd.	Malaysia	Property investment and development	99.93	99.93

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(e) List of subsidiary companies (Cont'd)

Name of companies	Principal place of business/ Country of incorporation	Principal activities	Effective proportion of ownership interest 2018 %	2017 %
Subsidiary companies of OSK Property Holdings Berhad (Cont'd)				
Atria Parking Management Sdn. Bhd.	Malaysia	Car park management and operations	99.93	99.93
Atria Shopping Gallery Sdn. Bhd.	Malaysia	Mall management and operations	99.93	99.93
Country Wheels Sdn. Bhd.	Malaysia	Property development	50.97	50.97
Dikir Dagang Sdn. Bhd.	Malaysia	Property development	99.93	99.93
Dikir Venture Sdn. Bhd.	Malaysia	Property development	99.93 Note (b)(ix)	99.93
Jelang Vista Sdn. Bhd.	Malaysia	Property development	99.93	99.93
L26 Tower Sdn. Bhd.	Malaysia	Dormant	99.93 Note (b)(iii)	-
OSK Properties Sdn. Bhd.	Malaysia	Property development, investment and sale of oil palm fresh fruit bunches	99.93	99.93
OSK Properties Management Sdn. Bhd.	Malaysia	Property management	99.93	99.93
OSK Properties (Seremban) Sdn. Bhd.	Malaysia	Property development	99.93	99.93
OSKP Facilities Management Sdn. Bhd.	Malaysia	Property management	99.93	99.93
Perspektif Vista Sdn. Bhd.	Malaysia	Property development	99.93	99.93

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(e) List of subsidiary companies (Cont'd)

Name of companies	Principal place of business/ Country of incorporation	Principal activities	Effective proportion of ownership interest 2018 %	2017 %
Subsidiary companies of OSK Property Holdings Berhad (Cont'd)				
Perspektif Pertama Sdn. Bhd.	Malaysia	Property development	99.93 Note (b)(ix)	99.93
Pine Avenue Sdn. Bhd.	Malaysia	Property management	99.93	99.93
Potensi Rajawali Sdn. Bhd	Malaysia	Property development	99.93	99.93
Ribuan Ekuiti Sdn. Bhd.	Malaysia	Property development	99.93	99.93
Rimulia Sdn. Bhd.	Malaysia	Property development	54.96	54.96
Semponia Sdn. Bhd.	Malaysia	Property development	50.97	50.97
Warisan Rajawali Sdn. Bhd.	Malaysia	Property development	99.93	99.93
Wawasan Rajawali Sdn. Bhd.	Malaysia	Property development	99.93	99.93
Subsidiary companies of PJ Development Holdings Berhad				
Aco Built System Sdn. Bhd.	Malaysia	Installation of concrete wall panels	96.96	96.93
Acotec Sdn. Bhd.	Malaysia	Manufacturing and sale of concrete wall panels and trading of building materials	96.96	96.93

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(e) List of subsidiary companies (Cont'd)

Name of companies	Principal place of business/ Country of incorporation	Principal activities	Effective proportion of ownership interest 2018 %	2017 %
Subsidiary companies of PJ Development Holdings Berhad (Cont'd)				
Subsidiary companies of Acotec Sdn. Bhd.				
Acotec-Concrete Products Sdn. Bhd.	Malaysia	Property investment and rental services	96.96	96.93
PJD Concrete Land (JB) Sdn. Bhd.	Malaysia	Property investment	96.96	96.93
PJD Concrete Land (South) Sdn. Bhd.	Malaysia	Property investment	96.96	96.93
Ancient Capital Sdn. Bhd.	Malaysia	Property management services	96.96	96.93
Bindev Sdn. Bhd.	Malaysia	Property development	96.96	96.93
Bunga Development Sdn. Bhd.	Malaysia	Property development	96.96	96.93
Subsidiary company of Bunga Development Sdn. Bhd.				
Kulai Management Services Sdn. Bhd.	Malaysia	Provision of property management services	96.96	96.93
DLHA Management Services Sdn. Bhd.	Malaysia	Investment holding	96.96	96.93
Eframe Sdn. Bhd.	Malaysia	Software consultancy, product development and maintenance	96.96	96.93
Eframe Solutions Sdn. Bhd.	Malaysia	Software consultancy, product development and maintenance	96.96	96.93

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6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(e) List of subsidiary companies (Cont'd)

Name of companies	Principal place of business/ Country of incorporation	Principal activities	Effective proportion of ownership interest 2018 %	2017 %
Subsidiary companies of PJ Development Holdings Berhad (Cont'd)				
Harbour Place Management Services Sdn. Bhd.	Malaysia	Provision of property management services	96.96	96.93
HTR Management Services Sdn. Bhd.	Malaysia	Provision of property management services	96.96	96.93
Kota Mulia Sdn. Bhd.	Malaysia	Property development and investment	96.96	96.93
Subsidiary companies of Kota Mulia Sdn. Bhd.				
PJD Highland Resort Sdn. Bhd.	Malaysia	Property development	96.96	96.93
PTC Management Services Sdn. Bhd.	Malaysia	Provision of property management services	96.96	96.93
OCC Cables Berhad	Malaysia	Investment holding	96.96	96.93
Subsidiary company of OCC Cables Berhad				
PJ Exim Sdn. Bhd.	Malaysia	Trading of cable products	96.96	96.93
OSK Construction Sdn. Bhd. (f.k.a. PJD Construction Sdn. Bhd.)	Malaysia	Construction	96.96	96.93
Subsidiary company of OSK Construction Sdn. Bhd.				
PJDC International Sdn. Bhd.	Malaysia	Investment holding	96.96	96.93
OSK Industries Limited	Cayman Islands	Investment holding	96.96 Note (b)(vii)	-

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(e) List of subsidiary companies (Cont'd)

Name of companies	Principal place of business/ Country of incorporation	Principal activities	Effective proportion of ownership interest 2018 %	2017 %
Subsidiary companies of PJ Development Holdings Berhad (Cont'd)				
Subsidiary companies of OSK Industries Limited				
OCC Cables Limited	Cayman Islands	Investment holding	96.96 Note (b)(vii)	-
Subsidiary companies of OCC Cables Limited				
OCC Malaysia Sdn. Bhd.	Malaysia	Investment holding	96.96 Note (b)(vii)	-
Subsidiary companies of OCC Malaysia Sdn. Bhd.				
Olympic Cable Company Sdn. Bhd.	Malaysia	Manufacturing and sale of cables and wires	96.96 Note (b)(vii)	96.93
Subsidiary company of Olympic Cable Company Sdn. Bhd.				
** OVI Cables (Vietnam) Co., Ltd.	Vietnam	Manufacturing and sale of cables and wires	96.96 Note (b)(vii)	96.93

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6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(e) List of subsidiary companies (Cont'd)

	Name of companies	Principal place of business/ Country of incorporation	Principal activities	Effective proportion of ownership interest 2018 %	2017 %
	Subsidiary companies of PJ Development Holdings Berhad (Cont'd)				
	Olympic Properties Sdn. Bhd.	Malaysia	Property investment	96.96	96.93
**	Pengerang Jaya Pte. Ltd.	Singapore	Investment holding	96.96	96.93
	Subsidiary company of Pengerang Jaya Pte. Ltd.				
	P.J. (A) Pty. Limited	Australia	Investment holding and hotel business	96.96	96.93
	PJ Equity Sdn. Bhd.	Malaysia	Investment holding	96.96	96.93
	PJD Central Sdn. Bhd.	Malaysia	Property development and investment	96.96	96.93
	PJD Eastern Land Sdn. Bhd.	Malaysia	Property development and investment	96.96	96.93
	PJD Hartamas Sdn. Bhd.	Malaysia	Property development and investment	96.96	96.93
	PJD Hotels Sdn. Bhd.	Malaysia	Investment holding and hotel and restaurant business	96.96	96.93
	Subsidiary companies of PJD Hotels Sdn. Bhd.				
	Damai Laut Golf Resort Sdn. Bhd.	Malaysia	Development and investment in resort property, hotel and restaurant business and operation of golf course	96.36 Note (b)(x)	95.96
	MM Hotels Sdn. Bhd.	Malaysia	Hotel and restaurant business	96.96	96.93
	Swiss-Garden Management Services Sdn. Bhd.	Malaysia	Hotel and restaurant business	96.96	96.93

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(e) List of subsidiary companies (Cont'd)

Name of companies	Principal place of business/ Country of incorporation	Principal activities	Effective proportion of ownership interest 2018 %	2017 %
Subsidiary companies of PJ Development Holdings Berhad (Cont'd)				
PJD Land Sdn. Bhd.	Malaysia	Leasing of office cum commercial building	96.96	96.93
PJD Landmarks Sdn. Bhd.	Malaysia	Property development	96.96	96.93
PJD Management Services Sdn. Bhd.	Malaysia	Provision of property management and facilities services	96.96	96.93
PJD Pravest Sdn. Bhd.	Malaysia	Cultivation of oil palm	96.96	96.93
PJD Properties Management Sdn. Bhd.	Malaysia	Provision of project management services	96.96	96.93
PJD Realty Sdn. Bhd.	Malaysia	Property development	96.96	96.93
PJD Regency Sdn. Bhd.	Malaysia	Property development	96.96	96.93
PJD Sejahtera Sdn. Bhd.	Malaysia	Property development	96.96	96.93
PKM Management Services Sdn. Bhd.	Malaysia	Provision of property management services	96.96	96.93
Putri Kulai Sdn. Bhd.	Malaysia	Property investment	96.96	96.93
SGI Vacation Club Berhad	Malaysia	Operation and management of timeshare membership scheme	96.96	96.93
Superville Sdn. Bhd.	Malaysia	Property development	96.96	96.93
Swiss-Garden Hotel Management Sdn. Bhd.	Malaysia	Hotel management and consultancy services	96.96	96.93

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6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(e) List of subsidiary companies (Cont'd)

Name of companies	Principal place of business/ Country of incorporation	Principal activities	Effective proportion of ownership interest 2018 %	2017 %
Subsidiary companies of PJ Development Holdings Berhad (Cont'd)				
Swiss-Garden International Sdn. Bhd.	Malaysia	Hotel management and consultancy services	96.96	96.93
Subsidiary companies of Swiss-Garden International Sdn. Bhd.				
Swiss-Garden International Limited	British Virgin Islands	Hotel management and consultancy services	96.96	96.93
* Swiss-Garden International Hotels & Resorts (Australia) Pty. Ltd.	Australia	Hotel management and consultancy services	- Note (b)(viii)	96.93
Swiss-Garden Rewards Sdn. Bhd.	Malaysia	Marketing of timeshare memberships	96.96	96.93
Swiss-Inn JB Sdn. Bhd.	Malaysia	Hotel and restaurant business	96.96	96.93
Vibrant Practice Sdn. Bhd.	Malaysia	Car park management and operations	96.96	96.93

* Consolidated using management financial statements as there is not required to be audited under the local legislation.

** Audited by BDO member firms.

The financial statements of the subsidiary companies are prepared as of 31 December.

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(f) Other information

(i) Shares pledged as security

Shares in certain subsidiary companies with carrying amount of RM1.33 billion (2017: RM1.33 billion) are pledged to a licensed financial institution to secure the MTNs and Sukuk issued by the Company and its subsidiary company respectively [Note 21(b)(ii) & 21(c)(ii)].

(ii) Capital repayments from subsidiary companies

During the year, the Group carried out a capital allocation exercise and effected capital repayment in certain subsidiary companies to maximise efficiency of capital management as follow:

(a) KE-ZAN Holdings Berhad ("KHB")

Subsequent to the disposals of its investment properties in previous years, KHB, a wholly-owned subsidiary company, repaid RM87.8 million out of its capital to the Company via cash of RM30.1 million and balance of RM57.7 million by contra against amount due from the Company. Thereafter, the equity interest in KHB remained at 100%.

(b) OSK Realty Sdn. Bhd. ("OSKR")

On 5 November 2018, OSKR, a wholly-owned subsidiary company, disposed one of its investment property and repaid RM194.0 million out of its capital to the Company. Thereafter, the equity interest in OSKR remained at 100%.

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7. INVESTMENTS IN ASSOCIATED COMPANIES AND A JOINT VENTURE

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Investments in associated companies					
At cost					
Quoted shares in Malaysia		2,209,614	2,209,614	2,209,614	2,209,614
Unquoted shares in Malaysia		95,453	107,403	3,621	15,571
Unquoted shares outside Malaysia		469,544	469,544	-	-
Foreign currency translation differences		(49,562)	(18,013)	-	-
		2,725,049	2,768,548	2,213,235	2,225,185
Share of reserves, net of dividends received		694,466	669,946	-	-
	(b)(i)	3,419,515	3,438,494	2,213,235	2,225,185
Investment in a joint venture					
At cost					
Unquoted shares in Malaysia		10,918	10,918	-	-
Share of reserves		(6,449)	(6,278)	-	-
	(b)(ii)	4,469	4,640	-	-
Total		3,423,984	3,443,134	2,213,235	2,225,185
Market value for investment in an associated company					
Quoted shares in Malaysia		2,148,647	2,030,858	2,148,647	2,030,858
Carrying amount analysed by business segments:					
Property		519,429	529,358		
Financial services and investment holding		2,904,555	2,913,776		
		3,423,984	3,443,134		

7. INVESTMENTS IN ASSOCIATED COMPANIES AND A JOINT VENTURE (CONT'D)

(a) Recognition, measurement and significant judgement

Investments in associated companies and a joint venture are accounted for using the equity method of accounting. Such investments are recognised initially at acquisition cost which is measured at the fair value of the consideration paid and subsequently carried at cost less accumulated impairment loss, if any. The Group's carrying amount of such investments includes cost of investment, share of reserves of the investees after the date of acquisitions and goodwill identified upon acquisitions. Dividend received as return from investees is recognised as a reduction in the carrying amount of the investments.

The Group determines at the end of the year whether there is any objective evidence that the investments in the associated companies and a joint venture are impaired. The carrying amount of each investment is tested for impairment in accordance with MFRS 136 'Impairment of Assets' as a single asset, by comparing its recoverable amount with its carrying amount. Based on the impairment test carried out on the quoted shares in Malaysia by using the discounted cash flow projection, the value in use derived from the discounted cash flow projection is in excess of the carrying amount.

The management has assessed the level of influence that the Company has on its associated company, RHB Bank Berhad ("RHBB"), and determined that it has significant influence even though the shareholding is below 20% because of the board representations in RHBB and its key operating subsidiary companies and their participation in the strategic directions and decision making process. The Group has significant influence on Agile PJD Development Sdn.Bhd., Equity & Property Investment Corporation Pty. Limited ("EPIC") and Yarra Park City Pty. Ltd. ("YPC") because of the board representations in the associated companies and a joint venture and the effective proportion of ownership in interests are disclosed in Note (c).

(b) Other information

A portion of the shares in an associated company has been pledged to a licensed financial institution to secure medium term notes issued by a subsidiary company [Note 21(c)(ii) and (iii)]. As at 31 December 2018, the Group's carrying amount of such shares stood at RM714.1 million. There were no contingent liabilities relating to the Group's interests in the associated companies.

Shares in an associated company of the Group has been pledged to financial institutions to secure borrowings of the associated company for the property development in Australia. As at 31 December 2018, the Group's carrying amount of such shares stood at RM382.3 million.

In previous year, a portion of the shares in an associated company with carrying amount of RM638.2 million were pledged to a licensed financial institution to secure a term borrowing granted to the Company [Note 22(b)].

The Company received dividends of RM71.1 million (2017: RM48.7 million) (Note 29) from RHBB during the year. The Company also received an interim distribution of RM11.9 million from RHB Capital Berhad (In Members' Voluntary Winding Up) during the year.

There were no restrictions on the ability of associated companies and a joint venture to transfer funds to the Group and the Company in the form of cash dividends or to repay loans or advances made by the Group and the Company.

7. INVESTMENTS IN ASSOCIATED COMPANIES AND A JOINT VENTURE (CONT'D)

(b) Other information (Cont'd)

(i) Investments in associated companies

The reconciliation of net assets to the carrying amount of investments in associated companies is as follows:

	RHBB RM'000	YPC RM'000	EPIC RM'000	Others RM'000	Total RM'000
2018					
Proportion of ownership interests in associated companies	10.13%	41.74% #	27.40% #		
Share of net assets	2,653,412	312,963	87,141	85,038	3,138,554
Goodwill	247,061	69,378	-	-	316,439
Effect of indirect interests in an associated company	-	-	(22,349)	-	(22,349)
Unrealised profit	-	-	-	(13,129)	(13,129)
Carrying amounts	2,900,473	382,341	64,792	71,909	3,419,515
2017					
Proportion of ownership interests in associated companies	10.13%	41.74% #	27.40% #		
Share of net assets	2,651,256	347,463	89,956	78,601	3,167,276
Goodwill	246,489	69,378	-	-	315,867
Effect of indirect interests in an associated company	-	-	(22,349)	-	(22,349)
Unrealised profit	-	-	-	(22,300)	(22,300)
Carrying amounts	2,897,745	416,841	67,607	56,301	3,438,494

For the above reconciliation purpose, the percentages of ownership interests in associated companies represent the proportion equity interests in these associated companies held by PJD, a 96.96% (2017: 96.93%) owned subsidiary company of the Company. The effective proportion of ownership interests of the associated companies and a joint venture is disclosed in Note (c) below.

7. INVESTMENTS IN ASSOCIATED COMPANIES AND A JOINT VENTURE (CONT'D)

(b) Other information (Cont'd)

(i) Investments in associated companies (Cont'd)

Summarised financial information of the material associated companies is as follows:

	RHBB RM'000	YPC RM'000	EPIC RM'000
2018			
Aggregated assets and liabilities of associated companies (100%)			
Current assets^	-	384,694	58,309
Non-current assets^	-	731,137	284,033
Total assets	246,211,823	1,115,831	342,342
Current liabilities^	-	(250,078)	(11,897)
Non-current liabilities^	-	(116,024)	(12,407)
Total liabilities	(219,977,665)	(366,102)	(24,304)
Net assets	26,234,158	749,729	318,038
Net assets attributable to:			
- owners of the associated company	26,196,198	749,729	318,038
- non-controlling interests of the associated company	37,960	-	-
	26,234,158	749,729	318,038
Aggregated results (100%)			
Revenue	6,805,613	-	10,836
Profit/(Loss) for the year attributable to:			
- owners of the associated company	2,118,145	(18,730)	7,494
- non-controlling interests of the associated company	3,716	-	-
	2,121,861	(18,730)	7,494

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7. INVESTMENTS IN ASSOCIATED COMPANIES AND A JOINT VENTURE (CONT'D)

(b) Other information (Cont'd)

(i) Investments in associated companies (Cont'd)

Summarised financial information of the material associated companies is as follows: (Cont'd)

	RHBB RM'000	YPC RM'000	EPIC RM'000
2018 (Cont'd)			
Aggregated results (100%) (Cont'd)			
Other comprehensive income/(expenses) attributable to:			
- owners of the associated company	87,520	(63,917)	(17,768)
- non-controlling interests of the associated company	(12)	-	-
	87,508	(63,917)	(17,768)
Total comprehensive income/(expenses)	2,209,369	(82,647)	(10,274)
Net assets attributable to the owners of the associated company			
At the beginning of the year	26,174,976	832,376	328,312
Effects of adoption of MFRS 9	(1,482,685)	-	-
As restated	24,692,291	832,376	328,312
Profit/(Loss) for the year	2,118,145	(18,730)	7,494
Other comprehensive income/(expenses)	87,520	(63,917)	(17,768)
Other reserves changes	(701,758)	-	-
At the end of the year	26,196,198	749,729	318,038

7. INVESTMENTS IN ASSOCIATED COMPANIES AND A JOINT VENTURE (CONT'D)

(b) Other information (Cont'd)

(i) Investments in associated companies (Cont'd)

Summarised financial information of the material associated companies is as follows: (Cont'd)

	RHBB RM'000	YPC RM'000	EPIC RM'000
2017			
Aggregated assets and liabilities of associated companies (100%)			
Current assets^	-	231,311	63,484
Non-current assets^	-	646,193	283,951
Total assets	233,544,030	877,504	347,435
Current liabilities^	-	(45,128)	(11,473)
Non-current liabilities^	-	-	(7,650)
Total liabilities	(207,334,340)	(45,128)	(19,123)
Net assets	26,209,690	832,376	328,312
Net assets attributable to:			
- owners of the associated company	26,174,976	832,376	328,312
- non-controlling interests of the associated company	34,714	-	-
	26,209,690	832,376	328,312
Aggregated results (100%)			
Revenue	6,386,743	1,360	17,253
Profit/(Loss) for the year attributable to:			
- owners of the associated company	1,753,788	(6,193)	10,381
- non-controlling interests of the associated company	5,895	-	-
	1,759,683	(6,193)	10,381

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

7. INVESTMENTS IN ASSOCIATED COMPANIES AND A JOINT VENTURE (CONT'D)

(b) Other information (Cont'd)

(i) Investments in associated companies (Cont'd)

Summarised financial information of the material associated companies is as follows: (Cont'd)

	RHBB RM'000	YPC RM'000	EPIC RM'000
2017 (Cont'd)			
Aggregated results (100%) (Cont'd)			
Other comprehensive expenses attributable to:			
- owners of the associated company	(64,016)	(62,763)	(5,423)
- non-controlling interests of the associated company	(258)	-	-
	(64,274)	(62,763)	(5,423)
Total comprehensive income/(expenses)	1,695,409	(68,956)	4,958
Net assets attributable to the owners of the associated company			
At the beginning of the year	24,966,397	-	323,354
Upon share subscription	-	901,332	-
Profit/(Loss) for the year	1,753,788	(6,193)	10,381
Other comprehensive expenses	(64,016)	(62,763)	(5,423)
Other reserves changes	(481,193)	-	-
At the end of the year	26,174,976	832,376	328,312

^ Breakdown of current assets/liabilities and non-current assets/liabilities of RHBB are not available as the financial institution has to comply with Bank Negara Malaysia guidelines on presentation and disclosures where non-current and current categories are not required.

The above information is presented based on the financial statements of the associated companies after accounting for fair value adjustments made upon acquisitions.

(ii) Investment in a joint venture, Scotia Acres Sdn. Bhd. ("Scotia")

The reconciliation of net assets to carrying amount of the joint venture is as follows:

	2018 RM'000	2017 RM'000
Proportion of ownership interest in a joint venture	50.00%	50.00%
Share of net assets/Carrying amount	4,469	4,640

7. INVESTMENTS IN ASSOCIATED COMPANIES AND A JOINT VENTURE (CONT'D)

(b) Other information (Cont'd)

(ii) Investment in a joint venture, Scotia Acres Sdn. Bhd. ("Scotia") (Cont'd)

Summarised financial information of the joint venture is as follows:

	2018 RM'000	2017 RM'000
Aggregated assets and liabilities of the joint venture (100%)		
Current assets	5,023	3,296
Non-current assets	92,511	97,706
Total assets	97,534	101,002
Current liabilities	(19,763)	(15,163)
Non-current liabilities	(68,833)	(76,559)
Total liabilities	(88,596)	(91,722)
Net assets	8,938	9,280
Aggregated results (100%)		
Revenue	13,975	11,824
Loss for the year/Other comprehensive expenses attributable to:		
- owners of the joint venture	(342)	(4,205)
- non-controlling interests of the joint venture	-	-
	(342)	(4,205)
Total comprehensive expenses	(342)	(4,205)
Net assets attributable to the owners of the joint venture		
At the beginning of the year	9,280	13,485
Loss for the year	(342)	(4,205)
At the end of the year	8,938	9,280

The above information presented is based on the financial statements of the joint venture with adjustments for differences in accounting policies between the Group and the joint venture.

7. INVESTMENTS IN ASSOCIATED COMPANIES AND A JOINT VENTURE (CONT'D)

(c) List of associated companies and a joint venture

Name of companies	Principal place of business/ Country of incorporation	Principal activities	Effective proportion of ownership interest 2018 %	2017 %
Associated companies				
* RHB Bank Berhad	Malaysia	Commercial banking and finance related business and the provision of related services whilst its subsidiary companies are involved in Islamic banking, investment banking, stock broking, leasing, offshore banking, offshore trust services, property investment, general insurance, unit trust management, asset management and nominee and custodian services	10.13	10.13
* RHB Capital Berhad (In Members' Voluntary Winding Up)	Malaysia	Investment holding (dormant)	10.13	10.13
Associated companies of PJD				
Agile PJD Development Sdn. Bhd. ("Agile")	Malaysia	Property development and investment	29.09 @	29.08
Equity & Property Investment Corporation Pty. Limited ("EPIC")	Australia	Property investment and property development	26.57 @	26.56
* Yarra Park City Pty.Ltd. ("YPC")	Australia	Property development and investment	40.48 @	40.46

7. INVESTMENTS IN ASSOCIATED COMPANIES AND A JOINT VENTURE (CONT'D)

(c) List of associated companies and a joint venture (Cont'd)

Name of companies	Principal place of business/ Country of incorporation	Principal activities	Effective proportion of ownership interest 2018 %	2017 %
Joint venture of PJD				
Scotia Acres Sdn. Bhd. ("Scotia")	Malaysia	Property development and investment	48.48 @	48.46
Subsidiary company of Scotia				
Canggih Pesaka Sdn. Bhd.	Malaysia	Property investment	48.48 @	48.46

* Audited by firms of auditors other than BDO PLT in Malaysia and BDO member firms.

@ The Group's effective equity interests increased due to the changes of interest in PJD as disclosed in Note 6(b)(i) and (ii). The Company has 96.96% (2017: 96.93%) equity interest in PJD, which in turn holds 30% equity interest in Agile, 27.40% equity interest in EPIC, 41.74% equity interest in YPC and 50% equity interest in Scotia. Therefore, the Group's effective equity interest in Agile, EPIC, YPC and Scotia are 29.09% (2017: 29.08%), 26.57% (2017: 26.56%), 40.48% (2017: 40.46%) and 48.48% (2017: 48.46%) respectively.

The financial statements of the associated companies and a joint venture used in applying equity method are prepared as of 31 December except for EPIC which prepared its financial statements as of 30 June. For applying the equity method of accounting, the management financial statements of EPIC for financial period ended 31 December have been used.

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8. INTANGIBLE ASSETS

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Software licences	(b)	951	1,216	146	102
Club membership	(c)	350	350	-	-
Trademarks		160	160	160	160
		1,461	1,726	306	262
Carrying amount analysed by business segments:					
Property		414	531		
Financial services and investment holding		1,047	1,195		
		1,461	1,726		

(a) Recognition, measurement and significant judgement

Software licences, club membership and trademarks are stated at cost less any accumulated amortisation and accumulated impairment losses, if any. The software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of 6 to 7 years. The estimated useful life represents common life expectancy applied in the industry within which the Group and the Company operate. The club membership and trademarks are not amortised.

(b) Software licences

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
At cost					
At the beginning of the year		2,689	2,612	117	48
Additions	3	98	171	66	69
Write off	(ii)	-	(94)	-	-
At the end of the year		2,787	2,689	183	117
Accumulated amortisation					
At the beginning of the year		(1,473)	(1,166)	(15)	(3)
Amortisation	(i)	(363)	(361)	(22)	(12)
Write off	(ii)	-	54	-	-
At the end of the year		(1,836)	(1,473)	(37)	(15)
Net carrying amount		951	1,216	146	102

8. INTANGIBLE ASSETS (CONT'D)

(b) Software licences (Cont'd)

(i) The total amortisation for the year is recognised and classified as follows:

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Recognised in profit or loss:					
- Cost of sales	30(b)	6	10	-	-
- Administrative expenses	32	357	351	22	12
		363	361	22	12

(ii) The software licenses written off are recognised and classified as follows:

	Note	Group 2018 RM'000	Group 2017 RM'000
Cost		-	94
Accumulated depreciation		-	(54)
Net carrying amount		-	40
Recognised in profit or loss:			
- Other expenses	33	-	40

(c) Club membership

	Note	Group 2018 RM'000	Group 2017 RM'000
At cost			
At the beginning of the year		350	550
Disposal		-	(68)
Write off	33	-	(132)
At the end of the year		350	350

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9. INVENTORIES

	Note	Group 2018 RM'000	2017 RM'000
Non-current			
Land held for property development			
Freehold and leasehold land			
At the beginning of the year		686,209	1,035,976
Costs incurred		1,946	74,918
Purchase of lands		376,213	118,321
Reclassified to property development expenditure		(50,124)	(23,735)
Deemed disposal of a subsidiary company	6(c)(v)	-	(545,834)
Foreign currency translation differences		-	26,563
At the end of the year		1,014,244	686,209
Development expenditure			
At the beginning of the year		128,966	125,747
Costs incurred		46,181	69,158
Reclassified to property development expenditure		(14,952)	(4,066)
Recognised in profit or loss	30	-	(10,327)
Deemed disposal of a subsidiary company	6(c)(v)	-	(52,367)
Foreign currency translation differences		-	821
At the end of the year		160,195	128,966
Total non-current		1,174,439	815,175
Current			
(i) Property development expenditure			
Freehold and leasehold land			
At the beginning of the year		282,307	297,505
Costs incurred		-	5
Reclassified from land held for property development		50,124	23,735
Reclassified to completed properties held for sale		(2,538)	(10,331)
Reversal of development expenditure for completed projects		(77,490)	(28,607)
At the end of the year		252,403	282,307

9. INVENTORIES (CONT'D)

	Note	Group 2018 RM'000	2017 RM'000
Current (Cont'd)			
(i) Property development expenditure (Cont'd)			
Development expenditure			
At the beginning of the year		1,022,268	866,474
Costs incurred		346,131	473,525
Reclassified from land held for property development		14,952	4,066
Reclassified to completed properties held for sale		(14,182)	(39,029)
Reversal of development expenditure for completed projects		(468,092)	(282,768)
At the end of the year		901,077	1,022,268
Total property development expenditure incurred		1,153,480	1,304,575
Costs recognised in profit or loss			
At the beginning of the year		(855,966)	(692,192)
Recognised in profit or loss	30	(491,559)	(475,149)
Reversal of costs arising from completed projects		545,582	311,375
At the end of the year		(801,943)	(855,966)
Net carrying amount of property development expenditure		351,537	448,609
(ii) Completed properties held for sale			
At cost		45,076	56,698
At net realisable value		4,156	8,386
		49,232	65,084

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9. INVENTORIES (CONT'D)

	Group 2018 RM'000	2017 RM'000
Current (Cont'd)		
(iii) Manufacturing stocks		
At cost		
Consumables	1,442	1,085
Finished goods	28,153	26,202
Raw materials	9,557	9,531
Work-in-progress	7,380	6,009
	46,532	42,827
At net realisable value		
Finished goods	6,228	3,145
Raw materials	538	306
	6,766	3,451
Net carrying amount of manufacturing stocks	53,298	46,278
(iv) Hotels and resorts consumables, at cost	1,161	1,586
Total current	455,228	561,557
Total	1,629,667	1,376,732
Carrying amount analysed by business segments:		
Property	1,575,208	1,328,869
Industries	53,298	46,277
Hospitality	1,161	1,586
	1,629,667	1,376,732

9. INVENTORIES (CONT'D)

(a) Recognition, measurement and significant judgement

(i) Land held for property development

The land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is measured at the lower of cost and net realisable value. Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is reclassified as property development expenditure under current asset at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property development expenditure

Property development expenditure not recognised as an expense are recognised as an asset measured at the lower of cost and net realisable value.

The property development expenditure comprises all costs that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. Such development expenditure comprises the cost of land under development, construction costs and other related development costs common to the whole project including professional fees, stamp duties, commissions, conversion fees and other relevant levies as well as borrowing costs.

The Group recognises in profit or loss the property development revenue and costs by reference to the progress towards complete satisfaction of that performance obligation at the reporting period. It is measured based on direct measurements of the value transferred by the Group to the customers and the Group's efforts or inputs to the satisfaction of the performance obligation. Significant judgement is required in determining:
- the completeness and accuracy of the budgets; and
- the extent of the costs incurred.

Substantial changes in cost estimates can have a significant effect on the Group's profitability in future periods. In making the above judgement, the Group relies on past experience and work of specialists. There is no estimation required in determining the transaction prices as revenue from property development is based on contracted prices.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

9. INVENTORIES (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

(iii) Completed properties held for sale

The completed properties held for sale are measured at the lower of cost and net realisable value. Cost consists of cost associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable for developing the properties until completion. The asset is subsequently credited over to profit or loss and recognised as an expense when the control of the asset is transferred to the customer.

(iv) Manufacturing stocks; and hotels and resorts consumables

Manufacturing stocks; and hotels and resorts consumables are determined using a weighted average cost basis and measured at the lower of cost and net realisable value.

Net realisable value is the estimate of the selling price in the ordinary course of business, less costs to completion and selling expenses.

(b) Other information

(i) Land held for property development

Included in land held for property development during the year was interest capitalised of RM11.3 million (2017: RM5.4 million) (Note 34).

A piece of development land of a subsidiary company with carrying amount of RM122.8 million (2017: Nil) is pledged to a licensed financial institution to secure the Tranche 2 of Sukuk 1 issued as disclosed in Note 21(c)(ii).

Several parcels of development land of certain subsidiary companies with carrying amount of RM237.9 million (2017: RM246.1 million) are pledged as security for term and bridging borrowings granted to the subsidiary companies as disclosed in Note 22(b).

(ii) Property development expenditure

Included in property development expenditure during the year was interest capitalised of RM10.1 million (2017: RM14.4 million) (Note 34).

Property development land of certain subsidiary companies with carrying amount of RM298.3 million (2017: RM392.6 million) are pledged as security for term borrowing granted to the subsidiary companies as disclosed in Note 22(b).

10. DEFERRED TAX ASSETS/(LIABILITIES)

The following amounts, determined after appropriate set-off, are shown in the statements of financial position.

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Deferred tax assets	(b)(i)				
At the beginning of the year		74,018	100,883	1,322	1,237
Deemed disposal of a subsidiary company	6(c)(v)	-	(1,330)	-	-
Recognised in profit or loss	35	13,694	(25,754)	(364)	85
Foreign currency translation differences		-	219	-	-
At the end of the year		87,712	74,018	958	1,322
Deferred tax liabilities	(b)(ii)				
At the beginning of the year		(143,120)	(156,916)	-	-
Recognised in profit or loss	35	23,625	13,796	-	-
At the end of the year		(119,495)	(143,120)	-	-
Carrying amount analysed by business segments:					
Deferred tax assets					
Property		57,494	36,786		
Construction		712	1,172		
Hospitality		27,695	33,679		
Financial services and investment holding		1,811	2,381		
		87,712	74,018		
Deferred tax liabilities					
Property		(96,374)	(117,031)		
Construction		(165)	(5,138)		
Industries		(3,768)	(3,664)		
Hospitality		(1,285)	(13,488)		
Financial services and investment holding		(17,903)	(3,799)		
		(119,495)	(143,120)		

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

(a) Recognition, measurement and significant judgement

Deferred tax is accounted using the liability method on temporary differences at the reporting period between the tax based value and carrying amount.

Deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred tax is determined using tax rate (and tax laws) that have been enacted or substantively enacted by the end of the year and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that could be recognised based on the likely timing and extent of future taxable profits together with future tax planning.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets and liabilities and when those income taxes are levied by the same tax authority on the same taxable company.

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

(b) The components and movements of deferred tax assets and liabilities:

(i) Deferred tax assets

	Note	Excess of depreciation over capital allowances RM'000	Fair value on investment properties RM'000	Fair value on inventories RM'000	Interest capitalised in inventories RM'000	Unused tax losses and unabsorbed capital allowances RM'000	Deferred income RM'000	Provisions RM'000	Total deferred tax assets RM'000	Offset RM'000	Net deferred tax assets RM'000
Group											
2018											
At the beginning of the year		2,187	1,744	12,153	18,695	15,890	34,791	14,986	100,446	(26,428)	74,018
Recognised in profit or loss	35	(1,456)	1,774	(2,157)	1,589	5,720	(2,733)	13,214	15,951	(2,257)	13,694
At the end of the year		731	3,518	9,996	20,284	21,610	32,058	28,200	116,397	(28,685)	87,712
2017											
At the beginning of the year		798	-	16,596	5,706	32,424	31,857	30,583	117,964	(17,081)	100,883
Deemed disposal of a subsidiary company		-	-	-	-	(1,330)	-	-	(1,330)	-	(1,330)
Recognised in profit or loss	35	1,389	1,744	(4,443)	12,989	(15,423)	2,934	(15,597)	(16,407)	(9,347)	(25,754)
Foreign currency translation differences		-	-	-	-	219	-	-	219	-	219
At the end of the year		2,187	1,744	12,153	18,695	15,890	34,791	14,986	100,446	(26,428)	74,018
Company											
2018											
At the beginning of the year		-	-	-	-	-	-	1,403	1,403	(81)	1,322
Recognised in profit or loss	35	-	-	-	-	-	-	(396)	(396)	32	(364)
At the end of the year		-	-	-	-	-	-	1,007	1,007	(49)	958
2017											
At the beginning of the year		-	-	-	-	-	-	1,260	1,260	(23)	1,237
Recognised in profit or loss	35	-	-	-	-	-	-	143	143	(58)	85
At the end of the year		-	-	-	-	-	-	1,403	1,403	(81)	1,322

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

(b) The components and movements of deferred tax assets and liabilities: (Cont'd)

(ii) Deferred tax liabilities

	Note	Excess of capital allowances over depreciation RM'000	Fair value on investment properties RM'000	Fair value on inventories RM'000	Fair value on share of net assets of the associated companies RM'000	Total deferred tax liabilities RM'000	Offset RM'000	Net deferred tax liabilities RM'000
Group								
2018								
At the beginning of the year		(53,540)	(16,514)	(93,121)	(6,373)	(169,548)	26,428	(143,120)
Recognised in profit or loss	35	10,551	5,870	4,947	-	21,368	2,257	23,625
At the end of the year		(42,989)	(10,644)	(88,174)	(6,373)	(148,180)	28,685	(119,495)
2017								
At the beginning of the year		(40,630)	(28,589)	(98,405)	(6,373)	(173,997)	17,081	(156,916)
Recognised in profit or loss	35	(12,910)	12,075	5,284	-	4,449	9,347	13,796
At the end of the year		(53,540)	(16,514)	(93,121)	(6,373)	(169,548)	26,428	(143,120)
Company								
2018								
At the beginning of the year		(81)	-	-	-	(81)	81	-
Recognised in profit or loss		32	-	-	-	32	(32)	-
At the end of the year		(49)	-	-	-	(49)	49	-
2017								
At the beginning of the year		(23)	-	-	-	(23)	23	-
Recognised in profit or loss		(58)	-	-	-	(58)	58	-
At the end of the year		(81)	-	-	-	(81)	81	-

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

(c) Other information

During the year, the deferred tax has been adjusted for the revised Real Property Gain Tax rates in Malaysia.

The temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follow:

	Group 2018 RM'000	2017 RM'000
Deductible temporary differences	19,666	26,440
Taxable temporary differences	(63,274)	(47,637)
Unused tax losses	111,469	104,585
Unutilised capital allowances	109,349	87,467
	177,210	170,855

Deferred tax assets of certain subsidiary companies have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiary companies would be available against which the deductible temporary differences could be utilised. The amount and the availability of these items to be carried forward are subject to the agreement of the relevant tax authorities.

The unused tax losses analysed by expiry date:

	Group 2018 RM'000	2017 RM'000
No expiry date *	-	100,326
Year of assessment 2018	-	269
Year of assessment 2019	1,472	1,472
Year of assessment 2020	692	692
Year of assessment 2021	101	101
Year of assessment 2022	483	483
Year of assessment 2023	1,242	1,242
Year of assessment 2024	395	-
Year of assessment 2025	107,084	-
	111,469	104,585

* The unused tax losses up to the year of assessment 2018 shall be deductible against the aggregate of statutory incomes until the year of assessment 2025. Any amount that has not been deducted at the end of the year of assessment 2025 shall be disregarded.

Any unused tax losses for the year of assessment 2019 onwards shall be deductible for a maximum period of seven consecutive years of assessment immediately following that year of assessment. Any amount which is not deducted at the end of the period of seven years of assessment shall be disregarded.

11. CAPITAL FINANCING

	Note	Group 2018 RM'000	2017 RM'000
Non-current		132,667	151,850
Current		433,307	361,040
	43(c)(i)	565,974	512,890
Term financing		566,785	513,778
Allowances for impairment losses:			
- Individual assessment		(811)	(888)
		565,974	512,890
The movement of allowances for impairment losses measured at an amount equals to lifetime expected credit losses are as follows:			
Collective assessment			
At the beginning of the year		-	(32)
Write back of allowance	31	-	32
At the end of the year		-	-
Individual assessment			
At the beginning of the year		(888)	(11,522)
Allowance made	33	(237)	-
Write back of allowance	31	231	4,131
Write off		83	6,503
At the end of the year		(811)	(888)

The carrying amount is classified under the Financial Services segment.

(a) Recognition, measurement and significant judgement

Capital financing are financial assets with fixed or determinable payments and are classified as amortised cost assets. Capital financing are recognised initially at their fair values equivalent to the financed amounts plus any directly attributable transaction fees; and such capital financing portfolio is interest bearing. Capital financing are subsequently measured at amortised cost. The amortised cost of a financial asset is described in (a)(vi) below.

Interest income [Note 29(iii)], allowance for impairment losses [Note 33(i)], and any gain or loss arising from derecognition of capital financing are recognised in profit or loss.

11. CAPITAL FINANCING (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

The Group adopted MFRS 9 'Financial Instruments' including impairment model i.e. "expected credit loss model" as compared to "incurred loss model" that previously used under MFRS 139 'Financial Instruments: Recognition and Measurement'. Upon adoption of MFRS 9, capital financing subsidiary assessed its portfolio and concluded that there is no impact mainly due to the collateral value provided by each client exceeded its outstanding amount, as such the loss given default equal to zero.

(i) The credit risk management practices

The capital financing subsidiary's credit risk management practices and related recognition and measurement of its expected credit losses are summarised as follow:

In determining whether the credit risk of a capital financing has increased significantly since initial recognition, the capital financing subsidiary observes ageing of 120 days past due, collateral values, clients' financial standing and compares the risk of a default occurring on the capital financing at the end of the reporting period with the risk of a default occurring on the capital financing at the date of such capital financing is initial recognised. In making this assessment, the capital financing subsidiary considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and observable forward-looking information without undue cost or effort.

The capital financing are considered to have low credit risk at the end of the reporting period when the fair value of collateral held exceeded the outstanding amount, and/or there were no incident of default in the past.

The main types of collateral obtained by the capital financing subsidiary to mitigate credit risk of capital financing are pledges over quoted shares, charges over properties including land, ownership claims over assets financed and guarantees. The capital financing subsidiary adopts the policy of obtaining sufficient collateral and monitors fair value of collateral by observing the market trends, the collateral value continually being updated based on the changes in market value.

As required under paragraph 5.5.11 of MFRS 9 in relation to the rebuttable presumption, the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. The capital financing subsidiary which dealing in loan and financing to its clients, unlike in trading and services, activities which normally payment terms include a lump sum payment for goods and/or services, while capital financing involves a stream of payments via repayment schedule and monitor clients' repayment behaviour would normally take longer than 30 days.

A capital financing is considered as default when it is non-performing. Non-performing refers when a capital financing is unable to serve interest and/or repay principal within the time granted or allowed.

The capital financing subsidiary adopts 'simplified approach' under MFRS 9 in providing for the expected credit loss which includes a single-stage lifetime expected credit loss. Capital financing are assessed individually for impairment at each reporting period end. The capital financing subsidiary also assesses expected credit losses on a collective basis for loans, who are not being impaired individually, and such capital financing are grouped based on similar credit risk characteristics of expected credit loss.

NOTES TO THE FINANCIAL STATEMENTS
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11. CAPITAL FINANCING (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

(i) The credit risk management practices (Cont'd)

A capital financing is considered credit-impaired when there is one or more events that have detrimental impact on the recoverable amounts based on the future cash flows of capital financing that can be reliably estimated.

The capital financing subsidiary write off a capital financing from its books only when all avenues of recovery have been exhausted and there is no recoverable expectation of such loan in the foreseeable future. For capital financing that are written off, capital financing still follows up enforcement activities by the Group's internal legal unit.

For determining that there is objective evidence of credit-impaired capital financing, the capital financing subsidiary uses following inputs and assumptions for the lifetime expected credit losses and increase in credit risk significantly since initial recognition:

- Significant financial difficulty of the borrower;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- Economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- High probability that the client will enter bankruptcy or financial reorganisation;
- Disappearance of an active market for and deterioration of collateral held; or
- Observable current and forward-looking data indicating that there is a measurable decrease in the estimated future cash flows from the borrower since initial recognition, including:
  (i) adverse changes in the payment status of the borrower; and
  (ii) national or local economic conditions that correlate with the borrower.

During the year, no significant modifications of contractual cash flows of capital financing have been applied.

The capital financing subsidiary reviews expected credit losses at each reporting period to assess the reasonableness of the assumptions in relation to risk of default and expected loss rates. In assessing impairment of a capital financing, the capital financing subsidiary has based on historical behaviour including past five years monthly data of each capital financing from the end of reporting date as an assumption for possibility of default. In addition, the capital financing subsidiary observes current market condition in relation to each capital financing's exposure and related collateral risk exposure.

For incorporating of forward-looking information into the determination of expected credit losses, the capital financing subsidiary uses general macroeconomic such as projected gross domestic product of Malaysia as a broad guidance of credit. In addition, the capital financing subsidiary also observes industry specific factors in determining expected credit loss such as information about share market including investable counter, collateral nature, property market and its marketability and etc.

Based on the historical data and the forward-looking information stated above, capital financing uses probability of default and loss given default methodology to assess lifetime expected credit loss.

There were no significant changes in the estimation techniques or assumptions made during the year.

11. CAPITAL FINANCING (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

(ii) Quantitative and qualitative information about amounts arising from expected credit losses

	Collectively assessed RM'000	Individually assessed RM'000
Gross carrying amount being allocated for impairment		
2018		
At the beginning of the year	512,885	893
Newly originated	263,580	237
Derecognised	(210,508)	(219)
Transfer	17	(17)
Write off	-	(83)
At the end of the year	565,974	811

There were no modifications of contractual cash flows on capital financing during the year.

There were no contractual amounts outstanding on capital financing that were written off during the year and are still subject to enforcement activities.

(iii) Credit risk exposure

The Group assesses credit quality of a capital financing client using the following internal classified grades:

(1) "Grade A" refers to capital financing with collateral value higher than the gross outstanding amount. The collateral obtained is sufficient to settle in whole of the indebtedness of outstanding customer in the event of default.

(2) "Grade B" refers to capital financing with collateral value lower than the gross outstanding amount. The collateral obtained is able to be used to settle in part of the indebtedness of the customer in the event of default.

	Collective assessment Grade A	Collective assessment Grade B	Individual assessment	Total
2018				
Expected loss rate	0.0%	-	100.0%	0.1%
	RM'000	**RM'000**	**RM'000**	**RM'000**
Gross carrying amount/ Maximum exposure	565,974	-	811	566,785
Collateral value held	2,741,863	-	2,400	2,744,263
Expected loss provision	-	-	811	811
Loan commitments undrawn	52,720	-	-	52,720

NOTES TO THE FINANCIAL STATEMENTS
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11. CAPITAL FINANCING (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

(iii) Credit risk exposure (Cont'd)

At the end of the year, the five largest capital financing, accounted for RM222.0 million or 39% (2017: RM188.7 million or 37%) of the net capital financing portfolio, representing the subsidiary company's significant concentration of credit risks. These credit risks are mitigated via their collateral values exceeded outstanding amounts due from capital financing clients.

(iv) Collateral and other credit enhancements obtained

The capital financing subsidiary takes possession of collaterals that are held as security and calls on other credit enhancements against capital financing when loans become defaults. There were no force selling of collateral during the year. For the year ended 31 December 2017, there were force selling of collateral in the normal course of the Group's business. The repossessed collateral are recognised as assets and are sold as soon as practicable. As at 31 December 2018, there are no unsold repossessed collaterals.

(v) Significant estimates and judgements

The impairment allowances for capital financing are based on assumptions about risk of default and expected credit loss rates. The capital financing subsidiary adopts judgement in making these assumptions and selecting inputs for computing such impairment loss, broadly based on the capital financing subsidiary's past clients' history, existing market conditions as well as forward-looking information without undue cost at end of the year.

(vi) Financial assets measured at amortised cost and effective interest method

Amortised cost of a financial asset is measured at initial recognition net off principal repayment, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and minus any impairment losses. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset.

(b) Other information

Ageing analysis of capital financing is as follows:

	Group	
	2018 RM'000	2017 RM'000
Current	555,414	489,343
Past due:		
1 to 30 days	10,560	23,534
31 to 90 days	-	8
More than 90 days	-	5
	565,974	512,890

The capital financing portfolio is denominated in RM and charged a fixed interest rate at weighted average interest rate of 8.89% (2017: 8.73%) per annum. The normal credit term for capital financing ranged from 2 to 24 months from the date of financing.

12. TRADE RECEIVABLES

	Note	Group 2018 RM'000	2017 RM'000
Non-current			
Membership fee receivables		16,554	20,472
Property development receivables		5,306	7,318
Construction receivables		-	2,380
Total non-current		21,860	30,170
Current			
Lease receivables		2,967	4,499
Property development receivables		146,909	157,006
Construction receivables		13,672	27,704
Industries receivables		83,142	76,334
Hotels receivables		3,029	3,220
Membership fee receivables		15,850	14,332
		265,569	283,095
Less: Allowances for impairment losses:			
- Collective assessment	(a)(iii)	(1,117)	-
- Individual assessment	(a)(iii)	(4,859)	(3,735)
Total current		259,593	279,360
Total	43(c)(i)	281,453	309,530
Carrying amount analysed by business segments:			
Property		154,594	168,160
Construction		13,672	30,084
Industries		78,069	73,229
Hospitality		35,118	38,057
		281,453	309,530

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12. TRADE RECEIVABLES (CONT'D)

(a) Recognition, measurement and significant judgement

The trade receivables are financial assets with fixed or determinable payments and are classified as amortised cost assets. Trade receivables are recognised initially at their fair value of goods and services provided based on invoice amounts and are subsequently measured at amortised cost. The amortised cost of a financial asset is described in Note 11(a)(vi). Revenue (Note 29), allowance for impairment losses [Note 33(i)] and any gain or loss arising from derecognition of trade receivables are recognised in profit or loss.

(i) The credit risk management practices

The trade receivables consist of receivables that arising from businesses such as Property Development, Property Investment, Construction, Olympic - Cables, Acotec - Industrialised Building System ("IBS"), Swiss-Garden Hotels and Resorts; and SGI Vacation Club.

Business units assess whether credit risk of a customer has increased significantly since initial recognition via observation of certain criteria including ageing of days past due, collateral values where applicable, latest customer financial standing and compare the risk of a default occurring on the portfolio as at the end of the year with the risk of a default occurring on the portfolio as at the date of such customer is initially recognised. In making this assessment, the business units consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and observable forward-looking information without undue cost or effort.

As required under paragraph 5.5.11 of MFRS 9 in relation to the rebuttable presumption, the credit risk on a financial asset has increased significantly since initial recognition in each of their businesses when contractual payments are more than 30 days past due. The business units of the Group study clients' repayment behaviour compared with the industries norm and the supply chain cycle for those industries normally take longer than 30 days.

A receivable is considered as default when such customer did not perform their obligation to make payment within the period granted or allowed.

The Group adopts 'simplified approach' under MFRS 9 in providing for the expected credit loss which includes a single-stage lifetime expected credit loss. Receivables are assessed individually for impairment loss at each reporting period end. The Group also assesses expected credit losses on a collective basis of receivables, who are not being impaired individually, and such receivables are grouped on the following factors for monitoring:

- Business activities: Property Development, Property Investment, Construction, Olympic - Cables, Acotec - IBS, Swiss-Garden Hotels and Resorts; and SGI Vacation Club businesses are each assessed in separate groups;
- Products or services: different types of products are each assessed in separate groups;
- Receivables aging status;
- Nature, size and industry of receivables;
- Collaterals of the receivables; and
- External / Internal credit ratings where available.

Trade receivables are credit-impaired when there is one or more events that have a detrimental impact on the recoverable amounts based on the future cash flows of the receivable that can be reliably estimated.

The Group write off a receivable from its books only when all avenues of recovery have been exhausted and there is no recoverable expectation of such receivable in the foreseeable future. For the receivables that are written off, the Group still follows up enforcement activities by the internal legal unit.

12. TRADE RECEIVABLES (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

(i) The credit risk management practices (Cont'd)

For determining that there is objective evidence of impairment, the Group uses the following inputs and assumptions for the lifetime expected credit losses and increase in credit risk significantly since initial recognition:

- Significant financial difficulty of the customer;
- A breach of contract, such as a default of payment;
- High probability that the customer will enter bankruptcy or financial reorganisation;
- Deterioration of collateral value; or
- Observation of current and forward-looking data indicating that there is a measurable decrease in the estimated future cash flows from the customer since initial recognition, including:
  (i) adverse changes in the payment status of the customer; and
  (ii) national or local economic conditions that correlate with the customer.

During the year, no significant modifications of contractual cash flows of trade receivables have been applied.

The business units review expected credit losses at each reporting period to assess the reasonableness of the assumptions in relation to risk of default and expected loss rates. In assessing impairment of a receivable, the business units have based on historical behaviour including past five years monthly data of each customer from the end of reporting date as an assumption for possibility of default. In addition, the business units observe current market condition in relation to each customer's exposure and related collateral risk exposure.

For incorporating forward-looking information into the determination of expected credit losses, the business units use general macroeconomic such as projected gross domestic product ("GDP"), unemployment rate and inflation rate as a broad guidance of credit and applying experienced credit judgement. In addition, the business units also observe industry specific factors in determining expected credit loss such as information about collateral nature, property market and its marketability and etc.

Based on the historical data and the forward-looking information stated above, the business units use probability of default and loss given default methodology to assess lifetime expected credit loss.

There were no significant changes in the estimation techniques or assumptions made during the year.

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12. TRADE RECEIVABLES (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

(ii) Quantitative and qualitative information about amounts arising from expected credit losses

	Collectively assessed RM'000	Individually assessed RM'000
Gross carrying amount being allocated for impairment		
2018		
At the beginning of the year	309,018	4,247
Newly originated	915,466	2,528
Derecognised	(941,914)	(1,653)
Write off	-	(263)
At the end of the year	282,570	4,859

There were no modifications of contractual cash flows on trade receivables during the year.

There were no contractual amounts outstanding on trade receivables that were written off during the year and are still subject to enforcement activities.

(iii) Credit risk exposure

The Group assesses credit quality of a trade receivable using ageing of past due days for the lifetime impairment of the trade receivables as at 31 December 2018 are as follows:

	Expected loss rate %	Gross carrying amount / Maximum exposure RM'000	Collateral value held RM'000	Expected loss provision RM'000
2018				
Current	0.2	187,498	102,278	315
Past due:				
1 to 30 days	0.4	34,120	15,327	133
31 to 60 days	0.7	18,748	11,984	130
61 to 90 days	1.2	13,414	9,355	156
More than 90 days	15.6	33,649	15,947	5,242
		287,429	154,891	5,976

12. TRADE RECEIVABLES (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

(iii) Credit risk exposure (Cont'd)

The Group assesses credit quality of a trade receivable using ageing of past due days for the lifetime impairment of the trade receivables as at 31 December 2018 are as follows: (Cont'd)

Movement of allowance for impairment loss:

	Note	Group 2018 RM'000	2017 RM'000
Collective assessment			
At the beginning of the year		-	-
Effect of adoption of MFRS 9		1,085	-
As restated		1,085	-
Allowance made	33	224	-
Write back of allowance	31	(192)	-
At the end of the year		1,117	-
Individual assessment			
At the beginning of the year		3,735	4,749
Effect of adoption of MFRS 9		512	-
As restated		4,247	4,749
Allowance made	33	2,528	1,275
Write back of allowance	31	(1,653)	(1,622)
Write off		(263)	(667)
At the end of the year		4,859	3,735
Total effect of adoption of MFRS 9	46(a)(v)	1,597	-
Total collective and individual impairment loss		5,976	3,735

There were no significant concentration of credit risks at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS
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12. TRADE RECEIVABLES (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

(iv) Significant estimates and judgements

The impairment allowances for trade receivables are based on assumptions about risk of default and expected credit loss rates. The Group adopts judgement in making these assumption and selecting inputs for computing such impairment loss, broadly based on the available customers' historical data, the existing market conditions including forward-looking estimates at end of the reporting period.

(b) Other information

(i) The trade debtors are generally non-interest bearing unless overdue and the normal credit periods granted by the Group range from 30 to 90 days.

(ii) The currency exposure profile is disclosed in Note 43(c)(i).

13. CONTRACT ASSETS

	Note	Group 2018 RM'000	Group 2017 RM'000
Current			
Contract assets in relation to:			
- property development activities	(b)(i)	270,530	108,989
- construction contracts	(b)(ii)	29,379	16,929
		299,909	125,918
Carrying amount analysed by business segments:			
Property		270,530	108,989
Construction		29,379	16,929
		299,909	125,918

13. CONTRACT ASSETS (CONT'D)

(a) Recognition, measurement and significant judgement

Contract assets are the rights to considerations, the fair values at initial recognition, for goods or services transferred to the customers. Such contract assets will be reclassified to trade receivables upon transferring promised goods or services to customers. For property development activities, contract assets (accrued billings to be billed to customer) are the excess of cumulative revenue recognised over the progress billings to purchasers. For construction contracts, contract assets are construction costs incurred plus profit accrued exceed progress billings to customers. Revenue is measured at the transaction price based on a contract with a customer.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied.

For determining the transaction price of the contract, the Group assumed that the goods or services will be transferred to the customer as promised in accordance with the existing contract and that contract will not be amended, renewed or modified.

The Group adopts 'simplified approach' under MFRS 9 in providing for the expected credit losses which include the single-stage lifetime expected credit loss. Such impairment assessment is similar to the principles as disclosed in Note 12(a) in relation to trade receivables.

(b) Other information

(i) Contract assets and liabilities in relation to property development activities:

	Note	Group 2018 RM'000	Group 2017 RM'000
At the beginning of the year		87,744	222,627
Net revenue recognised in profit or loss	29	647,189	628,219
Sales of completed properties recognised in profit or loss		15,530	-
Less: Progress billings issued		(482,415)	(763,102)
At the end of the year		268,048	87,744
At the end of the year			
- Contract assets		270,530	108,989
- Contract liabilities	24	(2,482)	(21,245)
		268,048	87,744

The increase in contract assets was due to the increase in accrued billing to be billed to the customers upon certification of construction work completed.

13. CONTRACT ASSETS (CONT'D)

(b) Other information (Cont'd)

(ii) Contract assets and liabilities in relation to construction contracts:

	Note	Group 2018 RM'000	Group 2017 RM'000
At the beginning of the year		(26,998)	(45,589)
Cost incurred and profit accrued		41,578	48,890
Less: Progress billings issued and recognised as revenue in profit or loss	29	(11,046)	(30,299)
At the end of the year		3,534	(26,998)
At the end of the year			
- Contract assets		29,379	16,929
- Contract liabilities	24	(25,845)	(43,927)
		3,534	(26,998)

Included in construction contracts are depreciation of property, plant and equipment of RM4.3 million (2017: RM5.8 million) [Note 4(b)(ii)] and plant and equipment written off of RM67,000 (2017: RM74,000) [Note 4(b)(iii)].

(iii) Transaction price allocated to the remaining performance obligations

The aggregate amount of the transaction price allocated to the property development and construction contracts that are fully or partially to be fulfilled (unsatisfied) are expected to be recognised as revenue in the future:

	Group 2018 RM'000	%	Group 2017 RM'000	%
Within 1 year	404,046	71	395,465	83
1 to 4 years	168,761	29	81,674	17
	572,807		477,139	

The contract assets and liabilities under property development activities and construction contracts of the Group are denominated in RM. The contract assets and liabilities are not impacted by the significant changes in contract terms.

14. OTHER ASSETS

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-current					
Deposits		4,499	5,357	-	-
Current					
Other receivables		98,216	57,023	103	96
Less: Allowance for individual impairment		(3,464)	(726)	-	-
	43(c)(i)	94,752	56,297	103	96
Deposits		17,875	18,393	255	253
Prepayments		8,084	3,698	193	238
Total current		120,711	78,388	551	587
Total		125,210	83,745	551	587
Allowance for individual impairment					
At the beginning of the year		726	868	-	-
Allowance made	33	2,740	2	-	-
Write back of allowance	31	(2)	(102)	-	-
Write off		-	(42)	-	-
At the end of the year		3,464	726	-	-
Carrying amount analysed by business segments:					
Property		38,008	67,422		
Construction		2,652	4,856		
Industries		4,565	1,866		
Hospitality		75,447	5,184		
Financial services and investment holding		4,538	4,417		
		125,210	83,745		

14. OTHER ASSETS (CONT'D)

(a) Recognition, measurement and significant judgement

Other receivables are financial assets with fixed or determinable payments and classified as amortised cost assets. Other assets are recognised initially at fair value equivalent to the amounts goods and services provided. Subsequent to the initial recognition, such assets are measured at amortised cost. The amortised cost of a financial asset is described in Note 11(a)(vi). Gains or losses including impairment are recognised in profit or loss.

Impairment on receivables are recognised based on the 'general approach' under MFRS 9 by using the forward-looking expected credit loss model which includes a three-stage impairment model based on changes in credit quality since initial recognition. Assets move through the three-stage as quality changes and the stages dictate how the Group measures impairment losses at each reporting date. Impairment losses will be reversed if the credit quality improves. In respect of the receivables where credit risk has not increased significantly since initial recognition of the financial assets, the 12-month expected credit losses are recognised. Otherwise, lifetime expected credit losses are recognised. For credit impaired receivables, lifetime expected credit losses are recognised on a net basis.

In making this assessment, the Group considers both quantitative and qualitative information that are reasonable and supportable, including historical experience and observable forward-looking information without undue cost or effort. The probability of default and loss given default methodology have been used to assess the lifetime expected credit loss and the Group requires to exercise significant judgement in determining the probability of default of the receivables, appropriate forward-looking information and significant increase in credit risk since inception of such receivable. Based on above assessment, the other receivables have low credit risk at the end of the year as such amounts are fully recoverable, hence no expected credit loss is recognised thereof.

(b) Other information

Included in the other receivables is a balance sum of RM68.0 million receivable from the disposal of a hotel property as disclosed in Note 4(b)(vi).

Other receivables are non-interest bearing and the normal credit periods granted by the Group range from 30 to 90 days (2017: 30 to 90 days).

The currency exposure profile of other assets, excluding prepayments and deposits, is disclosed in Note 43(c)(i).

15. BIOLOGICAL ASSETS

	Note	Group 2018 RM'000	Group 2017 RM'000
At fair value			
Fresh fruit bunches:			
At the beginning of the year		80	145
Changes in fair value less cost to sell	31,33	64	(65)
At the end of the year		144	80

The carrying amount is classified under Financial Services and Investment Holding segment.

15. BIOLOGICAL ASSETS (CONT'D)

(a) Recognition, measurement and significant judgement

The biological assets of the Group comprise oil palm fresh fruit bunches ("FFB") prior to harvest. The biological assets are measured at their fair values. For valuation of biological assets, the Group considers the present value of the net cash flows expected to be generated from the sale of FFB less costs to sell which include harvesting cost and transport expenses.

(b) Fair value measurement

Pursuant to MFRS 13 'Fair Value Measurement', the Group establishes a fair value hierarchy that categorised into three levels of inputs to valuation techniques which are used to measure fair value as disclosed in Note 5(b)(ii). The fair value measurement of the Group's biological assets is categorised within Level 3 of the fair value hierarchy, using techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data for the asset. If the FFB selling price changes by 10%, profit or loss for the Group would have equally increased or decreased by approximately RM14,000 (2017: RM8,000) respectively.

During the year, there were no transfers between all three (3) levels of the fair values hierarchy for the biological assets.

(c) Other information

The biological assets of the Group are located at PN No. 16804, Lot 3516 and PN No. 16806, Lot 3517, Mukim of Penor, District of Kuantan, State of Pahang Darul Makmur in Malaysia with 404.84 hectare.

16. AMOUNTS DUE FROM/(DUE TO) SUBSIDIARY COMPANIES

	Company	
	2018 RM'000	2017 RM'000
Current		
Amounts due from subsidiary companies	489	206,390
Amounts due to subsidiary companies	(229,639)	(245,179)

16. AMOUNTS DUE FROM/(DUE TO) SUBSIDIARY COMPANIES (CONT'D)

(a) Recognition, measurement and significant judgement

(i) Amounts due from subsidiary companies

The amounts due from subsidiary companies are financial assets with fixed or determinable payments and classified as amortised cost assets. The amounts due from subsidiary companies are recognised initially at fair value and are subsequently measured at amortised cost. The amortised cost of a financial asset is described in Note 11(a)(vi).

The impairment for amounts due from subsidiary companies are recognised based on the 'general approach' under MFRS 9 in providing for expected credit losses by using the forward-looking expected credit loss model. The methodology used is similar approach as disclosed in Note 14(a) in relation to other assets, to determine the amount of the impairment based on whether there has been a significant increase in credit risk since initial recognition for the financial assets. The Company assesses whether credit risk has increased significantly since initial recognition via observation of the latest financial position and compares the risk of a default as at the end of the year with the risk of a default as at the date of such receivables are initially recognised.

In making this assessment, the Company considers both quantitative and qualitative information that are reasonable and supportable, including historical experience and observable forward-looking information without undue cost or effort.

The Company uses probability of default and loss given default methodology to assess the 12-month or the lifetime expected credit loss and requires to exercise significant judgement in determining the probability of default by subsidiary companies, appropriate forward-looking information and significant increase in credit risk. Based on above assessment, the amounts due from subsidiary companies have low credit risk at the end of the year as such amounts are fully recoverable, hence no expected credit loss is recognised thereof.

(ii) Amounts due to subsidiary companies

The amounts due to subsidiary companies are financial liabilities with fixed or determinable payments and classified as amortised cost liabilities. The amounts due to subsidiary companies are recognised initially at fair value of the goods and/or services received and are subsequently measured at amortised cost. The amortised cost of a financial liability is described in Note 21(a)(ii).

(b) Other information

The amounts due from/(due to) subsidiary companies are non-trade, unsecured and bear interest rate ranging from 4.73% to 5.46% (2017: 4.55% to 4.85%) per annum. At the end of the year, such amounts including interest therein are due and to be received/paid.

The amounts due from/(to) subsidiary companies are denominated in RM.

17. DERIVATIVE ASSETS

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Contract/Notional Amount					
Cross-currency interest rate swap		-	77,487	-	-
At fair value					
Cross-currency interest rate swap	43(d),44	-	17,742	-	-
Investments in warrants of a subsidiary company		-	-	64,670	64,670
		-	17,742	64,670	64,670

The carrying amount of the Group's derivative assets is classified under Property segment.

(a) Recognition and measurement

Derivative assets of the Group are the financial assets which are classified as fair value to profit or loss. The derivative assets are initially recognised at fair value based on the derivative contract is entered into. Subsequent gain or loss on remeasurement of this hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss.

If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in other comprehensive income until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity to profit or loss.

Derivative assets of the Company are financial assets initially recognised at fair value based on the contract including transaction costs. Subsequent to initial recognition, such derivative assets are measured at their fair values; unless such fair values cannot be reliably measured and such amount is then measured at cost less impairment, if any. Gains or losses from the changes in fair values of the derivative assets are recognised in profit or loss.

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17. DERIVATIVE ASSETS (CONT'D)

(b) Fair value measurement

Pursuant to MFRS 13 'Fair Value Measurement', the Group established a fair value hierarchy that was categorised into three levels of inputs to valuation techniques which were used to measure fair value as disclosed in Note 5(b)(ii). The fair value measurement of the derivative assets was categorised within Level 2 of the fair value hierarchy, using valuation techniques for which all inputs that had a significant effect on the recorded fair values were observable for the asset.

The cross-currency interest rate swap had been entered into in order to operationally hedge the borrowing denominated in United States Dollar ("USD") and floating monthly interest payments on borrowings that were matured on 28 September 2018. The fair value of these components had been determined based on the difference between the monthly future rates and the strike rate.

During the year, the Group recognised total fair value gain of RM99,000 (2017: loss of RM349,000) arising from fair value changes of derivative assets in other comprehensive income as hedging reserve.

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

(c) Other information

As at 31 December 2018, the Company's effective interest in warrants of PJD increased to 91.88% from 91.87% as a result from conversion of PJD's warrants by warrant holders as disclosed in Note 6(b)(ii).

Certain warrants in the subsidiary company has been pledged to a licensed financial institution to secure the MTNs issued by the Company [Note 21(b)(ii)]. As at 31 December 2018, the Company's carrying amount of the warrants pledged with a licensed financial institution stood at RM47.8 million.

18. SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Company	
	2018 RM'000	2017 RM'000
Designated as fair value through profit or loss		
Quoted securities		
Shares in Malaysia	248	299

The carrying amount of securities of fair value through profit or loss is classified under Financial Services and Investment Holding segment.

18. SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

(a) Recognition and measurement

Quoted securities are financial assets designated as fair value through profit or loss in accordance with the Group's investment strategy. Such quoted securities are recognised initially at fair value based on the contracts. Subsequent to the initial recognition, such securities are measured at their fair values. Any gains or losses arising from changes in fair values are recognised in profit or loss. Net gains or net losses on securities do not include foreign currency translation differences, interest and dividend income. The fair values of the quoted securities are based on their last bid price in the active markets. Foreign currency translation differences, interest and dividend income on these securities are recognised separately in profit or loss under other income or other losses.

(b) Fair value measurement

Pursuant to MFRS 13 'Fair Value Measurement', the Group establishes a fair value hierarchy that is categorised into three levels of inputs to valuation techniques which are used to measure fair value as disclosed in Note 5(b)(ii).

The fair value measurement of the quoted securities is categorised within Level 1 of the fair value hierarchy, using unadjusted active market price of the identified assets.

19. CASH, BANK BALANCES AND SHORT TERM FUNDS

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash and bank balances		110,708	62,205	1,474	1,221
Deposits with licensed financial institutions	43(c)(ii)	15,726	60,006	-	-
Short term funds		376,928	136,355	57,062	6,172
		503,362	258,566	58,536	7,393
Housing Development Accounts	43(c)(ii)	25,249	166,110	-	-
	43(c)(i), 44	528,611	424,676	58,536	7,393
Carrying amount analysed by business segments:					
Property		275,351	345,433		
Construction		16,182	11,543		
Industries		12,670	9,345		
Hospitality		105,085	22,311		
Financial services and investment holding		119,323	36,044		
		528,611	424,676		

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19. CASH, BANK BALANCES AND SHORT TERM FUNDS (CONT'D)

(a) Recognition and measurement

Cash and bank balances, deposits with licensed financial institutions and housing development accounts are financial assets that are measured at amortised cost. The amortised cost of a financial asset is described in Note 11(a)(vi).

Short term funds are financial assets that are measured at fair value through profit or loss.

(b) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand and at banks, deposits with licensed financial institutions and short term funds with short term maturities and highly liquid investments which have an insignificant risk of changes in value less bank overdrafts. Statements of cash flows are prepared using indirect method and changes in cash and cash equivalents are classified into operating, investing and financing activities.

(c) Bank balances and short term funds pledged as security

The following amounts of cash, bank balances and short term funds are pledged as security for MTN and Sukuk; and borrowings are as follows:

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Medium term note and Sukuk					
(i) Deposits with licensed financial institutions		1,000	-	-	-
(ii) Debt Service Reserve Account ("DSRA"):					
- Short term funds	21	3,952	3,810	3,952	3,810
(iii) Finance Service Reserve Account ("FSRA"):					
- Cash and bank balances		7	-	-	-
- Deposits with licensed financial institutions		713	-	-	-
- Short term funds		1,144	-	-	-
	21	1,864	-	-	-
		6,816	3,810	3,952	3,810
Borrowings					
Deposits with licensed financial institutions	22(b)	7,608	3,547	-	-
		14,424	7,357	3,952	3,810

19. CASH, BANK BALANCES AND SHORT TERM FUNDS (CONT'D)

(d) Other information

The increase in the cash, bank balance and short term funds, particularly in Hospitality segment was due to the disposal proceeds of RM96.9 million.

Bank accounts held under Housing Development Accounts ("HDAs") are maintained pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 in Malaysia. The utilisation of this balance is restricted for the property development activities.

Short term funds aim to invest in highly liquid instruments which are investing its assets in Ringgit Malaysia deposits with financial institutions in Malaysia and are redeemable with one day notice. These funds are subject to an insignificant risk of changes in value and form part of cash and cash equivalents. Funds distribution income from these funds is tax-exempted, is calculated daily and distributed at every month end.

The currency exposure profile of the Group is disclosed in Note 43(c)(i). The cash, bank balance and short term funds of the Company are denominated in RM.

20. NON-CURRENT ASSETS HELD FOR SALE

	Note	Group 2018 RM'000	 2017 RM'000
At net carrying amount			
At the beginning of the year		12,641	8,000
Foreign currency translation differences		(433)	-
Disposal		(12,208)	(8,000)
Reclassified from property, plant and equipment	4(b)(v)	-	12,641
At the end of the year		-	12,641

The carrying amount is classified under Hospitality segment.

(a) Recognition and measurement

Non-current assets held for sale are presented separately in the current assets of the statements of financial position. Immediately before the initial classification of the assets as held for sale, the carrying amounts of the assets are measured in accordance with their applicable accounting policy. Non-current assets held for sale are subsequently measured at the lower of their carrying amount and fair value less cost to sell. Non-current assets held for sale are no longer amortised or depreciated.

(b) Other information

As at 31 December 2017, the asset held for sale consists of a hotel property which was previously measured at cost less depreciation under property, plant and equipment. On 12 February 2018, the Group completed the disposal and recognised a gain of RM17.5 million.

21. MEDIUM TERM NOTES AND SUKUK

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-current					
Secured					
Medium term notes ("MTNs") and Sukuk		1,070,945	776,000	575,474	776,000
Less: Unamortised issuance expenses		(1,755)	(1,283)	(928)	(1,283)
		1,069,190	774,717	574,546	774,717
Current					
Secured					
MTNs and Sukuk		40,732	64,113	40,732	64,113
Less: Unamortised issuance expenses		(403)	(620)	(403)	(620)
		40,329	63,493	40,329	63,493
Total	22(c), 43(c)(i), 43(c)(ii) and 44	1,109,519	838,210	614,875	838,210
The maturity is as follows:					
On demand or within 1 year		40,329	63,493	40,329	63,493
More than 1 year but less than 2 years		191,446	193,459	191,446	193,459
More than 2 years but less than 5 years		627,525	581,258	383,100	581,258
More than 5 years		250,219	-	-	-
		1,109,519	838,210	614,875	838,210
Carrying amount analysed by business segments:					
Property		262,971	-		
Financial services and investment holding		846,548	838,210		
		1,109,519	838,210		

21. MEDIUM TERM NOTES AND SUKUK (CONT'D)

(a) Recognition and measurement

(i) MTNs and Sukuk

MTNs and Sukuk are financial liabilities which are classified as amortised cost liabilities.

MTNs and Sukuk are recognised upon obligation arises and measured initially at fair values of proceeds raised, net of transaction costs incurred. Subsequent to the initial recognition, such MTNs and Sukuk are measured at amortised cost. The amortised cost of a financial liability is described in (a)(ii) below.

MTNs and Sukuk are derecognised upon extinguishment of the obligations under such financial liabilities. When the existing MTNs and Sukuk are replaced by another lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(ii) Financial liabilities measured at amortised cost and effective interest method

Amortised cost of a financial liability is measured at initial recognition net off principal repayment, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability.

(b) Medium Term Note Programme ("MTN 1") for the issuance of MTNs of up to RM990.0 million in nominal value

(i) Salient terms of MTN 1

On 15 October 2015, the Company lodged with the Securities Commission Malaysia ("SC") all the required information and relevant documents relating to MTN 1 pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by SC. MTN 1 will give the Company the flexibility to raise funds via the issuance of MTNs of up to RM990.0 million in nominal value, which can be utilised to refinance its existing borrowings and to fund its working capital requirements. MTN 1 is unrated and has a tenure of fifteen (15) years from the date of its first issuance.

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

(1) The Group shall maintain a gearing ratio of not exceeding 1.50 times throughout the tenure of MTN 1.

(2) The Company shall maintain a security cover ratio of not less than 1.50 times throughout the tenure of MTN 1.

(3) The Company shall maintain a Debt Service Reserve Account ("DSRA") with a minimum amount equivalent to one month interest payment. The amount can be utilised for the payment of interest of MTNs in the event of a default in interest payment obligations. Any utilised funds shall be replenished within 14 days from the date of withdrawal/shortfall.

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21. MEDIUM TERM NOTES AND SUKUK (CONT'D)

(b) Medium Term Note Programme ("MTN 1") for the issuance of MTNs of up to RM990.0 million in nominal value (Cont'd)

(ii) Issuance and redemption of MTN 1

On 30 October 2015, the Company issued MTN 1 of RM750.0 million to refinance its bridging borrowings. Such MTNs were issued in 12 series with maturities commencing from year 2017 to year 2022 and redeemable every 6 months commencing 18 months after the first issuance date.

On 17 November 2016 and 1 December 2016, the Company further issued MTN 1 of RM100.0 million and RM90.1 million for working capital respectively. MTNs were issued in 10 series for each issuance date with maturities commencing from year 2018 to year 2022 and redeemable every 6 months commencing 30 months after the first issuance date, 30 October 2015. The terms of MTN 1 remained unchanged other than the withdrawals of the unutilised balance sum of RM9.9 million, in respect of the first issuance, from the Disbursement Account for working capital purposes. Arising from this, the Company received a total sum of RM200.0 million for its working capital purpose.

MTN 1 is secured by:

(1) First party legal charge by way of Memorandum of Deposit with Power of Attorney over shares and warrants in certain subsidiary companies as disclosed in Notes 6(f)(i) and 17(c) respectively; and

(2) 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 [Note 19(c)].

On 30 November 2016, the Company redeemed RM100.0 million from MTN 1 issued on 30 October 2015.

On 30 April 2018 and 17 May 2018, the Company redeemed a total of RM223.9 million of MTN 1 which was issued between October 2015 and December 2016.

As at 31 December 2018, DSRA balance was RM4.0 million (2017: RM3.8 million) and the balance outstanding in MTN 1 was RM616.2 million (2017: RM840.1 million).

(iii) Redemption after 31 December 2018

On 30 January 2019, the Company redeemed a total of RM350.0 million of MTN 1 which was issued between October 2015 and December 2016.

21. MEDIUM TERM NOTES AND SUKUK (CONT'D)

(c) Sukuk Murabahah Programme ("Sukuk 1") and Medium Term Note Programme ("MTN 2"), both programmes for the issuance of MTNs and Sukuk with a combined limit up to RM1.8 billion in nominal value

(i) Salient terms of Sukuk 1 and MTN 2

On 9 March 2018, OSK I CM Sdn. Bhd. ("OSKICM"), a wholly-owned subsidiary company of the Company, lodged a Sukuk 1 with SC. On 20 April 2018, OSKICM lodged MTN 2 and re-lodged the Sukuk 1 with 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 RM1.8 billion and have a perpetual tenure.

The programmes will give OSKICM the flexibility to raise funds via the issuance of Sukuk 1 or MTN 2, which can be utilised for working capital requirements and repayments of the Group's borrowings.

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

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

(2) OSKICM, shall set up or procure Trustees' Reimbursement Account with RM30,000 each in respect of Sukuk 1 and MTN 2 which shall be maintained at all times throughout the tenure of the Programme.

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

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

On 30 April 2018, OSKICM issued first series of Tranche 1 of MTN 2 of RM50.0 million, redeemable on 30 April 2021. On 17 May 2018, OSKICM further issued 3 series of Tranche 1 of MTN 2 of RM200.0 million with maturities commencing from year 2023 to year 2028.

Tranche 1 of MTN 2 is secured by:

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

(2) shares in an associated company of the Company ("Tranche 1 Pledged Shares") [Note 7(b)].

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

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

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21. MEDIUM TERM NOTES AND SUKUK (CONT'D)

(c) Sukuk Murabahah Programme ("Sukuk 1") and Medium Term Note Programme ("MTN 2"), both programmes for the issuance of MTNs and Sukuk with a combined limit up to RM1.8 billion in nominal value (Cont'd)

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

Tranche 1 of Sukuk 1

On 28 June 2018, OSKICM issued Tranche 1 of Sukuk 1 of RM1.0 million for Shariah-compliant working capital.

Tranche 1 of Sukuk 1 is secured by:

(1) the present and future rights (including but not limited to the right to sue and demand), titles, interests and benefits in the fixed deposit receipts and all monies from time to time standing to the credit of the islamic fixed deposit including any profits or dividends earned in respect thereof; and

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

On 28 September 2018, OSKICM fully redeemed RM1.0 million Tranche 1 of Sukuk 1 which was issued on 28 June 2018.

Tranche 2 of Sukuk 1

On 23 July 2018, OSKICM issued Tranche 2 of Sukuk 1 of RM92,971,000 in 13 series with maturities commencing from year 2021 to year 2024, redeemable every 3 months commencing 36 months after the first issuance date.

Tranche 2 of Sukuk 1 is secured by:

(1) all its rights, titles, interests and benefits in and under the operating account for Tranche 2 ("Tranche 2 Operating Account") maintained by OSKICM and all monies from time to time standing to the credit thereto;

(2) all its rights, titles, interests and benefits in and under the Finance Service Reserve Account ("FSRA") and Tranche 2 Operating Account maintained by Perspektif Vista Sdn. Bhd. ("PV"), a subsidiary company of OSKP, which in turn is a subsidiary company of the Company, and all monies from time to time standing to the credit thereto;

(3) a development land charge under the provisions of the National Land Code, 1965 [Note 9(b)(i)];

(4) a debenture creating a first ranking fixed and floating charge over all its present and future assets in respect of the project; and

(5) PV shall maintain a FSRA of a minimum amount equivalent to three periodic profit payments [Note 19(c)].

21. MEDIUM TERM NOTES AND SUKUK (CONT'D)

(c) Sukuk Murabahah Programme ("Sukuk 1") and Medium Term Note Programme ("MTN 2"), both programmes for the issuance of MTNs and Sukuk with a combined limit up to RM1.8 billion in nominal value (Cont'd)

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

Tranche 3 of Sukuk 1

On 5 November 2018, OSKICM issued Tranche 3 of Sukuk 1 of RM170.0 million in 9 series with maturities commencing from year 2021 to year 2025, redeemable every 6 months commencing 36 months after the first issuance date.

Tranche 3 of Sukuk 1 is secured by:

(1) shares in certain subsidiary companies ("Pledged Shares") as disclosed in Note 6(f)(i);

(2) all its rights, titles, interests and benefits in and under the shares proceeds account for Tranche 3 ("Tranche 3 Proceeds Account") maintained by the Company and all monies from time to time standing to the credit thereto (this proceeds account is mainly to capture dividend income receivable from certain subsidiary companies);

(3) all its rights, titles, interests and benefits in and under the FSRA and Tranche 3 Operating Account maintained by OSKICM and all monies from time to time standing to the credit thereto; and

(4) the OSKICM shall maintain a FSRA of a minimum amount equivalent to one periodic profit payment.

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

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

		Outstanding amounts RM'000	DSRA balances [Note 19(c)] RM'000	FSRA balances [Note 19(c)] RM'000
(1)	MTN 1	616,206	3,952	-
(2)	Tranche 1 of MTN 2	232,500	-	-
(3)	Tranche 2 of Sukuk 1	92,971	-	1,151
(4)	Tranche 3 of Sukuk 1	170,000	-	713
		1,111,677	3,952	1,864

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21. MEDIUM TERM NOTES AND SUKUK (CONT'D)

(c) Sukuk Murabahah Programme ("Sukuk 1") and Medium Term Note Programme ("MTN 2"), both programmes for the issuance of MTNs and Sukuk with a combined limit up to RM1.8 billion in nominal value (Cont'd)

(iii) Issuance after 31 December 2018

Tranche 2 of MTN 2

On 30 January 2019, OSKICM issued Tranche 2 of MTN 2 of RM200.0 million in 7 series with maturities commencing from year 2020 to year 2026, redeemable every 12 months commencing 12 months after the first issuance date.

Tranche 2 of MTN 2 is secured by:

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

(2) shares in an associated company of the Company ("Tranche 2 Pledged Shares") [Note 7(b)].

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

(d) Other information

The issuance and redemption of MTNs and Sukuk during the year are summarised as follows:

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Issuance:					
Tranche 1 of MTN 2	(c)(ii)	250,000	-	-	-
Tranche 1 of Sukuk 1	(c)(ii)	1,000	-	-	-
Tranche 2 of Sukuk 1	(c)(ii)	92,971	-	-	-
Tranche 3 of Sukuk 1	(c)(ii)	170,000	-	-	-
		513,971	-	-	-
Redemption:					
MTN 1	(b)(ii)	(223,907)	-	(223,907)	-
Tranche 1 of MTN 2	(c)(ii)	(17,500)	-	-	-
Tranche 1 of Sukuk 1	(c)(ii)	(1,000)	-	-	-
		(242,407)	-	(223,907)	-

The security covers required for the abovementioned MTNs and Sukuk are met at all times.

The MTNs and Sukuk are denominated in RM. The interest rates of the MTNs and Sukuk are disclosed in Note 43(c)(ii).

The reconciliation of liabilities arising from financing activities is disclosed in Note 22(c).

22. BORROWINGS

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-current					
Secured					
Bridging		14,909	17,448	-	-
Term		409,280	590,834	-	149,377
Total non-current		424,189	608,282	-	149,377
Current					
Secured					
Bankers' acceptances		5,280	5,200	-	-
Bridging		10,709	-	-	-
Revolving credits		180,050	143,150	-	-
Term		77,591	146,001	-	26,151
Unsecured					
Bank overdrafts		282	518	-	-
Revolving credits		663,355	524,787	35,700	41,153
Trust receipt		3,739	768	-	-
Total current		941,006	820,424	35,700	67,304
Total	43(c)(i), 43(c)(ii) and 44	1,365,195	1,428,706	35,700	216,681
The maturity of borrowings is as follows:					
On demand or within 1 year		941,006	820,424	35,700	67,304
More than 1 year but less than 2 years		39,649	129,917	-	74,559
More than 2 year but less than 5 years		228,351	287,535	-	74,818
More than 5 years		156,189	190,830	-	-
		1,365,195	1,428,706	35,700	216,681
Carrying amount analysed by business segments:					
Property		703,164	714,725		
Industries		19,097	23,134		
Hospitality		105,279	85,582		
Financial services and investment holding		537,655	605,265		
		1,365,195	1,428,706		

22. BORROWINGS (CONT'D)

(a) Recognition and measurement

Borrowings are financial liabilities which are classified as amortised cost liabilities.

Borrowings are recognised upon obligation of liabilities arise and measured at fair values of borrowed sums, net of any transaction cost. Subsequent to the initial recognition, such borrowings are measured at amortised cost. The amortised cost of a financial liability is described in Note 21(a)(ii).

Borrowings are derecognised upon extinguishment of financial obligations. Gains or losses including interest and fee expenses, discount and rebates as well as amortisation of transaction cost are recognised in profit or loss.

(b) Other information

The unsecured credits of certain subsidiary companies are supported by corporate guarantees of the Company.

The secured borrowings of certain subsidiary companies are secured by way of charges over certain subsidiary companies' property, plant and equipment [Note 4(b)(i)], investment properties [Note 5(c)(ii)], inventories [Notes 9(b)(i) and 9(b)(ii)] and deposits with financial institutions [Note19(c)] as well as debentures for the development projects. Certain of the above borrowings of indirect subsidiary companies are also supported by corporate guarantees of their respective holding companies.

The term borrowing of the Company is secured by way of charge over a portion of shares in an associated company as disclosed in Note 7(b) which was fully settled on 5 November 2018.

As at 31 December 2018, the term borrowings of the Group are repayable over periods from year 2019 to year 2032.

Interest rates for the above borrowings are disclosed in Note 43(c)(ii).

The currency exposure profile is disclosed in Note 43(c)(i).

22. BORROWINGS (CONT'D)

(c) Reconciliation of liabilities arising from financing activities

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
(i) Medium term notes and Sukuk:					
At the beginning of the year		838,210	837,604	838,210	837,604
Cash flow		271,564	-	(223,907)	-
Non-cash changes		(255)	606	572	606
At the end of the year	21	1,109,519	838,210	614,875	838,210
(ii) Borrowings*:					
At the beginning of the year		1,428,188	1,393,234	216,681	191,730
Cash flow		(45,105)	158,446	(181,065)	24,265
Non-cash changes:					
- Deemed disposal of a subsidiary company	6(c)(v)	-	(106,606)	-	-
- Effect of foreign currency translation		(17,910)	(19,695)	-	-
- Others		(260)	2,809	84	686
		(18,170)	(123,492)	84	686
At the end of the year		1,364,913	1,428,188	35,700	216,681
Total liabilities from financing activities		2,474,432	2,266,398	650,575	1,054,891

* For reconciliation of liabilities arising from financing activities purpose, the bank overdrafts have been excluded from the borrowings. This is because of the cash and cash equivalents had already included bank overdrafts.

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23. TRADE PAYABLES

	Note	Group 2018 RM'000	2017 RM'000
Non-current			
Property development payables		6,117	13,248
Construction payables		14,051	11,207
		20,168	24,455
Current			
Lease payables		172	-
Property development payables		39,798	63,362
Construction payables		53,301	74,851
Industries related payables		20,826	17,502
Hotels related payables		2,249	3,575
Advances received from capital financing		124	91
Total current		116,470	159,381
Total	43(c)(i)	136,638	183,836
Carrying amount analysed by business segments:			
Property		46,087	76,610
Construction		67,352	86,058
Industries		20,826	17,502
Hospitality		2,249	3,575
Financial services and investment holding		124	91
		136,638	183,836

(a) Recognition and measurement

Trade payables are financial liabilities which classified as amortised cost liabilities. Trade payables are recognised initially at their fair values of goods and services received and subsequently measured at amortised costs. The amortised cost of a financial liability is described in Note 21(a)(ii). Trade payables are derecognised upon extinguishment of its financial obligation. Cost of sales (Note 30) is recognised in profit or loss.

(b) Other information

The trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2017: 30 to 90 days).

The retention sums and advance payments from clients are unsecured and interest free.

The currency exposure profile is disclosed in Note 43(c)(i).

24. CONTRACT LIABILITIES

	Note	Group 2018 RM'000	Group 2017 RM'000
Non-current			
Contract liabilities in relation to:			
- deferred income:			
- facility fees of capital financing		138	869
- membership fees of vacation club		135,258	152,074
		135,396	152,943
Current			
Contract liabilities in relation to:			
- property development activities	13(b)(i)	2,482	21,245
- construction contracts	13(b)(ii)	25,845	43,927
- deferred income:			
- facility fees of capital financing		2,831	3,228
- maintenance fees of vacation club		554	757
- membership fees of vacation club		6,898	6,755
		38,610	75,912
Total		174,006	228,855
Carrying amount analysed by business segments:			
Property		2,524	21,245
Construction		25,845	43,927
Hospitality		142,668	159,586
Financial services and investment holding		2,969	4,097
		174,006	228,855

(a) Recognition and measurement

Contract liabilities are the obligations to transfer goods or services to customers for which the Group has received the consideration, the fair values at initial recognition, or has billed the customers. For property development activities, contract liabilities (progress billings) are the excess of the progress billings to purchasers over the cumulative revenue recognised. For construction contracts, contract liabilities are excess of the progress billings to customers over the construction costs incurred plus profit accrued. Other contract liabilities include the membership fees, down payments from customers and other deferred income received where the Group has billed or has collected the payment before the services are provided to the customers.

(b) Other information

The details of the contract liabilities are disclosed in Note 13(b).

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25. OTHER LIABILITIES

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Current					
Other payables	(b)(i)	56,561	33,266	16	480
Accruals	(b)(iii)	344,211	340,187	368	507
	43(c)(i)	400,772	373,453	384	987
Deposits received		15,454	18,465	-	-
Provisions	(b)(ii)	97,279	76,304	4,910	6,643
Total		513,505	468,222	5,294	7,630
Carrying amount analysed by business segments:					
Property		442,615	423,128		
Construction		19,199	7,900		
Industries		9,154	5,350		
Hospitality		28,727	21,025		
Financial services and investment holding		13,810	10,819		
		513,505	468,222		

(a) Recognition, measurement and significant judgement

Other payables and accruals are financial liabilities which classified as amortised cost liabilities. The other payables and accruals are recognised and measured initially at fair values of goods and services received. Subsequent to the initial recognition, such other payables and accruals are measured at amortised cost. The amortised cost of a financial liability is described in Note 21(a)(ii). Other payables and accruals are derecognised upon extinguishment of their financial obligations.

Provisions are recognised when the Group's or the Company's obligation arises (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

The provisions are reviewed at the end of the year and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

25. OTHER LIABILITIES (CONT'D)

(b) Other information

(i) Included in the other payables is an amount due to a joint venture partner of RM212,000 (2017: RM212,000). This amount is unsecured and is repayable in accordance to the terms of the joint venture, subject to consent of both parties to the joint venture.

(ii) Included in the provisions is a provision for low cost housing:

	Group 2018 RM'000	2017 RM'000
At the beginning of the year	49,951	18,853
Additions	14,553	33,270
Reversal	(79)	(2,172)
At the end of the year	64,425	49,951

(iii) Accruals mainly consist of accrued property development related costs.

(iv) The currency exposure profile of other liabilities is disclosed in Note 43(c)(i).

26. SHARE CAPITAL

		Group and Company			
		2018		2017	
	Note	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Issued and fully paid ordinary shares					
At the beginning of the year		2,095,300	2,095,310	1,402,891	1,402,891
Issued pursuant to:					
- Bonus Issue	(b)	-	-	692,397	692,397
- Exercise of Warrants C 2015/2020	(c)	-	-	12	22
		-	-	692,409	692,419
At the end of the year	27	2,095,300	2,095,310	2,095,300	2,095,310

26. SHARE CAPITAL (CONT'D)

(a) Recognition and measurement

The ordinary shares are classified as equity and recorded at fair value of consideration received.

Upon the commencement of the CA2016 on 31 January 2017, the concepts of authorised share capital and par value of share capital have been abolished. Consequently, the amount standing to the credit of the Company's share premium becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of CA2016. Notwithstanding this provision, the Company may use the credit amount of the share premium for purposes stipulated in Section 618(3) of CA2016 within twenty-four months from 31 January 2017.

On 29 November 2017, the Company fully utilised the credit amount of RM336.5 million in the share premium account and RM335.9 million credit amount in retained profits for the issuance of bonus shares. Consequential changes to the Company's Warrants C 2015/2020 are disclosed in Note (c)(i) below.

(b) Share capital information

The stock name, stock code and ISIN code of the ordinary shares are "OSK", "5053" and "MYL5053OO003" respectively. The Company's securities are classified under property sector at the Main Market of Bursa Securities, Malaysia.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the residual assets of the Company.

There were no new issuances of new ordinary share during the year.

In previous year, the Company issued a total of 692,409,350 new ordinary shares pursuant to the following:

(i) 12,294 new ordinary shares pursuant to exercise of 12,294 Warrants C 2015/2020 at an exercise price of RM1.80 with a total proceeds of RM22,129; and

(ii) 692,397,056 new ordinary shares, as bonus shares which approved at the Extraordinary General Meeting held on 14 November 2017, on the basis of one (1) bonus share for every two (2) existing ordinary shares of the Company ("Bonus Issue") held on 29 November 2017. Such bonus shares were listed on the Main Market of Bursa Securities on 30 November 2017.

The above newly issued ordinary shares rank pari-passu in all respects with the existing ordinary shares of the Company.

26. SHARE CAPITAL (CONT'D)

(c) Warrants C 2015/2020

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

On 23 July 2015, the Company issued 237,732,751 Warrants C 2015/2020 pursuant to the Bonus Issue of Warrants which were listed on the Main Market of Bursa Securities on 4 August 2015.

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

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

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

(i) Each warrant entitles the holder to subscribe for one (1) new ordinary share 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. 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.

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 Issue as disclosed in Note (b) above.

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

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

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

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27. TREASURY SHARES

	Note	Group and Company 2018 Number of shares '000	2018 Amount RM'000	2017 Number of shares '000	2017 Amount RM'000
At cost					
All the beginning/end of the year		18,100	30,237	18,100	30,237
Total number of outstanding shares		2,077,200		2,077,200	
Total number of issued and fully paid ordinary shares	26	2,095,300		2,095,300	

(a) Recognition and measurement

When the Company repurchases its own equity share capital, the consideration paid including any directly attributable incremental external costs are included in equity attributable to the Company's equity holders as treasury shares until they are cancelled, reissued or disposed.

The shares repurchased are being held as treasury shares in accordance with Section 127 of CA2016 (formerly under Section 67A of the Companies Act, 1965). The Company may distribute the treasury shares as dividend to the Shareholders or re-sell the treasury shares in the market in accordance with the Rules of Bursa Securities or cancel the shares in accordance with Section 127 of CA2016.

When repurchased shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, are included in equity attributable to the Owners of the Company. Any difference between the resale price and the carrying amount of the repurchased shares is accounted as a movement in reserves in statement of changes in equity.

(b) Summary of the share buybacks

	Number of shares '000	Highest price RM	Lowest price RM	Average cost* RM	Total amount paid RM'000
2018 and 2017					
At the beginning/ end of the year	18,100	2.82	0.90	1.67	30,237

* Average cost includes transaction costs.

The Company did not repurchase, sell or reissue any of its own equity share capital during the year and previous year.

27. TREASURY SHARES (CONT'D)

(c) Other information

The Shareholders of the Company, by a special resolution passed at the Extraordinary General Meeting held on 18 December 2000, approved the Company's plan to repurchase its own ordinary shares. The Company has annually obtained the approval of the Shareholders to repurchase its own ordinary shares subject to the conditions of:

(i) the aggregate number of shares purchased or held does not exceed 10 percent of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;

(ii) an amount not exceeding the Company's retained profits based on the latest audited financial statements and/or the latest management account of the Company at the time of the purchase(s) will be allocated by the Company for the purchase of own shares; and

(iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends and/or in such manner as may be permitted pursuant to Section 127 of CA2016 and the provision of the listing requirements of Bursa Securities and any other relevant authorities.

The Directors are committed to enhance the value of the Company for its Shareholders and believe that the repurchase plan is to the best interests of the Company and its Shareholders.

28. RESERVES

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Share premium	(a)	-	-	-	-
Revaluation reserve	(b)	63,451	63,451	-	-
Foreign currency translation reserves	(c)	18,265	42,969	-	-
Hedging reserve	(d)	-	(85)	-	-
Other reserves	(e)	14,958	4,110	-	-
		96,674	110,445	-	-
Retained profits		2,435,791	2,363,172	968,888	967,002
		2,532,465	2,473,617	968,888	967,002

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28. RESERVES (CONT'D)

(a) Share premium

	Note	Group and Company 2018 RM'000	2017 RM'000
At the beginning of the year		-	336,481
Utilisation as part of Bonus Issue	26(a)	-	(336,481)
At the end of the year		-	-

Share premium represents excess of share issuance proceeds received over par value of ordinary share and share premium is classified as equity. Transaction costs of an equity transaction directly attributable to the new shares or option issued are deducted from share premium, net of any related income tax benefit. On 29 November 2017, the Company fully utilised the share premium as part of issuance of bonus shares as described in Note 26(b).

(b) Revaluation reserve

	Group 2018 RM'000	2017 RM'000
Revaluation surplus	66,790	80,337
Deferred tax	(3,339)	(4,016)
	63,451	76,321
Reclassified to retained profits upon disposal	-	(12,870)
Revaluation reserve, net of tax	63,451	63,451

The revaluation reserve represents revaluation surplus on land and buildings of a subsidiary company. On 9 November 2012, certain land and buildings that classified as property, plant and equipment were transferred to investment properties due to change in use as a result of the disposal of the investment banking subsidiary companies. These land and buildings are measured at their fair values based on independent valuers at that date. A total gain of RM80.3 million was recognised as a revaluation surplus in year 2012 and a deferred tax of RM4.0 million arising from change of tax legislation in year 2013. The revaluation reserve is derecognised upon the completion of disposal of the underlying property.

In previous year, upon completion of the disposals of certain investment properties, a portion of these revaluation reserves of RM12.9 million was reclassified to retained profits in statement of changes in equity.

28. RESERVES (CONT'D)

(c) Foreign currency translation reserves

Foreign currency translation reserves are used to record foreign currency translation differences arising from the translations of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the foreign currency translation differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

The foreign currency translation reserves include share of foreign currency translation reserves of RM100.9 million (2017: RM90.1 million) arising from equity accounting of associated companies.

(d) Hedging reserve

The hedging reserve represents effective portion of the cumulative net change in fair value of cash flow hedge instruments. This hedge instrument as disclosed in Note 17(b) is related to hedged transactions that have not yet occurred.

The hedge instrument has expired during the year and the hedged transaction is no longer expected to occur. Hence, the hedge designation has been revoked.

(e) Other reserves

The other reserves consists of share of other reserves of an associated company as summarised below:

	Group	
	2018 RM'000	2017 RM'000
Fair value through other comprehensive income reserve	(5,131)	(15,278)
Other reserves	20,089	19,388
	14,958	4,110

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29. REVENUE

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Dividend income:					
- Subsidiary companies		-	-	103,205	147,983
- Associated company		-	-	71,080	48,741
		-	-	174,285	196,724
Financial assets measured at amortised costs:					
Fee income:					
- Facilities fees		10,715	9,654	-	-
- Services income		114,343	108,730	-	-
		125,058	118,384	-	-
Interest income:					
- Non-impaired financing		45,199	38,531	-	-
- Impaired financing		5,798	72	-	-
		50,997	38,603	-	-
Interest income from subsidiary companies		-	-	9,823	9,928
Progress revenue:					
- Construction contracts	13(b)(ii)	11,046	30,299	-	-
- Property development (net)	13(b)(i)	647,189	628,219	-	-
		658,235	658,518	-	-
Rental income		38,155	39,379	-	-
Sale of goods and completed properties		331,642	314,395	-	-
		1,204,087	1,169,279	184,108	206,652
Revenue recognition based on:					
Transfer over time		691,433	671,855	9,823	9,928
Transfer at a point of time		474,499	458,045	-	-
Others		38,155	39,379	174,285	196,724
		1,204,087	1,169,279	184,108	206,652

29. REVENUE (CONT'D)

Recognition and measurement

Revenue recognition in relation to performance obligation

Revenue which represents income arising in the course of the Group's and of the Company's ordinary activities are recognised by reference to each distinct performance obligation promised in the contract with customer as and when the Group and the Company transfer the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

The consideration allocated to each performance obligation is recognised as revenue as and when the customer obtains control of the goods or services. At the inception of each contract with customer, the Group and the Company determine whether control of the goods or services for each performance obligation is transferred over time or at a point in time. Control over the goods or services are transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- the Group's and the Company's performance creates or enhances a customer-controlled asset; or
- the Group's and the Company's performance does not create an asset with alternative use and the Group and the Company have rights to payment for performance completed to date.

(i) Progress revenue from property development and construction contracts

Revenue from property development and construction contract is recognised upon transferring control of the asset to a customer. Based on the terms of the contract and the laws that apply to the contracts in Malaysia, control of the asset is transferred over time to the customers of the Group.

In determining timing of satisfaction of performance obligation for revenue recognition:

(a) the property development subsidiary companies recognise revenue over the period of the contracts using input method based on percentage of completion as disclosed in Note 9(a)(ii). The percentage of completion is reference to the level of completion of the property development where the property development cost incurred to date as a percentage of the estimated total costs of development of the contract.

(b) the construction subsidiary company recognises revenue over the periods of the contracts using the output method by reference to the survey of contract work completed to date which is certified by professional consultants.

(c) the promised properties are specifically identified in the sale and purchase agreements with its layout plan. Purchaser could enforce their rights to the properties if the Group seeks not to sell such properties to the purchaser. The contractual restriction on the Group's ability to direct the properties for another use is substantive and the properties sold to the purchaser do not have an alternative use to the Group. The Group has the rights to payment for performance completed to-date. The Group has obligated to complete the construction, transfer to the purchaser the developed properties and enforce their rights to full payment from the purchaser.

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29. REVENUE (CONT'D)

Recognition and measurement (Cont'd)

Revenue recognition in relation to performance obligation (Cont'd)

(i) Progress revenue from property development and construction contracts (Cont'd)

In certain circumstances, contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. The transaction price, which include estimating variable consideration and adjusting the consideration for the effects of the time value of money where applicable, shall be allocated to each performance obligation based on the stand-alone selling prices of the properties involved. Stand-alone selling prices are estimated based on expected cost plus margin where the observable selling prices data not available.

(ii) Fee income

(1) Facilities fees

Facilities fees from capital financing are recognised upon providing the approved credit facilities over the tenure of financing based on effective interest method.

Other non-refundable fees and commissions on services and facilities extended to customers that are not an integral part of the effective interest rate on the facilities granted are recognised on the inception of such transactions.

(2) Services income

Hotel room rental, food and beverages and golf course revenue

Room rental revenue is recognised on a daily basis on customer-occupied rooms. Revenue from the sales of food and beverage is recognised when the customer receives and consumes. Such revenue is recorded based on the published rates, net of discounts. Green fees and buggy rental are recognised when services are rendered and the customer receives and consumes the benefits provided and the Group has a present rights to payment for the goods and services sold and rendered respectively.

Property management fee

Property management fee is recognised when the services rendered to a customer and customer able to receive and consume such services. The Group has a present rights to the payment of the services rendered.

Management and operation of timeshare membership fees

Membership and maintenance fees are recognised over the membership periods based on fees chargeable to members in accordance to the contract terms.

29. REVENUE (CONT'D)

Recognition and measurement (Cont'd)

Revenue recognition in relation to performance obligation (Cont'd)

(iii) Interest income

Interest income on capital financing is accounted on an accrual basis using the effective interest method by reference to the periods as stipulated in the loan agreements.

Interest income on advances to subsidiary companies is recognised using effective interest method over the period.

(iv) Sale of goods

Revenue from sale of goods is recognised when the Group satisfies a performance obligation by transferring a promised good (i.e. an asset) to a customer. An asset is transferred as and when the customer obtains control of that asset which coincides with the delivery of goods and services and acceptance by customers.

(v) Sale of land and completed properties

Proceeds from sale of land and completed properties are recognised when the Group satisfies a performance obligation by transferring a promised asset to a customer. An asset is transferred when the customer obtains control of that asset.

Revenue recognition not in relation to performance obligation

(i) Dividend income

Dividend income is recognised when the rights to receive dividend payment has been established.

(ii) Rental income

Rental income from operating lease is recognised over the lease term evenly based on the rental chargeable to tenants. Other rental related income is recognised over the period in which the services being rendered.

30. COST OF SALES

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Property development costs	9	491,559	485,476	-	-
Construction costs		9,900	23,507	-	-
Financial liabilities measured at amortised costs					
- Facility and commitment fees		3,707	2,268	64	228
- Funding costs		16,800	14,417	-	-
- Property maintenance expenses		21,177	18,247	-	-
- Cost of services rendered		58,148	60,416	-	-
- Cost of goods sold		261,034	261,321	-	-
		862,325	865,652	64	228

(a) Recognition and measurement

(i) Property development costs

The recognition and measurement of the property development costs is disclosed in Note 9(a)(ii).

(ii) Construction costs

Cost of construction contracts are recognised upon construction work carried out and certified based on actual value work done.

(iii) Facility and commitment fees and funding costs

Fees and funding costs of capital financing are recognised upon facilities provided and interest charged based on effective interest method.

(iv) Property maintenance expenses and cost of services rendered

These are recognised upon services rendered to the Group.

(v) Cost of goods sold

Cost of goods sold is recognised upon delivery of goods to customer.

30. COST OF SALES (CONT'D)

(b) Other information

Cost of sales is incurred directly to generate the revenues as disclosed in Note 29.

Included in cost of sales are:

	Note	Group 2018 RM'000	Group 2017 RM'000
Amortisation of software licences	8(b)(i)	6	10
Depreciation of property, plant and equipment	4(b)(ii)	4,909	5,160
Write down of inventories			
- completed properties held for sale		275	665
- finished goods		3,061	2,411
- raw materials		359	312
Staff costs		50,013	48,847
		58,623	57,405

31. OTHER INCOME

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Income:				
Financial assets measured at fair value through profit or loss ("FVTPL"):				
- Dividend income	23	67	23	9
- Funds distribution income	6,669	5,716	478	235
Financial assets measured at amortised cost:				
- Interest income on deposits and placements with financial institutions	5,717	14,282	332	400
Forfeiture of deposits	1,568	2,579	-	-
Management fee income	111	181	16,529	18,949
Rental income	1,533	2,356	-	-
Sale of oil palm fresh fruit bunches	136	125	-	-
	15,757	25,306	17,362	19,593
Gains, write backs and reversals:				
Gain on disposals of available-for-sale securities measured at fair value through other comprehensive income	-	267	-	-
Gain on fair valuation of securities measured at fair value through profit or loss	-	100	-	100
Sub-total carried forward	-	367	-	100

31. OTHER INCOME (CONT'D)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Sub-total brought forward		-	367	-	100
Gain of financial assets measured at amortised cost:					
- Gain on fair valuation of retention sums		1,834	1,115	-	-
- Recovery of bad debts of:					
- capital financing		2	1,639	-	-
- trade receivables		1,295	-	-	-
- Write back of impairment loss on loans to a subsidiary company	6	-	-	125	-
- Write back of allowances for impairment loss on:					
- capital financing:					
- Collective assessment	11	-	32	-	-
- Individual assessment	11	231	4,131	-	-
- trade receivables:					
- Collective assessment	12(a)(iii)	192	-	-	-
- Individual assessment	12(a)(iii)	1,653	1,622	-	-
- other receivables:					
- Individual assessment	14	2	102	-	-
Gain on deemed disposal of a subsidiary company:					
- Gain on change in share of net assets	6(c)(v)	-	137,013	-	-
- Foreign currency translation gain reclassified from other comprehensive income	6(c)(v)	-	40,599	-	-
Gain on disposal of:					
- investment properties	5(c)(iii)	-	4,868	-	-
- property, plant and equipment		93,893	165	-	-
Gain on fair valuation of:					
- biological assets	15	64	-	-	-
- investment properties	5	61	53,127	-	-
Gain on foreign currency transactions		153	769	-	-
Gain on foreign currency translations		-	100	-	-
Sub-total carried forward		99,380	245,649	125	100

31. OTHER INCOME (CONT'D)

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Sub-total brought forward	99,380	245,649	125	100
Reclassified from other comprehensive income				
- gain on fair valuation of available-for-sale securities realised upon disposal	-	88	-	-
- gain on foreign currency translation realised upon striking off of subsidiary companies	-	1,745	-	-
- gain on fair value of cash flow hedge upon maturity	12	-	-	-
Effect of foreign currency translation upon maturity of cash flow hedge	(12)	-	-	-
	99,380	247,482	125	100
Others	6,626	6,813	2,614	471
	121,763	279,601	20,101	20,164

Recognition and measurement

Other income is recognised as and when the Group satisfies a performance obligation by transferring of an asset. An asset is transferred when the customer obtains control of that asset, which coincides with the delivery of goods and services and acceptance by the customer. Certain income with same nature is recognised on same principles as disclosed in Note 29, while others are described below:

(i) Funds distribution income is recognised and measured using effective interest method over time frame of the short term funds.

(ii) Interest income on the deposits and placements with licensed financial institutions is recognised and measured using effective interest method over the tenure of placement.

(iii) Sale of oil palm fresh fruit bunches is recognised when goods are delivered to a customer based on invoice value.

(iv) Gain on fair valuation of investment properties is recognised when revaluation evidenced by market information or valuation techniques where applicable. Gains arising from changes in the fair values of investment properties are recognised in the profit or loss in the year in which they arise.

(v) Gain on the disposals of investments properties, plant and equipment and securities at fair value through profit or loss are recognised upon the customer obtaining the control of the asset or completion of sale and purchase agreement.

(vi) All other income is recognised on accrual basis based on its fair value transacted.

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32. ADMINISTRATIVE EXPENSES

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Establishment related expenses					
Depreciation of property, plant and equipment	4(b)(ii)	22,583	23,739	184	90
Amortisation of software licences	8(b)(i)	357	351	22	12
Insurance		2,082	2,422	21	5
Quit rent and assessment		5,262	5,391	-	-
Rental of equipment		869	994	-	-
Rental of premises		635	459	2,024	1,415
Repair and maintenance		9,050	8,376	54	41
Utility expenses		12,362	12,389	101	80
Others		1,148	1,351	4	38
		54,348	55,472	2,410	1,681
General administrative expenses					
Advertisement		209	436	105	132
Auditors' remuneration#		657	640	74	70
Bank charges		3,391	3,939	11	10
Communication expenses		1,732	2,111	104	205
Donations		2,089	1,601	3	-
Food and beverage		1,092	1,154	225	219
GST and services tax expenses		995	1,799	32	13
Legal and professional fees		3,584	3,572	2,538	750
Printing and stationery		2,233	1,900	514	264
Repair and maintenance		1,824	2,228	80	82
Security services		1,231	1,506	108	204
Service and registration expenses		1,630	880	384	296
Subscription fees		202	194	52	48
Transport and travelling		1,531	1,757	145	110
Others		2,923	3,072	1,297	851
		25,323	26,789	5,672	3,254
Personnel expenses					
Salaries, allowances, bonuses and other emoluments (net of over provision)		78,006	70,721	12,052	15,594
Pension costs - defined contribution plan		10,046	9,394	1,363	1,846
Termination benefits		1,197	-	-	-
Others		8,800	8,208	1,024	1,859
		98,049	88,323	14,439	19,299

32. ADMINISTRATIVE EXPENSES (CONT'D)

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Selling and marketing expenses				
Advertisement and promotion	14,431	11,149	-	-
Commission	2,033	1,104	-	-
Interest subsidies	5	81	-	-
Legal fees	1,638	675	-	-
Marketing cost	6,627	13,275	-	-
Others	863	710	-	-
	25,597	26,994	-	-
Total administrative expenses	203,317	197,578	22,521	24,234

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
# Auditors' remuneration:				
(i) Statutory audit - current year				
- auditors of the Company	533	521	57	53
- an affiliate of the Company's auditors	21	21	-	-
(ii) Other audit-related services - current year				
- auditors of the Company	103	98	17	17
	657	640	74	70

(a) Recognition and measurement

Administrative expenses are recognised on accrual basis based on their fair values of services rendered and goods received.

32. ADMINISTRATIVE EXPENSES (CONT'D)

(b) Other information

Directors' remuneration and staff costs recognised in cost of sales and administrative expenses are summarised below:

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Directors' remuneration including estimated money value of any other benefits	38(b)	8,842	8,148	5,640	5,250
Staff costs (excluding Directors' remuneration):					
- salaries, allowances, bonuses and other emoluments (net of over provision)		112,732	105,083	7,177	11,012
- defined contribution plan		12,996	12,534	706	1,268
- social security costs		1,171	1,087	45	71
- termination benefits		1,197	-	-	-
- other staff related expenses		11,124	10,318	871	1,698
		139,220	129,022	8,799	14,049

33. OTHER EXPENSES

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Expenses:					
Listing expenses		12,332	-	-	-
Research and development expenses		486	1,266	-	-
Loss, write off and allowance for impairment:					
Loss of securities measured at fair value through profit or loss		51	-	51	-
Loss of financial assets measured at amortised cost:					
- allowance for impairment loss on:					
- capital financing					
- Individual assessment	11	237	-	-	-
- trade receivables					
- Collective assessment	12	224	-	-	-
- Individual assessment	12	2,528	1,275	-	-
- other receivables					
- Individual assessment	14	2,740	2	-	-
Write off of financial assets measured at amortised cost:					
- bad debts on trade receivables		390	246	-	-
- bad debts on other receivables		652	1,351	-	-
Impairment loss on:					
- infrastructure development costs	4(b)(iv)	-	10	-	-
- property, plant and equipment	4(b)(iv)	-	2,051	-	-
Loss on disposals of:					
- club membership		-	51	-	-
- plant and equipment		43	26	-	-
Loss on fair valuation of biological assets	15	-	65	-	-
Loss on foreign currency transactions		272	61	-	-
Loss on foreign currency translations		808	1,995	-	-
Write off of:					
- club membership	8(c)	-	132	-	-
- plant and equipment	4(b)(iii)	720	376	-	-
- software licences	8(b)(ii)	-	40	-	-
		8,665	7,681	51	-
Others		23	1,018	-	-
		21,506	9,965	51	-

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33. OTHER EXPENSES (CONT'D)

Recognition and measurement

(i) Impairment losses are recognised and measured in accordance with the impairment policies of the assets disclosed in Note 4, 11, 12 and 14.

(ii) Loss on disposal of investment in subsidiary company is recognised when control over a subsidiary is ceased and fair value measurement of the consideration received is lower than the carrying amount of the underlying assets and liabilities derecognised.

(iii) Loss on fair valuation of assets is recognised when the market value of the investments carried at fair value are lower than their carrying amount. The loss arising from the changes in fair value of the investments are recognised in the profit or loss in the year in which they arise.

(iv) All other expenses are recognised when the obligations of liabilities arose.

34. FINANCE COSTS

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Interest expense of financial liabilities that are measured at amortised cost:					
- amounts due to subsidiary companies		-	-	17,165	11,242
- medium term notes and Sukuk		41,697	39,863	34,598	39,863
- revolving credits		14,305	7,720	1,658	811
- term borrowings		40,163	42,795	7,649	9,195
- bankers' acceptances and trust receipts		426	425	-	-
		96,591	90,803	61,070	61,111
Other finance costs of financial liabilities that are measured at amortised cost:					
- amortisation of finance cost		1,891	1,194	1,809	1,194
- retention sums		2,570	755	-	-
- facilities fee		393	51	1,925	-
		4,854	2,000	3,734	1,194
Less: Interest capitalised under:					
- land held for property development	9(b)(i)	(11,280)	(5,407)	-	-
- property development costs	9(b)(ii)	(10,130)	(14,425)	-	-
		80,035	72,971	64,804	62,305

Recognition and measurement

Finance costs are recognised and measured using effective interest method, as disclosed on Note 21(a)(ii), of the respective amortised cost instruments.

35. TAX EXPENSE

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Income tax - current year provision		75,523	66,771	273	-
Under provision in respect of prior years		4,938	2,845	-	410
Deferred income tax:					
Deferred tax assets	10(b)(i)	(13,694)	25,754	364	(85)
Deferred tax liabilities	10(b)(ii)	(23,625)	(13,796)	-	-
		(37,319)	11,958	364	(85)
		43,142	81,574	637	325
Deferred income tax is further analysed as follows:					
Origination and reversal of temporary differences		(26,288)	(8,676)	402	(103)
(Over)/Under provision in prior years		(11,031)	20,634	(38)	18
		(37,319)	11,958	364	(85)

(a) Recognition and measurement

Current income tax expense is recognised in profit or loss except to the extent that the tax relates to items recognised, outside profit or loss, either in other comprehensive income or directly in equity.

Tax rates and tax laws used to measure the tax amount are those enacted or substantively enacted by the end of the year.

(b) Other information

The income tax expense is calculated based on the respective jurisdictions' statutory income tax rates on the estimated taxable profits for the year as follows:

Country	2018 Tax rate	2017 Tax rate
Malaysia	24%	24%
Australia	30%	30%
Singapore	17%	17%
Vietnam	*	*

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35. TAX EXPENSE (CONT'D)

(b) Other information (Cont'd)

* OVI Cables (Vietnam) Co., Ltd., a wholly-owned subsidiary company of PJD and in turn an indirect subsidiary company of the Company, is entitled to enjoy preferential corporate income tax under incentive corporation income tax in Vietnam. The details of tax is as follows:

- Income tax rate of 15% shall be applied for 12 years from the commencement of activities for year 2007 to 2018 and based on the current rate of relevant regulation of corporation income tax ("CIT") for the following subsequent years; and

- To be exempted from CIT for three years from the first year generating taxable profit and reduced 50% of CIT in the seven succeeding years.

(c) Reconciliation between tax expense and accounting profit before tax

The reconciliation between Malaysian tax expense and the product of accounting profit before tax multiplied by the statutory corporate tax rate of 24% (2017: 24%) is as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before tax ("PBT")	395,410	485,180	116,769	140,049
Less: Share of results of associated companies and a joint venture	(236,743)	(182,466)	-	-
PBT before share of results	158,667	302,714	116,769	140,049
Tax at Malaysian statutory rate on PBT @ 24%	38,080	72,651	28,025	33,612
Tax effects of:				
- different tax rates in foreign jurisdictions/other authorities	1,207	9,687	-	-
- different tax rate under real property gain tax rate	9,540	3,781	-	-
- non-taxable income	(34,317)	(56,600)	(41,949)	(34,600)
- non-deductible expenses	33,200	15,640	14,599	885
Utilisation of previously unrecognised deferred tax assets	(5,205)	(113)	-	-
Deferred tax assets not recognised during the year	6,730	13,049	-	-
Temporary differences not recognised in prior years	(11,031)	20,634	(38)	18
Under provision of income tax in respect of prior years	4,938	2,845	-	410
Tax expense	43,142	81,574	637	325

36. EARNINGS PER SHARE ("EPS")

	Group 2018 RM'000	2017 RM'000
Basic		
Profit attributable to Owners of the Company (RM'000)	346,053	400,219
Weighted average number of ordinary shares outstanding ('000)	2,077,200	2,077,190
Basic EPS (sen)	16.66	19.27
Diluted		
Profit attributable to Owners of the Company (RM'000)	346,053	400,219
Weighted average number of ordinary shares outstanding ('000)	2,077,200	2,077,190
Effect of dilution of assumed conversion of Warrants C 2015/2020 ('000)^	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	2,077,200	2,077,190
Diluted EPS (sen)	16.66	19.27

Measurement

Basic earnings per share is calculated by dividing profit attributable to Owners (ordinary equity holders) of the Company for the year (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the year.

Diluted earnings per share is calculated by dividing profit attributable to Owners (ordinary equity holders) of the Company for the year, with no dilutive adjustments as required, by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential ordinary shares, i.e. the Company's Warrants C 2015/2020, into ordinary shares.

^ 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.

37. DIVIDENDS

(a) Dividends paid:

	Group and Company			
	Total dividend		Dividend per share	
	2018 RM'000	2017 RM'000	2018 Sen	2017 Sen
In year 2018				
Single-tier final dividend of 3.5 sen for the year ended 31 December 2017, paid on 13 June 2018	72,702	-	3.5	-
Single-tier interim dividend of 2.0 sen for the year ended 31 December 2018, paid on 10 October 2018	41,544	-	2.0	-
In year 2017				
Single-tier final dividend of 5.0 sen for the year ended 31 December 2016, paid on 11 May 2017	-	69,240	-	5.0
Single-tier interim dividend of 2.5 sen for the year ended 31 December 2017, paid on 11 October 2017	-	34,620	-	2.5
	114,246	103,860	5.5	7.5

37. DIVIDENDS (CONT'D)

(b) Dividends declared or proposed:

	Number of ordinary shares outstanding	Group and Company			
		Total dividend		Dividend per share	
		2018	2017	2018	2017
	'000	RM'000	RM'000	Sen	Sen
For the year ended 31 December 2018					
Single-tier interim dividend of 2.0 sen, paid on 10 October 2018	2,077,200	41,544	-	2.0	-
Proposed single-tier final dividend of 3.0 sen per share estimated based on number of outstanding shares in issue at the end of the year*	2,077,200	62,316	-	3.0	-
For the year ended 31 December 2017					
Single-tier interim dividend of 2.5 sen, paid on 11 October 2017	1,384,800	-	34,620	-	2.5
Single-tier final dividend of 3.5 sen, paid on 13 June 2018	2,077,200	-	72,702	-	3.5
		103,860	107,322	5.0	6.0

* The Board of Directors recommended a single-tier final dividend of 3.0 sen per ordinary share amounting to approximately RM62.3 million, estimated based on the number of outstanding shares in issue at the end of the year, in respect of the year ended 31 December 2018. The proposed dividend is subject to Shareholders' approval at the forthcoming Annual General Meeting. The entitlement date for the final dividend shall be determined by the Board of Directors and disclosed in the notice of Annual General Meeting on page 328. The financial statements for the current year do not reflect this proposed final dividend. Such dividend will be accounted for in the Shareholders' equity as an appropriation of retained profits in the year ending 31 December 2019 upon approval by Shareholders.

Recognition and measurement

Dividend distribution to the Owners of the Company is recognised in retained profits under equity in the period which dividend is declared and approved.

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38. RELATED PARTY DISCLOSURES

(a) Identification of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and an entity that provides key management personnel services to the Group. The key management personnel include all Directors of the Group and senior personnel of the Group.

The Group's and the Company's related parties include subsidiary companies (Note 6), associated companies and joint venture (Note 7), the ultimate holding company, OSK Equity Holdings Sdn. Bhd. and companies related to Directors and major Shareholders of the Company.

(b) Key management personnel's compensation

The key management personnel's compensation is as follows:

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Directors:					
Executive					
Fees - current year		-	40	-	-
Other benefits*		7,357	6,370	4,479	3,826
		7,357	6,410	4,479	3,826
Estimated money value of benefits-in-kind		153	128	109	86
Total short-term employee benefits		7,510	6,538	4,588	3,912
Post-employment benefits - Defined contribution plan		917	806	657	578
Total Executive		8,427	7,344	5,245	4,490

38. RELATED PARTY DISCLOSURES (CONT'D)

(b) Key management personnel's compensation (Cont'd)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Directors: (Cont'd)					
Non-Executive					
Fees - current year		342	368	322	326
Other benefits*		73	431	73	429
		415	799	395	755
Estimated money value of benefits-in-kind		-	5	-	5
Total Non-Executive		415	804	395	760
Total	32(b)	8,842	8,148	5,640	5,250
Other key management personnel:					
Short-term employee benefits		9,248	8,435	1,980	2,397
Estimated money value of benefits-in-kind		234	538	19	285
Total short-term employee benefits		9,482	8,973	1,999	2,682
Post-employment benefits - Defined contribution plan		1,090	1,053	287	337
		10,572	10,026	2,286	3,019
Total key management personnel compensation		19,414	18,174	7,926	8,269

* Other benefits included salaries, bonus, allowances, gratuity, social security costs and employment insurance scheme.

38. RELATED PARTY DISCLOSURES (CONT'D)

(c) Directors' remuneration

The Directors' remuneration included in administrative expenses as disclosed in Note 38(b) are paid/payable to the following Directors:

	Directors' remuneration received and receivable from								
	Company				Certain Subsidiary Companies				Group
	Fee payable RM'000	Other benefits* RM'000	Estimated money value of benefits-in-kind RM'000	Total RM'000	Fee payable RM'000	Other benefits* RM'000	Estimated money value of benefits-in-kind RM'000	Total RM'000	Total RM'000
2018									
Executive Directors									
Tan Sri Ong Leong Huat @ Wong Joo Hwa	-	2,061	39	2,100	-	1,494	20	1,514	3,614
Ong Ju Yan	-	2,224	35	2,259	-	-	-	-	2,259
Ong Ju Xing	-	-	-	-	-	1,644	24	1,668	1,668
Dato' Saiful Bahri bin Zainuddin	-	851	35	886	-	-	-	-	886
Total Executive Directors' Remuneration	-	5,136	109	5,245	-	3,138	44	3,182	8,427
Non-Executive Directors									
Leong Keng Yuen	42	4	-	46	-	-	-	-	46
Foo San Kan	30	31	-	61	20	-	-	-	81
Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	65	9	-	74	-	-	-	-	74
Dato' Abdul Majit bin Ahmad Khan	24	6	-	30	-	-	-	-	30
Dato' Thanarajasingam Subramaniam	63	9	-	72	-	-	-	-	72
Ong Yee Ching	60	9	-	69	-	-	-	-	69
Nik Mohamed Sharifidin B N M Din	38	5	-	43	-	-	-	-	43
Total Non-Executive Directors' Remuneration	322	73	-	395	20	-	-	20	415
Total Directors' Remuneration	322	5,209	109	5,640	20	3,138	44	3,202	8,842

* Other benefits included salaries, bonus, allowances, employees provident fund, social security costs and employment insurance scheme.

38. RELATED PARTY DISCLOSURES (CONT'D)

(c) Directors' remuneration (Cont'd)

The Directors' remuneration included in administrative expenses as disclosed in Note 38(b) are paid/payable to the following Directors: (Cont'd)

	Directors' remuneration received and receivable from								
	Company				Certain Subsidiary Companies				Group
	Fee payable RM'000	Other benefits* RM'000	Estimated money value of benefits-in-kind RM'000	Total RM'000	Fee payable RM'000	Other benefits* RM'000	Estimated money value of benefits-in-kind RM'000	Total RM'000	Total RM'000
2017									
Executive Directors									
Tan Sri Ong Leong Huat @ Wong Joo Hwa	-	2,090	44	2,134	40	1,355	20	1,415	3,549
Ong Ju Yan	-	1,565	7	1,572	-	-	-	-	1,572
Ong Ju Xing	-	-	-	-	-	1,417	22	1,439	1,439
Dato' Saiful Bahri bin Zainuddin	-	749	35	784	-	-	-	-	784
Total Executive Directors' Remuneration	-	4,404	86	4,490	40	2,772	42	2,854	7,344
Non-Executive Directors									
Dato' Nik Mohamed Din bin Datuk Nik Yusoff	-	381	5	386	-	-	-	-	386
Foo San Kan	75	10	-	85	42	2	-	44	129
Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	65	10	-	75	-	-	-	-	75
Dato' Abdul Majit bin Ahmad Khan	60	11	-	71	-	-	-	-	71
Dato' Thanarajasingam Subramaniam	60	9	-	69	-	-	-	-	69
Ong Yee Ching	60	8	-	68	-	-	-	-	68
Nik Mohamed Sharifidin B N M Din	6	-	-	6	-	-	-	-	6
Total Non-Executive Directors' Remuneration	326	429	5	760	42	2	-	44	804
Total Directors' Remuneration	326	4,833	91	5,250	82	2,774	42	2,898	8,148

* Other benefits included salaries, bonus, allowances, gratuity, employees provident fund and social security costs.

38. RELATED PARTY DISCLOSURES (CONT'D)

(d) Significant transactions and balances with subsidiary companies, associated companies and a joint venture

The relationship between the Company and its subsidiary companies, associated companies and a joint venture are disclosed in Notes 6 and 7 respectively. The significant transactions with subsidiary companies, associated companies and a joint venture during the year are as follows:

Transactions and balances with associated companies and a joint venture	Group			
	Income/(Expenses)		Amount due from/(to)	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
RHB Bank Berhad group of companies				
RHB Bank Berhad				
Interest income	211	1,266	-	-
Office rental income	815	786	-	-
Commitment fee expense	(538)	(693)	-	-
Interest expense	(44,907)	(46,662)	-	-
Bank balance and short term funds	-	-	70,970	89,319
Borrowings	-	-	(192,148)	(220,672)
Medium term notes	-	-	(616,206)	(840,113)
RHB Asset Management Sdn. Bhd.				
Funds distribution income	2,050	3,123	-	-
Short term funds	-	-	280,001	78,607
RHB Investment Bank Berhad				
Office rental income	508	958	-	-
RHB Islamic Bank Berhad				
Interest expense	(1,014)	-	-	-
Bank balance	-	-	17	-
Sukuk	-	-	(262,971)	-
RHB Nominees (Tempatan) Sdn. Bhd.				
Custodial and service fee expense	(275)	(239)	-	-
Agile PJD Development Sdn. Bhd.				
Interest income	-	1,216	-	-
Rental income	405	380	-	-
Scotia Acres Sdn. Bhd. group of companies				
Canggih Pesaka Sdn. Bhd.				
Office rental expense	(462)	(743)	-	-

38. RELATED PARTY DISCLOSURES (CONT'D)

(d) Significant transactions and balances with subsidiary companies, associated companies and a joint venture (Cont'd)

Transactions and balances with subsidiary companies	Company Income/(Expenses) 2018 RM'000	Income/(Expenses) 2017 RM'000	Amount due from/(to) 2018 RM'000	Amount due from/(to) 2017 RM'000
KE-ZAN Holdings Berhad				
Dividend income	2,500	13,489	-	-
Interest expense	(2,794)	(4,843)	-	-
Amount due to a subsidiary company	-	-	-	(108,354)
OSK Capital Sdn. Bhd.				
Dividend income	11,000	29,800	-	-
Management fee income	3,025	1,996	-	-
Interest expense	(6,447)	(6,296)	-	-
Amount due to a subsidiary company	-	-	-	(136,825)
OSK Capital Management Sdn. Bhd.				
Interest income	9,705	9,792	-	-
Management fee income	198	259	-	-
Amount due from a subsidiary company	-	-	-	200,210
OSK I CM Sdn. Bhd.				
Administrative expense	(1,925)	-	-	-
Interest expense	(7,924)	-	-	-
Amount due to a subsidiary company	-	-	(229,639)	-
OSK Management Services Sdn. Bhd.				
Management fee expense	(797)	-	-	-
Amount due from a subsidiary company	-	-	464	-
OSK Property Holdings Berhad				
Dividend income	7,984	68,148	-	-
Management fee income	3,557	3,990	-	-
OSK Realty Sdn. Bhd.				
Dividend income	50,000	-	-	-
Management fee income	130	1,886	-	-
Office rental expense	(2,219)	(1,335)	-	-
Amount due from a subsidiary company	-	-	-	5,743
PJ Development Holdings Berhad				
Dividend income	31,721	36,546	-	-
Management fee income	9,160	10,584	-	-

38. RELATED PARTY DISCLOSURES (CONT'D)

(d) Significant transactions and balances with subsidiary companies, associated companies and a joint venture (Cont'd)

Transactions and balances with associated group of companies	Company Income/(Expenses) 2018 RM'000	2017 RM'000	Amount due from/(to) 2018 RM'000	2017 RM'000
RHB Bank Berhad group of companies				
RHB Bank Berhad				
Dividend income	71,080	48,741	-	-
Interest income	-	371	-	-
Interest expense	(34,598)	(39,863)	-	-
Bank balance	-	-	1,395	1,167
Medium term notes	-	-	(616,206)	(840,113)
RHB Asset Management Sdn. Bhd.				
Funds distribution income	478	235	-	-
Short term funds	-	-	57,062	6,172

(e) Significant transactions and balances with other related parties

Other related parties are companies related to a Director or major Shareholder of the Company:

(i) Dindings Consolidated Sdn. Bhd. ("DCSB")
The spouse and daughter of Tan Sri Ong Leong Huat @ Wong Joo Hwa are directors of DCSB. Tan Sri Ong Leong Huat @ Wong Joo Hwa, his spouse and children collectively owned 100% of DCSB.

	Group Income/(Expenses) 2018 RM'000	2017 RM'000	Amount due from/(to) 2018 RM'000	2017 RM'000
Dindings Consolidated Sdn. Bhd. group of companies				
Dindings Consolidated Sdn. Bhd.				
Construction revenue	1,262	2,098	-	-
Office rental income	648	546	-	-
Amount due from a related party	-	-	447	281
DC Services Sdn. Bhd.				
Insurance premium expense	(1,254)	(1,409)	-	-
Dindings Construction Sdn. Bhd.				
Construction costs	(1,667)	(1,332)	-	-
Amount due to a related party	-	-	(2,385)	(1,199)

38. RELATED PARTY DISCLOSURES (CONT'D)

(e) Significant transactions and balances with other related parties (Cont'd)

Other related parties are companies related to a Director or major Shareholder of the Company: (Cont'd)

(i) Dindings Consolidated Sdn. Bhd. ("DCSB") (Cont'd)
The spouse and daughter of Tan Sri Ong Leong Huat @ Wong Joo Hwa are directors of DCSB. Tan Sri Ong Leong Huat @ Wong Joo Hwa, his spouse and children collectively owned 100% of DCSB. (Cont'd)

	Group			
	Income/(Expenses)		Amount due from/(to)	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Dindings Consolidated Sdn. Bhd. group of companies (Cont'd)				
Dindings Design Sdn. Bhd.				
Renovation costs	(17,728)	(3,917)	-	-
Amount due to a related party	-	-	(54)	(1,436)
Dindings Life Agency Sdn. Bhd.				
Insurance premium expense	(302)	(645)	-	-
Dindings Risks Management Services Sdn. Bhd.				
Insurance premium expense	(255)	(251)	-	-
Sincere Source Sdn. Bhd.				
Insurance premium expense	(1,441)	(1,262)	-	-

(ii) Nova Terrace Sdn. Bhd. ("NTSB")
Tan Sri Ong Leong Huat @ Wong Joo Hwa, his spouse and Ong Ju Xing are directors of NTSB. J.B. Properties Sdn. Bhd. ("JBPSB") is the holding company of NTSB. The spouse of Tan Sri Ong Leong Huat @ Wong Joo Hwa and Ong Ju Xing are major shareholders of JBPSB.

	Group			
	Income/(Expenses)		Amount due from/(to)	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Project management fee income	1,200	1,050	-	-

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38. RELATED PARTY DISCLOSURES (CONT'D)

(e) Significant transactions and balances with other related parties (Cont'd)

Other related parties are companies related to a Director or major Shareholder of the Company: (Cont'd)

(iii) Raslan Loong, Shen & Eow ("RLSE")
The son-in-law of Tan Sri Ong Leong Huat @ Wong Joo Hwa is a partner of RLSE.

	Group			
	Income/(Expenses)		Amount due from/(to)	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Legal fee expenses	(1,323)	(1,137)	-	-

(f) Ultimate holding company

The Company has not incurred any related party transactions or owing any balances with OSK Equity Holdings Sdn. Bhd, the Company's ultimate holding company, during the year.

The Directors are of the view that the above transactions have been entered into in the ordinary course of business at terms mutually agreed between the companies concerned and are not more favourable than those arranged with independent third parties.

39. COMMITMENTS

(a) Operating leases commitments

(i) The Group as lessee

The Group has entered into non-cancellable operating lease arrangements for office lots, shop lots and factories under operating leases for a term ranging from 1 to 49 years, with an option to renew the leases. None of these leases include contingent rent. At the end of the year, the Group and the Company have aggregated future minimum lease commitments as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Not later than one year	4,599	5,313	1,708	1,115
Later than one year and not later than five years	2,592	5,235	1,618	1,645
Later than five years	1,201	2,293	-	-
	8,392	12,841	3,326	2,760

39. COMMITMENTS (CONT'D)

(a) Operating leases commitments (Cont'd)

(ii) The Group as lessor

The Group has entered into non-cancellable lease arrangements on certain properties classified under property, plant and equipment and investment properties. At the end of the year, the Group has aggregated future minimum lease receivables as follows:

	Group 2018 RM'000	Group 2017 RM'000
Not later than one year	26,275	20,167
Later than one year and not later than five years	34,663	14,831
Later than five years	32,713	36,899
	93,651	71,897

(b) Capital commitments

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Contracted but not provided for:				
- Acquisition of office equipment and software licences	1,121	3,927	-	-
- Construction of an investment property	-	24,712	-	-
- Professional fee for a corporate exercise	-	308	-	308
- Renovation costs	1,166	-	-	-
	2,287	28,947	-	308

(c) Recognition and measurement

The Group and the Company have not recognised the contracted commitments, but disclosed its existence in the financial statements. Commitment is measured at the transacted price less amount provided for in the financial statements.

(d) Other information

During the year, the contracts in relation to the construction of an investment property were rescinded. There were no other material changes in the commitments during the year.

40. CONTINGENT ASSETS AND LIABILITIES

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Unsecured contingent liabilities:				
Corporate guarantees given to licensed financial institutions for credit facilities granted to subsidiary companies and an associated company	-	-	1,363,515	483,185
Corporate guarantees given to licensed financial institutions relating to credit facilities of a joint venture	37,623	39,372	-	-
	37,623	39,372	1,363,515	483,185

(a) Recognition and measurement

The Group and the Company have not recognised the contingent liabilities, but disclosed its existence in the financial statements.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(b) Other information

During the year, the Company issued new corporate guarantees to licensed financial institutions for credit facilities granted to certain subsidiary companies for securing new credit lines for the Group. There were no other material changes in the contingent liabilities during the year.

There were no contingent assets at the end of the year.

41. SIGNIFICANT EVENTS DURING THE YEAR

The significant events are as follow:

(a) The changes in composition of the Group during the year in relation to subsidiary companies are disclosed in Note 6(b).

(b) The proposed listing of the shares of OCC Cables is disclosed in Note 6(b)(vii).

42. MATERIAL SUBSEQUENT EVENTS

There were no material subsequent events after the year end.

43. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The Group's and the Company's financial risk management policies are established to ensure that adequate financial resources for business development and management of credit risk, liquidity risk and market risk which includes currency risk, interest rate risk and price risk. The Group manages and allocates its capital resources centrally to ensure that all business units maintain the required level of capital and prudent level of liquidity at all times. The Group and the Company operate within clearly defined guidelines that are approved by the Board of Directors.

In dealing with its stewardship, the Board of Directors recognises that effective risk management is an integral part of good business practice. The Board acknowledges that the activities of the Group and the Company may involve some degree of risks and it should be noted that any system could only provide a reasonable and not absolute assurance against any misstatement or loss.

The Board will pursue an ongoing process of identifying, assessing and managing key business areas, overall operational and financial risks faced by its business units as well as regularly reviewing and enhancing risk mitigation strategies.

Below are the risks exposure of the Group and the Company:

(a) Credit risk

Credit risk is the risk of potential financial loss to the Group and the Company arising from the failure of a counterparty to fulfill its obligations under a contractual agreement and include settlement/clearing risk, concentration risk, credit assessment risk, recovery risk and credit-related liquidity risk.

The credit risk exposure of the Group arises principally from capital financing, trade receivables, contract assets, bank balances and short term funds. The Company's exposure to credit risk arises principally from bank balances, short term funds, amounts due from subsidiary companies and financial guarantee given to financial institutions for credit facilities granted to its subsidiary companies and an associated company.

The Group's and the Company's business activities are guided by internal credit policies and guidelines that are approved by the Board of Directors, which have been established to ensure that the overall objectives in the area of lending are achieved. The Group and the Company conservatively manage its credit risk by controlling the granting of credits, revision in limits and other monitoring procedures.

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (Cont'd)

Allowance for impairment losses are made and interest income is recognised in accordance with the relevant accounting policies or when deemed necessary based on estimates of expected losses that may arise from non-collection of debts from its business. Write-off of debts against individual assessment are made only when avenues of recovery have been exhausted and the debts are deemed to be irrecoverable in the foreseeable future.

The Group adopts 'simplified approach' and 'general approach' impairment assessment pursuant to MFRS 9 and the related assessments are disclosed in Notes 11, 12, 14 and 16 respectively.

The Company assesses its subsidiary companies' and associated company's abilities to repay or service their advances and borrowings on an individual basis. The Company assumes that there is a significant increase in credit risk when a subsidiary's or associated company's financial position deteriorates significantly. The Company considers the amounts due from subsidiary companies and financial guarantee to be credit impaired when such subsidiary company or associated company unable to meet its debts when due after exhausted its capability to secure new financing. The Company determines the probability of default of the advances and guaranteed borrowings individually using internal information available. The maximum credit risk exposure arising from the amounts due from subsidiary companies are represented by their carrying amounts in the statement of financial position as disclosed in Note 16. The maximum credit risk exposure of the financial guarantees issued to the financial institutions to secure subsidiary companies' and an associated company's borrowings is limited to the credit amount utilised of RM1.4 billion (2017: RM483.2 million) as disclosed in Note 40. Amounts due from subsidiary companies and the financial guarantees have low credit risk at the end of the year as the amounts due from subsidiary companies are fully recoverable and financial guarantees are unlikely to be called by the financial institutions.

The Group and the Company also have credit risk exposure on its bank balances and short term funds. The bank balances and short term funds are placed with creditworthy financial institutions. Therefore, the Group and the Company assessed both bank balances and short term funds as having low credit risk at the end of the year.

(b) Liquidity risk

Liquidity risk, is the risk that the Group and the Company will encounter difficulties in maintaining and raising funds to meet its financial commitments and obligations when they fall due at a reasonable cost. Funding needs of the Group are primarily met by bank borrowings and internally generated funds.

The Group seeks to achieve a balance between certainty of funding and a flexible, cost-effective borrowing structure. The Group's policy seeks to ensure that all projected net borrowing needs are covered by the committed facilities. In addition, debt maturities are closely monitored to ensure that the Group is able to meet its refinancing needs and obligations as and when they fall due.

Cash flow forecasts, taking into account all major transactions, are prepared and monitored. Any excess funds from operating cash cycles, which are temporary in nature, are invested in short term funds and fixed deposits as and when available with a wide array of licensed financial institutions at the most competitive interest rates.

The Group manages the funding needs and allocates funds in such manner that all business units maintain optimum levels of liquidity which are sufficient for their operations.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Liquidity risk (Cont'd)

Liquidity risk exposures

The table below analyses the Group's and the Company's financial liabilities into relevant maturity grouping based on the remaining period at the end of the year to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows and the balances shown below will not agree to the balances as reported in the statements of financial position as the table incorporates all contractual cash flows on an undiscounted basis, including to both principal and interest payments.

Group

	On demand or within 1 year RM'000	>1 to 2 years RM'000	>2 to 5 years RM'000	Over 5 years RM'000	Total RM'000
2018					
Medium term notes and Sukuk	95,595	241,007	706,397	275,795	1,318,794
Borrowings	964,720	60,333	259,914	171,684	1,456,651
Trade payables	116,470	20,168	-	-	136,638
Other liabilities excluding provisions and deposits received	400,772	-	-	-	400,772
	1,577,557	321,508	966,311	447,479	3,312,855
2017					
Medium term notes	103,153	226,985	625,740	-	955,878
Borrowings	856,092	156,293	323,222	207,974	1,543,581
Trade payables	159,381	14,808	9,647	-	183,836
Other liabilities excluding provisions and deposits received	373,453	-	-	-	373,453
	1,492,079	398,086	958,609	207,974	3,056,748

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Liquidity risk (Cont'd)

Company

	On demand or within 1 year RM'000	>1 to 2 years RM'000	>2 to 5 years RM'000	Over 5 years RM'000	Total RM'000
2018					
Medium term notes	71,270	216,616	404,251	-	692,137
Borrowings	35,797	-	-	-	35,797
Amounts due to subsidiary companies	229,639	-	-	-	229,639
Other liabilities excluding provisions	384	-	-	-	384
	337,090	216,616	404,251	-	957,957
2017					
Medium term notes	103,153	226,985	625,740	-	955,878
Borrowings	81,299	81,083	77,344	-	239,726
Amounts due to subsidiary companies	245,179	-	-	-	245,179
Other liabilities excluding provisions	987	-	-	-	987
	430,618	308,068	703,084	-	1,441,770

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market conditions. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The risk of loss in value is minimised via adherence of qualifying criteria before making the investments and by continuous monitoring of the performance and market risk of the investments.

Management continually evaluates risk arising from adverse movements in market prices or rates. The Group invests in marketable securities in Malaysia. External conditions such as global and domestic economic climates that are generally unpredictable and uncontrollable may affect the overall performance of the Group.

The credit risk of clients that the Group provides financing is also closely associated to market risk, as the changes in market prices will alter the value of client's investment and collateral provided to the Group. Risk of this nature is managed and mitigated by selective funding of client's investment and stringent criteria for collateral acceptance.

In respect of the Group's property investment activities, market risk arises from changes in the state of domestic property prices. The Group minimises its exposure to adverse fluctuation in property value by continuous monitoring of the state of the property market. Gain or loss arising from the change in the fair value of investment properties will be made in the statement of profit or loss for the period in which it arises.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group operates in Australia, Singapore, Vietnam and British Virgin Island. Certain subsidiary companies in the Group transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises when transactions are denominated in foreign currencies. The Group uses currency forwards to mitigate currency risk when appropriate.

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43. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Market risk (Cont'd)

(i) Currency risk (Cont'd)

The following tables summarised the currency exposure of financial assets and financial liabilities of the Group as at year end which are mainly in Ringgit Malaysia ("RM"), Australian Dollar ("AUD"), United States Dollar ("USD") and Vietnamese Dong ("VND"). Others currencies mainly include exposure to Hong Kong Dollar and Singapore Dollar.

Group

	Note	Denominated in					
		RM RM'000	AUD RM'000	USD RM'000	VND RM'000	Others RM'000	Total RM'000
2018							
Financial assets							
Capital financing	11	565,974	-	-	-	-	565,974
Trade receivables	12	272,826	-	-	7,961	666	281,453
Other assets, excluding prepayments and deposits	14	94,062	68	-	622	-	94,752
Cash, bank balances and short term funds	19	517,591	6,985	52	3,958	25	528,611
		1,450,453	7,053	52	12,541	691	1,470,790
Financial liabilities							
Medium term notes and Sukuk	21	1,109,519	-	-	-	-	1,109,519
Borrowings	22	1,361,456	-	-	3,739	-	1,365,195
Trade payables	23	128,183	-	3,115	5,329	11	136,638
Other liabilities, excluding provisions and deposits received	25	400,402	12	-	358	-	400,772
		2,999,560	12	3,115	9,426	11	3,012,124

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Market risk (Cont'd)

(i) Currency risk (Cont'd)

Group (Cont'd)

	Note	Denominated in					
		RM RM'000	AUD RM'000	USD RM'000	VND RM'000	Others RM'000	Total RM'000
2017							
Financial assets							
Capital financing	11	512,890	-	-	-	-	512,890
Trade receivables	12	306,529	14	-	2,848	139	309,530
Other assets, excluding prepayments and deposits	14	56,074	12	-	211	-	56,297
Cash, bank balances and short term funds	19	416,943	5,853	23	1,789	68	424,676
		1,292,436	5,879	23	4,848	207	1,303,393
Financial liabilities							
Medium term notes	21	838,210	-	-	-	-	838,210
Borrowings	22	1,332,645	-	95,293	768	-	1,428,706
Trade payables	23	180,763	97	1,286	1,679	11	183,836
Other liabilities, excluding provisions and deposits received	25	373,076	102	-	273	2	373,453
		2,724,694	199	96,579	2,720	13	2,824,205

The Company's financial assets and financial liabilities are denominated in RM.

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43. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Market risk (Cont'd)

(i) Currency risk (Cont'd)

The Group holds cash, bank balances and short term funds denominated in foreign currencies for working capital purposes. To a certain extent, the cash forms a natural hedge against a borrowing denominated in a foreign currency.

The Group is exposed to foreign currency exchange risk in respect of its overseas investments and borrowings. The Group has entered into cross-currency interest rate swap to manage exposures to currency risk of the borrowings and to minimise the interest expense which are denominated in a currency other than the functional currencies of the Group. The details of the cross-currency interest rate swap are disclosed in Note 17. In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations are managed through borrowings denominated in the relevant foreign currencies. During the year, there is no other significant foreign exchange risk arising from foreign currency transactions that may affect the overall activities of the Group except for the investment stated as above.

The Company is not exposed to foreign currency exchange risks, hence currency risk disclosure for the Company is not presented.

Sensitivity analysis for currency risk

The following table demonstrates sensitivity analysis of the Group's profit after tax to a reasonably possible change in AUD and VND exchange rates against the respective functional currencies of the Group entities, with all other variables held constant. The sensitivity analysis includes only significant outstanding balances denominated in foreign currencies, of which the fluctuations in foreign exchange rates would have a significant impact to profit or loss.

	Group 2018 RM'000	Group 2017 RM'000
Profit net of tax		
AUD/RM		
- strengthen by 3%	43	60
- weaken by 3%	(43)	(60)
VND/RM		
- strengthen by 3%	68	50
- weaken by 3%	(68)	(50)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or yield (i.e. future cash flows) of a financial instrument will fluctuate because of changes in market interest rates. The floating rate borrowings based on respective financial institutions' cost of funds or base rates managed by the Group and the Company to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall. The floating rate borrowings are monitored and negotiated according to changes in the interest rates to ensure that the Group and the Company are benefited from the lowest possible finance cost.

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

The following tables set out the carrying amounts, the interest rates at the end of the year and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk:

Group

	Note	Interest rate per annum %	On demand or within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	Over 5 years RM'000	Total RM'000
2018									
Fixed rate instruments									
Deposits with licensed financial institutions	19	2.55 - 3.40	15,726	-	-	-	-	-	15,726
Floating rate instruments									
Housing Development Accounts	19	1.65 - 2.52	25,249	-	-	-	-	-	25,249
Medium term notes and Sukuk	21	4.08 - 5.21	(40,329)	(191,446)	(260,081)	(252,540)	(114,904)	(250,219)	(1,109,519)
Borrowings	22	4.15 - 8.10	(941,006)	(39,649)	(46,629)	(88,195)	(93,527)	(156,189)	(1,365,195)

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

The following tables set out the carrying amounts, the interest rates at the end of the year and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk: (Cont'd)

Group (Cont'd)

	Note	Interest rate per annum %	On demand or within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	Over 5 years RM'000	Total RM'000
2017									
Fixed rate instruments									
Deposits with licensed financial institutions	19	2.40 - 3.03	60,006	-	-	-	-	-	60,006
Floating rate instruments									
Housing Development Accounts	19	1.65 - 2.00	166,110	-	-	-	-	-	166,110
Medium term notes	21	4.70 - 4.75	(63,493)	(193,459)	(193,600)	(193,750)	(193,908)	-	(838,210)
Borrowings	22	4.33 - 7.91	(820,424)	(129,917)	(158,874)	(81,793)	(46,868)	(190,830)	(1,428,706)

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

The following tables set out the carrying amounts, the interest rates at the end of the year and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk: (Cont'd)

Company

	Note	Interest rate per annum %	On demand or within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	Over 5 years RM'000	Total RM'000
2018									
Floating rate instruments									
Medium term notes	21	4.75 - 5.00	(40,329)	(191,446)	(191,447)	(191,653)	-	-	(614,875)
Borrowings	22	4.81 - 5.00	(35,700)	-	-	-	-	-	(35,700)
2017									
Floating rate instruments									
Medium term notes	21	4.70 - 4.75	(63,493)	(193,459)	(193,600)	(193,750)	(193,908)	-	(838,210)
Borrowings	22	4.56 - 5.02	(67,304)	(74,559)	(74,818)	-	-	-	(216,681)

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group's and the Company's profit after tax if interest rates had been an average of 75 (2017: 75) basis points higher/lower for the Group and the Company, with all other variables remain constant, arising mainly as a result of higher/lower interest income from the capital financing and interest expense of the Group's and the Company's borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit after tax				
- increased by 0.75% (2017: 0.75%)	(10,880)	(9,998)	(3,708)	(6,013)
- decreased by 0.75% (2017: 0.75%)	10,880	9,998	3,708	6,013

(iii) Price risk

Price risk refers to the risk that the fair value on future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk).

The price risk arises from the Group's securities at fair value through profit or loss is minimal. The Group's equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

The Group manages its price risk arising from these investments in equity securities by diversification of its portfolio in accordance with the limits on individual and total equity instruments.

Sensitivity analysis for price risk

At the end of the year, if the FTSE Bursa Malaysia KLCI had been 5% (2017: 5%) higher/lower, with all other variables held constant, the Group's profit after tax would have been approximately RM9,000 (2017: RM11,000) higher/lower, arising as a result of higher/lower of fair value gains on quoted securities measured at fair value through profit or loss listed on Bursa Malaysia.

(d) Hedging activities

The Group has entered into a cross-currency interest rate swap to hedge the cash flow risk. During the year, the hedge instrument has expired and the hedge transaction is no longer expected to occur. Hence, the hedge has been revoked. The details of the cross-currency interest rate swap are disclosed in Note 17.

44. CAPITAL MANAGEMENT

Capital is equivalent to issued capital and reserves attributable to the Owners of the Company or Shareholders' funds. The primary objectives of the Group's capital management are to ensure that it maintains strong capital base and healthy capital ratios in order to sustain its future business development and maximise Shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions by meeting the internal capital requirements, optimising return to Shareholders, maintaining adequate levels and optimum mix of capital. To meet these objectives, the Group may adjust the dividend payment to its Shareholders, return capital to Shareholders or issue new shares. No changes were made in these objectives, policies or processes during the years ended 31 December 2018 and 31 December 2017.

The Group monitors capital by actively managing the level of gearing ratio which is the net debts divided by the Shareholders' funds. The gearing ratio at the end of the year is as follows:

	Note	Group 2018 RM'000	2017 RM'000
Medium term notes and Sukuk	21	1,109,519	838,210
Borrowings	22	1,365,195	1,428,706
Less: Derivative assets	17	-	(17,742)
Less: Cash, bank balances and short term funds	19	(528,611)	(424,676)
Net debts		1,946,103	1,824,498
Issued capital and reserves attributable to Owners of the Company / Shareholders' funds		4,597,538	4,538,690
Gearing ratio (times)		0.42	0.40

There were no changes in the Group's capital management strategy during the year. The Group is required to maintain a maximum gearing ratio of 1.50 times to comply with covenants as disclosed in Notes 21(b)(i) and 21(c)(i). The Group has complied with these covenants throughout the year.

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45. MATERIAL LITIGATIONS

Save as disclosed below, the Group was not engaged in any material litigation, claims nor arbitration either as plaintiff or defendant and the Directors are not aware of any proceeding pending or threatened against the Group or of any facts likely to give rise to any proceeding which might materially and adversely affect the financial position or business operations of the Group. Summary of material litigations are as follow:

(a) Adjudication between BUCG (M) Sdn. Bhd. ("BUCG") v Atria Damansara Sdn. Bhd. ("ADSB")

ADSB, a subsidiary company of OSK Property Holdings Berhad ("OSKP") which in turn is a subsidiary company of the Company, had on 29 June 2012 appointed BUCG for the Main Building Works of The Atria Redevelopment Project ("the Contract").

BUCG commenced with an adjudication on 7 June 2017. BUCG's claim for a total of RM99.692 million (comprising of the progress claim, retention sum, loss and expenses and GST), was dismissed by the Adjudicator on 26 March 2018 and awarded ADSB with costs for the Adjudication.

(b) Arbitration between Atria Damansara Sdn. Bhd. ("Claimant" or "ADSB") v BUCG (M) Sdn. Bhd. ("Respondent" or "BUCG")

ADSB, a subsidiary company of OSKP which in turn is a subsidiary company of the Company filed a revised Notice of Arbitration on 23 November 2016.

The Statement of Claim had been filed by ADSB on 7 September 2017 for a total claim sum of RM81,065,432.56 (which includes Liquidated Ascertained Damages ("LAD") of RM27,180,000.00 and additional costs paid to contractors for rectification works and additional cost to complete the project of RM22,818,413.67).

On 6 November 2017, the Arbitrator had resigned due to conflict of interest. On 9 November 2017, BUCG had served its Defence and Counterclaim on the matter. Via its counterclaim, BUCG was claiming for the sum of RM105,674,087.62 based on various bills, variation orders, losses and expenses incurred and GST. On 7 December 2017, ADSB had served its Reply to Defence and Defence to Counterclaim.

On 18 May 2018, a new Arbitrator was appointed by the parties.

On 3 October 2018, both parties had entered into an amicable settlement with no further claims against each other.

(c) Claims by 14 Houseowners / Purchasers against OSK Properties Sdn. Bhd. ("OSKPSB") (together with architect W.K.Khor Architect and Majlis Perbandaran Sungai Petani ("MPSP"))

OSKPSB, a subsidiary company of OSKP which in turn is a subsidiary company of the Company had entered into sale and purchase agreements with 14 purchasers ("the Purchasers") between the years of 2012 and 2013 for the purchases of residential units at the Bandar Puteri Jaya project in Sungai Petani, Kedah. The purchase price stated in the Sale and Purchase Agreements with each of the Purchasers range from RM271,212 to RM385,022 for each unit.

On 3 May 2016, OSKPSB was served with a Writ and Statement of Claim by the Purchasers who had alleged inter alia that the construction of their properties had defects and that part of their properties differed from the show house. Each of the Purchasers was claiming: (a) damages amounting to RM2.5 million against OSKPSB; (b) damages amounting to RM2.5 million against the Architect; and (c) damages amounting to RM700,000 against MPSP.

On 3 April 2018, parties had entered into an amicable settlement with no further claim against each other.

46. FINANCIAL REPORTING STANDARDS

(a) The Group and the Company 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 and the Company's financial year beginning on 1 January 2018:

(i) Amendment to MFRS 2 'Share-based Payment'

The amendment to MFRS 2 'Share-based Payment' clarifies that the classification and measurement of share-based payment transactions. The amendment introduces specific guidance on how to account for the following situations:

(1) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
(2) share-based payment transactions with a net settlement feature for withholding tax obligations; and
(3) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

(ii) Annual Improvements to MFRS Standards 2014-2016 Cycle

The annual Improvements to MFRS Standards 2014-2016 Cycle cover minor amendments to MFRS 1 'First-time Adoption of Malaysian Financial Reporting Standards' and MFRS 128 'Investments in Associates and Joint Ventures'.

MFRS 1 has been amended to remove short-term exemptions covering transition provision of MFRS 7 'Financial Instruments: Disclosures', MFRS 119 'Employee Benefits' and MFRS 10 'Consolidated Financial Statements'. These transition provisions were available to entities for the past reporting periods and are therefore no longer applicable.

MFRS 128 has been amended to clarify a venture capital organisations, mutual funds, unit trusts and similar entities may elect to measure their investments in associates or joint ventures at fair value or using the equity method. An entity shall make this election separately for each associate or joint venture, at initial recognition.

(iii) Amendments to MFRS 140 'Investment Property'

The amendments to MFRS 140 'Investment Property' clarify an entity shall transfer a property to, or from, investment property when there is change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. An entity must, therefore, have taken observable actions to support such a change.

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46. FINANCIAL REPORTING STANDARDS (CONT'D)

(a) The Group and the Company 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 and the Company's financial year beginning on 1 January 2018: (Cont'd)

(iv) IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

IC Interpretation 22 addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income and on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency.

The adoption of the above amendments to published standards and interpretation do not have any material impact to the Group and the Company.

(v) MFRS 9 'Financial Instruments' ("MFRS 9")

MFRS 9 releases new classification and measurement requirements for financial assets on the basis of the Group's and the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. MFRS 9 introduces new expected credit loss model that replaces the incurred loss model used in MFRS 139 'Financial Instruments: Recognition and Measurement'. MFRS 9 also simplifies new hedge accounting model where the hedged ratio is required to be the same as the one used by an entity's management for risk management purposes. The details of these new requirements as well as their impact to the Group and the Company are disclosed below:

The Group and the Company have applied MFRS 9 in accordance with the transition provisions.

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

For classification under MFRS 9, there are three primary classification for financial assets: amortised cost ("AC"), fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVTOCI").

Under MFRS 9, the entity's business model does not depend on management's intention for an instrument, it is a matter of fact that can be observed by way an entity is managed and information is provided to its key management. Thus, same instrument may classify in all three classifications depending on its model for managing the assets.

The Group and the Company have applied the requirements of MFRS 9 to instruments that have not been derecognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018.

46. FINANCIAL REPORTING STANDARDS (CONT'D)

(a) The Group and the Company 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 and the Company's financial year beginning on 1 January 2018: (Cont'd)

(v) MFRS 9 'Financial Instruments' ("MFRS 9") (Cont'd)

As at 1 January 2018, the Group and the Company reviewed and assessed the Group's and the Company's existing financial assets based on the facts and circumstances that existed at that date and concluded that the classification of financial assets as mentioned above have no impact to the Group and the Company as the financial assets that were previously measured at FVTPL and at AC under MFRS 139 remained as such under MFRS 9.

Classification and measurement of financial liabilities under MFRS 9

MFRS 9 retains most of the MFRS 139 requirements for financial liabilities. These include amortised cost accounting for most financial liabilities including bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the profit or loss, unless this creates an accounting mismatch.

The classification and measurement of financial liabilities under MFRS 9 have no impact to the Group and the Company.

Hedge accounting under MFRS 9

The new hedge accounting requirements under MFRS 9 retain the three types of hedge accounting: fair value hedge, cash flow hedge and hedge of a net investment in a foreign operation. However, greater flexibility has been given to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test which was ruled-based has been replaced with an objective-based test which includes the principle of an 'economic relationship'.

The Group dealt with cross-currency interest rate swap which was used solely for cash flow hedge. Under MFRS 9, there are no rebalancing of any of the hedging relationships was necessary as the critical terms of the hedging instruments match those of their corresponding hedged items. All hedging relationship continue to be effective under MFRS 9 effectiveness assessment requirements. The Group has also not designated any new hedging relationships under MFRS 9 that would not have met the qualifying hedge accounting criteria. As such, the new hedge accounting have no impact to the Group.

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46. FINANCIAL REPORTING STANDARDS (CONT'D)

(a) The Group and the Company 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 and the Company's financial year beginning on 1 January 2018: (Cont'd)

(v) MFRS 9 'Financial Instruments' ("MFRS 9") (Cont'd)

Impairment of financial assets under MFRS 9

The expected credit loss model under MFRS 9 requires the Group and the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The expected credit loss model will have a greater provisions and earlier recognition of credit losses as compared with incurred loss model under MFRS 139.

The Group and the Company assess the expected credit losses of the financial assets carried at amortised cost with the incorporation of available forward-looking information without undue cost or effort in accordance with the requirements of MFRS 9.

The effects of adoption of MFRS 9 for the Group on items of the Statements of Financial Position as at 1 January 2018 are as follows:

	Note	As at 31.12.2017 RM'000	Effects of adoption of MFRS 9 RM'000	As at 1.1.2018 RM'000
Assets				
Non-current				
Investments in associated companies and a joint venture		3,443,134	*(150,180)	3,292,954
Current				
Trade receivables	12(a)(iii)	279,360	(1,597)	277,763
Equity				
Retained profits		2,363,172	*(159,340)	2,203,832
Non-controlling interests		68,234	(44)	68,190
Foreign currency translation reserves		42,969	*26	42,995
Other reserves		4,110	*7,581	11,691

* Included a share of an associated company's effect of adoption of MFRS 9.

The impairment of financial assets under MFRS 9 has no impact to the Company.

46. FINANCIAL REPORTING STANDARDS (CONT'D)

(b) The following are standards, amendments to published standards and interpretations to existing MFRSs issued by the MASB that are applicable to the Group and the Company but not yet effective for the current financial year:

(i) For financial year beginning on/after 1 January 2019

(1) MFRS 16 'Leases'

MFRS 16 supersedes MFRS 117 'Leases' and its related interpretations.

MFRS 16 introduces a new model for lessee accounting which eliminates the distinction between finance and operating leases for lessees. MFRS 16 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months. Off-balance sheet lease commitment disclosed previously is required to be accounted based on rights and obligations approach under MFRS 16. For lessors, MFRS 16 requires enhanced disclosure on the information about lessors' risk exposure, particularly to residual value risk.

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

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

Statements of Financial Position	As at 31.12.2018 RM'000	Estimated effects of adoption of MFRS 16 RM'000	As at 1.1.2019 RM'000
Group			
Assets			
Right-of-use assets	-	3,811	3,811
Liabilities			
Lease liabilities	-	4,069	4,069
Equity			
Retained profits	2,435,791	(258)	2,435,533
Company			
Assets			
Right-of-use assets	-	3,023	3,023
Liabilities			
Lease liabilities	-	3,087	3,087
Equity			
Retained profits	968,888	(64)	968,824

46. FINANCIAL REPORTING STANDARDS (CONT'D)

(b) The following are standards, amendments to published standards and interpretations to existing MFRSs issued by the MASB that are applicable to the Group and the Company but not yet effective for the current financial year: (Cont'd)

(i) For financial year beginning on/after 1 January 2019 (Cont'd)

(2) IC 23 Uncertainty over Income Tax Treatments ("IC 23")

IC 23 clarifies the application on the recognition and measurement requirements in MFRS 112 when there is uncertainty over income tax treatments. In the circumstance of uncertainty over income tax treatment, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in MFRS 112 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and shall assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making these examinations.

The adoption of IC 23 is not expected to have any material financial impact to the Group and the Company.

(3) Amendments to MFRS 9

The amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The adoption of these amendments is not expected to have any material financial impact to the Group and the Company.

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

Amendments to MFRS 128 'Investments in Associates and Joint Ventures' clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint venture to which the equity method is not applied.

The adoption of these amendments is not expected to have any material financial impact to the Group and the Company.

46. FINANCIAL REPORTING STANDARDS (CONT'D)

(b) The following are standards, amendments to published standards and interpretations to existing MFRSs issued by the MASB that are applicable to the Group and the Company but not yet effective for the current financial year: (Cont'd)

(i) For financial year beginning on/after 1 January 2019 (Cont'd)

(5) Annual Improvements to MFRS Standards 2015-2017 Cycle

The Annual Improvements to MFRS Standards 2015-2017 Cycle cover minor amendments to MFRS 3 'Business Combinations', MFRS 11 'Joint Arrangements' and MFRS 112 'Income Taxes' and MFRS 123 'Borrowing Costs'.

MFRS 3 'Business Combinations' has been amended to clarify that when a party to a joint arrangement (as defined in MFRS 11 'Joint Arrangements') obtains control of a business that is a joint operation (as defined in MFRS 11), and had rights to the assets and obligations for the liabilities relating to that joint operation immediately before the acquisition date, the transaction is a business combination achieved in stages. The acquirer shall therefore apply the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation. In doing so, the acquirer shall remeasure its entire previously held interest in the joint operation.

MFRS 11 'Joint Arrangements' has been amended to clarify that a party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in MFRS 3. In such cases, previously held interests in the joint operation are not remeasured.

MFRS 112 'Income Taxes' has been amended to clarify an entity shall recognises the income tax consequences of dividends as defined in MFRS 9 when it recognises a liability to pay a dividend and an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

MFRS 123 'Borrowing Costs' has been amended to clarify that to the extent that an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to all borrowings of the entity that are outstanding during the period. However, an entity shall exclude from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete. The amount of borrowing costs that an entity capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period.

The adoption of the above amendments is not expected to have any material financial impact to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

46. FINANCIAL REPORTING STANDARDS (CONT'D)

(b) The following are standards, amendments to published standards and interpretations to existing MFRSs issued by the MASB that are applicable to the Group and the Company but not yet effective for the current financial year: (Cont'd)

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

(1) Revised Conceptual Framework

The following standards have been amended to update the references and quotations in these standards according to the revised Conceptual Framework:

Amendments to:	
MFRS 2	Share-Based Payment
MFRS 3	Business Combinations
MFRS 6	Exploration for and Evaluation of Mineral Resources
MFRS 14	Regulatory Deferral Accounts
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 134	Interim Financial Reporting
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
IC Interpretation 132	Intangible Assets - Web Site Costs

The adoption of the above amendments is not expected to have any material financial impact to the Group and the Company.

(2) Amendments to MFRS 3 'Business Combinations'

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

The adoption of these amendments is not expected to have any material financial impact to the Group and the Company.

46. FINANCIAL REPORTING STANDARDS (CONT'D)

(b) The following are standards, amendments to published standards and interpretations to existing MFRSs issued by the MASB that are applicable to the Group and the Company but not yet effective for the current financial year: (Cont'd)

(ii) For financial year beginning on/after 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'

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

The adoption of these amendments is not expected to have any material impact to the Group and the Company.

(iii) Standard deferred to a date to be determined by MASB

The amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The amendments clarify that gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture and gains and losses resulting from transactions involving the sale or contribution to an associate of a joint venture of assets that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by MASB. Earlier application is permitted.

46. FINANCIAL REPORTING STANDARDS (CONT'D)

(c) Financial reporting updates

IFRIC Tentative Agenda Decision - Over time transfer of constructed good

The IFRS Interpretations Committee ("IFRIC") received a submission about the capitalisation of borrowing costs in relation to the construction of a residential multi-unit real estate development.

The submission inquires whether an entity has a qualifying asset as defined in International Accounting Standards IAS 23 'Borrowing Costs' and identified three different views:

(1) Capitalise borrowing costs on only the unsold units;
(2) Capitalise borrowing costs on neither the unsold nor the sold units; and
(3) Capitalise borrowing costs on both the sold and unsold units.

IFRIC concluded in November 2018 that the entity applies view (2) above because:

(i) Any receivable and contract asset that the entity recognises is not a qualifying asset.
(ii) Any inventory (work-in-progress) for unsold units under construction that the entity recognises is also not a qualifying asset because the unsold units are ready for its intended use or sale.

The deadline for submitting comment letters was 6 February 2019, before the IFRIC meeting in March 2019.

If the tentative agenda decision is finalised in its current view, any consequential adjustments would be reflected in the future financial statements.

ADDITIONAL INFORMATION

- List of Group's Top Ten Properties
- Statement of Directors' Interests
- Statement of Shareholdings
- Statement of Warrant Holdings

LIST OF GROUP'S TOP TEN PROPERTIES

AS AT 31 DECEMBER 2018

	ADDRESS / LOCATION	DESCRIPTION / EXISTING USE	TENURE	APPROXIMATE AREA	DATE OF ACQUISITION	APPROXIMATE AGE OF BUILDING	CARRYING VALUE RM'000
1	Sungai Petani, Kedah Darul Aman	Land under development and held for development	Freehold	1,191 acres	29 January 1996	N/A	482,850
2	SS 22 Damansara Jaya, Petaling Jaya, Selangor Darul Ehsan	Investment property	Freehold	5.47 acres	06 July 2007	4 years	399,850
3	Jalan Ampang, Kuala Lumpur	Land under development and held for development	Freehold	60,846.45 square foot	30 October 1996	N/A	262,386
4	Iringan Bayu, Mukim Rantau, Daerah Seremban, Negeri Sembilan Darul Khusus	Land under development and held for development	Freehold	455.8 acres	08 January 2016	N/A	249,139
5	PN No. 113121, Lot 10152 Section 13, Bandar Petaling Jaya, Daerah Petaling, Selangor Darul Ehsan	Land under development and held for development	Leasehold (expiring on 04 November 2114)	258,746 square foot	31 May 2013	N/A	175,542
6	Plaza OSK, Jalan Ampang, Kuala Lumpur	Offices building	Freehold	57,597.68 square foot	30 December 1993	34 years	154,346
7	Mukim Setapak, Kuala Lumpur	Land under development and held for development	Freehold	438,541 square foot	23 April 2018	N/A	122,336
8	Damai Laut Country Resort, Mukim of Lumut, District of Dindings, Perak Darul Ridzuan	Resort & property development	Freehold and leasehold (expiring on 08 June 2094)	15,044,751 square foot	1990	N/A	91,022
9	Harbour Place, Seksyen 4, Bandar Butterworth, Daerah Seberang Prai Utara, Pulau Pinang	Land under development and held for development	Freehold	14.62 acres	14 October 1996	N/A	84,116
10	Swiss-Garden Resort & Spa Kuantan, Lot PT 7566 Mukim Sungai Karang, Daerah Kuantan, Pahang Darul Makmur	Hotel	Freehold	250,512 square foot	3 March 1993	19 years	60,376

STATEMENT OF DIRECTORS' INTERESTS

AS AT 28 FEBRUARY 2019

Name of Director		Number of Ordinary Shares Direct Interest	%	Indirect Interest	%
1.	Tan Sri Ong Leong Huat @ Wong Joo Hwa	135,685,978	6.53	1,036,933,772 [1]	49.92
2.	Ong Ju Yan	24,737,550	1.19	2,467,701 [2]	0.12
3.	Ong Ju Xing	22,084,395	1.06	4,603,062 [3]	0.22
4.	Ong Yee Ching	12,667,189	0.61	288,280 [2]	0.01
5.	Leong Keng Yuen	318,608	0.02	221,869 [4]	0.01

Name of Director		Number of Warrants C Direct Interest	%	Indirect Interest	%
1.	Tan Sri Ong Leong Huat @ Wong Joo Hwa	3,075,000	0.86	152,999,578 [5]	42.91
2.	Ong Ju Yan	1,208,335	0.34	266,299 [2]	0.07
3.	Ong Ju Xing	211,810	0.06	-	-
4.	Ong Yee Ching	442,890	0.12	72,069 [2]	0.02
5.	Leong Keng Yuen	42,900	0.01	55,467 [4]	0.02

SHAREHOLDINGS OF DIRECTOR IN RELATED CORPORATIONS

Name of Director & Related Corporations		Number of Ordinary Shares Direct Interest	%	Indirect Interest	%
1.	Tan Sri Ong Leong Huat @ Wong Joo Hwa's interest in:				
	OSK Equity Holdings Sdn. Bhd.	99,999	99.99	-	-
	PJ Development Holdings Berhad	-	-	508,467,593 [6]	96.93
	OSK Property Holdings Berhad	-	-	345,637,523 [6]	99.93

WARRANT HOLDINGS OF DIRECTOR IN RELATED CORPORATIONS

Name of Director & Related Corporations		Number of Warrants C Direct Interest	%	Indirect Interest	%
1.	Tan Sri Ong Leong Huat @ Wong Joo Hwa's interest in:				
	PJ Development Holdings Berhad	-	-	129,338,996 [6]	91.87

STATEMENT OF DIRECTORS' INTERESTS AS AT 28 FEBRUARY 2019

Notes:

(1) Deemed interested pursuant to Section 8 of the Companies Act 2016 ("the Act") by virtue of his substantial shareholdings in Dindings Consolidated Sdn. Bhd., Land Management Sdn. Bhd. and OSK Equity Holdings Sdn. Bhd. and disclosure made pursuant to Section 59(11)(c) of the Act in relation to interests held by his spouse and children other than Ong Ju Yan, Ong Ju Xing and Ong Yee Ching whose interests have been disclosed herein.

(2) Disclosure made pursuant to Section 59(11)(c) of the Act in relation to interest held by his/her spouse.

(3) Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in Ladang Setia Sdn. Bhd. and disclosure made pursuant to Section 59(11)(c) of the Act in relation to interest held by his spouse.

(4) Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in Wing Foong Holdings Sdn Berhad and disclosure made pursuant to Section 59(11)(c) of the Act in relation to interest held by his spouse.

(5) Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in Land Management Sdn. Bhd. and OSK Equity Holdings Sdn. Bhd. and disclosure made pursuant to Section 59(11)(c) of the Act in relation to interests held by his spouse and children other than Ong Ju Yan, Ong Ju Xing and Ong Yee Ching whose interests have been disclosed herein.

(6) Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in OSK Holdings Berhad.

Tan Sri Ong Leong Huat @ Wong Joo Hwa, by virtue of his interest in the Company, is also deemed to have an interest in the shares and warrants of all the Company's subsidiary companies to the extent the Company has an interest.

Other than the above, none of the other Directors in office has any interest in the shares and warrants of the Company and its related corporations as at 28 February 2019.

STATEMENT OF SHAREHOLDINGS

AS AT 28 FEBRUARY 2019

Issued share capital	:	2,077,199,967 shares (excluding the treasury shares of 18,100,253)
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share

BREAKDOWN OF HOLDINGS

Range of Holdings	No. of Holders	Percentage of Holders	No. of Holdings	Percentage of Issued Capital
1 – 99	3,276	13.62	134,212	0.01
100 – 1,000	2,083	8.66	770,719	0.04
1,001 – 10,000	11,881	49.38	54,146,491	2.61
10,001 – 100,000	5,920	24.61	169,372,321	8.15
100,001 – 103,859,997*	892	3.71	766,962,581	36.92
103,859,998 and above**	5	0.02	1,085,813,643	52.27
	24,057	**100.00**	**2,077,199,967**	**100.00**

Notes:

* Less than 5% of the issued holdings

** 5% and above of the issued holdings

SUBSTANTIAL SHAREHOLDERS

According to the register required to be kept under Section 144 of the Companies Act 2016, the substantial shareholders of the Company are as follows:

	Name of Substantial Shareholders	Number of Ordinary Shares			
		Direct Interest	%	Indirect Interest	%
1.	Tan Sri Ong Leong Huat @ Wong Joo Hwa	135,685,978	6.53	981,019,515 [1]	47.23
2.	Puan Sri Khor Chai Moi	29,362,682	1.41	419,942,504 [2]	20.22
3.	OSK Equity Holdings Sdn. Bhd.	564,953,473	27.20	-	-
4.	Land Management Sdn. Bhd.	252,642,223	12.16	-	-
5.	Dindings Consolidated Sdn. Bhd.	163,423,819	7.87	-	-

Notes:

(1) Deemed interested by virtue of his substantial shareholdings in Land Management Sdn. Bhd., OSK Equity Holdings Sdn. Bhd. and Dindings Consolidated Sdn. Bhd.

(2) Deemed interested by virtue of her substantial shareholdings in Land Management Sdn. Bhd., Dindings Consolidated Sdn. Bhd. and Ladang Setia Sdn. Bhd.

STATEMENT OF SHAREHOLDINGS
AS AT 28 FEBRUARY 2019

THIRTY LARGEST REGISTERED HOLDERS

	Name	No. of Shares	%
1.	OSK Equity Holdings Sdn. Bhd.	426,581,623	20.54
2.	Land Management Sdn. Bhd.	252,422,223	12.15
3.	Dindings Consolidated Sdn. Bhd.	163,423,819	7.87
4.	Tan Sri Ong Leong Huat @ Wong Joo Hwa	123,385,978	5.94
5.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for OSK Equity Holdings Sdn. Bhd. (246758)	120,000,000	5.78
6.	Wong Chong Ngin	26,925,000	1.30
7.	Puan Sri Khor Chai Moi	26,832,853	1.29
8.	Ong Ju Yan	24,737,550	1.19
9.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (CIMB Prin)	24,395,300	1.17
10.	Ong Ju Xing	21,997,911	1.06
11.	Dato' Nik Mohamed Din bin Datuk Nik Yusoff	21,000,000	1.01
12.	Khor Chei Yong	18,882,000	0.91
13.	RHB Nominees (Tempatan) Sdn. Bhd. - OSK Equity Holdings Sdn. Bhd.	18,371,850	0.88
14.	Ong Yin Suen	15,489,876	0.75
15.	Cartaban Nominees (Asing) Sdn. Bhd. - Exempt AN for State Street Bank & Trust Company (West CLT OD67)	15,103,380	0.73
16.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Kumpulan Wang Persaraan (Diperbadankan) (CIMB Equities)	13,802,400	0.66
17.	Ong Yee Ching	12,667,189	0.61
18.	Cartaban Nominees (Tempatan) Sdn. Bhd. - Exempt AN for LGT Bank AG (Local)	12,300,000	0.59
19.	Nora Ee Siong Chee	11,835,937	0.57
20.	Amanahraya Trustees Berhad - Public Smallcap Fund	11,519,700	0.55

THIRTY LARGEST REGISTERED HOLDERS (CONT'D)

	Name	No. of Shares	%
21.	Citigroup Nominees (Asing) Sdn. Bhd. - CBNY for Dimensional Emerging Markets Value Fund	11,227,805	0.54
22.	Ong Yee Min	11,061,699	0.53
23.	HSBC Nominees (Asing) Sdn. Bhd. - TNTC for Hosking Global Fund Public Limited Company	9,858,264	0.47
24.	Citigroup Nominees (Asing) Sdn. Bhd. - CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	8,228,667	0.40
25.	Citigroup Nominees (Asing) Sdn. Bhd. - CBNY for DFA Emerging Markets Small Cap Series	8,212,455	0.40
26.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund	7,786,650	0.37
27.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Wong Chong Shee (470539)	7,125,450	0.34
28.	AmSec Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Tan Swee Kwong	7,090,750	0.34
29.	Amanahraya Trustees Berhad - Public Strategic Smallcap Fund	6,960,450	0.34
30.	Cartaban Nominees (Asing) Sdn. Bhd. - SSBT Fund J724 for SPDR S&P Emerging Markets ETF	6,948,159	0.33

STATEMENT OF WARRANT HOLDINGS

AS AT 28 FEBRUARY 2019

No. of Outstanding Warrants C 2015/2020 issued: 356,577,165

BREAKDOWN OF HOLDINGS

Range of Holdings	No. of Holders	Percentage of Holders	No. of Warrants C	Percentage of Issued Warrants C
1 – 99	4,559	23.72	119,433	0.03
100 – 1,000	6,103	31.75	3,626,897	1.02
1,001 – 10,000	6,948	36.15	21,826,505	6.12
10,001 – 100,000	1,333	6.94	40,780,825	11.44
100,001 – 17,828,857*	276	1.44	153,578,100	43.07
17,828,858 and above**	1	^	136,645,405	38.32
	19,220	**100.00**	**356,577,165**	**100.00**

Notes:

^ Negligible
* Less than 5% of the issued Warrants C
** 5% and above of the issued Warrants C

THIRTY LARGEST REGISTERED HOLDERS

	Name	No. of Warrants C	%
1.	OSK Equity Holdings Sdn. Bhd.	136,645,405	38.32
2.	RHB Nominees (Tempatan) Sdn. Bhd. - OSK Equity Holdings Sdn. Bhd.	11,426,925	3.20
3.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Chong Yiew On (6000006)	9,556,650	2.68
4.	I-Wen Morsingh	6,667,500	1.87
5.	AmSec Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Tan Swee Kwong	5,136,687	1.44
6.	Citigroup Nominees (Asing) Sdn. Bhd. - Exempt AN for Citibank New York (Norges Bank 1)	3,904,854	1.10
7.	Puan Sri Khor Chai Moi	3,598,891	1.01
8.	Cartaban Nominees (Tempatan) Sdn. Bhd. - Exempt AN for LGT Bank AG (Local)	3,075,000	0.86
9.	Loh Yu Lin	3,000,000	0.84

STATEMENT OF WARRANT HOLDINGS
AS AT 28 FEBRUARY 2019

THIRTY LARGEST REGISTERED HOLDERS (CONT'D)

	Name	No. of Warrants C	%
10.	Nora Ee Siong Chee	2,546,484	0.71
11.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Julian Suresh Candiah	2,458,500	0.69
12.	RHB Nominees (Asing) Sdn. Bhd. - Pledged Securities Account for Profidend Investments Pte. Ltd.	2,294,125	0.64
13.	RHB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Chin Kan Sin	1,995,000	0.56
14.	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Ting Yi En	1,956,500	0.55
15.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Tan Swee Kwong (STF)	1,923,862	0.54
16.	Quek Phaik Im	1,880,000	0.53
17.	AS-Salihin Trustee Berhad - Dato' Nik Mohamed bin Nik Yahya	1,730,122	0.49
18.	Chew Leong Hoon	1,723,500	0.48
19.	HSBC Nominees (Asing) Sdn. Bhd. - JPMCB NA for Vanguard Total International Stock Index Fund	1,716,558	0.48
20.	Ng Bieng San	1,650,900	0.46
21.	Chinchoo Investment Sdn. Berhad	1,622,422	0.46
22.	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Lim Ai Choo (001)	1,569,400	0.44
23.	Ong Ah Choon @ Ong Kai Choon	1,505,250	0.42
24.	Maybank Nominees (Tempatan) Sdn. Bhd. - Chang Chung Yew	1,500,000	0.42
25.	Khor Chei Yong	1,422,968	0.40
26.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Ong Aik Lin (ONG1097M)	1,350,000	0.38
27.	HSBC Nominees (Asing) Sdn. Bhd. - TNTC for Hosking Global Fund Public Limited Company	1,304,941	0.37
28.	Loh Siew Hooi	1,225,000	0.35
29.	Ong Ju Yan	1,208,335	0.34
30.	Maybank Nominees (Tempatan) Sdn. Bhd. - Chua Eng Ho Wa'a @ Chua Eng Wah	1,207,600	0.34

NOTICE OF ANNUAL GENERAL MEETING

- Notice of Annual General Meeting

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Ninth Annual General Meeting of the Company will be held at the Exhibition Hall 4, Ground Floor, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur on Tuesday, 30 April 2019 at 10:00 a.m. to transact the following business:

AGENDA

1. To receive the Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2018 and the Reports of Directors and Auditors thereon. **[Please refer to Explanatory Note (i)]**

2. To sanction the declaration of a single-tier final dividend of 3.0 sen per share in respect of the financial year ended 31 December 2018. **Ordinary Resolution 1**

3. To approve the payment of Directors' fees of RM321,972 for the financial year ended 31 December 2018. **Ordinary Resolution 2**

4. To approve the payment of Directors' benefits to the Non-Executive Directors up to an amount of RM100,000 for the period from 1 May 2019 until the next Annual General Meeting of the Company. **Ordinary Resolution 3**

5. To re-elect the following Directors who retire by rotation in accordance with Article 102(1) of the Company's Articles of Association and being eligible, offers themselves for re-election:

   (a) Mr. Ong Ju Yan **Ordinary Resolution 4**

   (b) Dato' Thanarajasingam Subramaniam **Ordinary Resolution 5**

6. To re-elect Mr. Leong Keng Yuen who retires in accordance with Article 109 of the Company's Articles of Association and being eligible, offers himself for re-election. **Ordinary Resolution 6**

7. To re-appoint Messrs. BDO PLT as Auditors of the Company until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration. **Ordinary Resolution 7**

AS SPECIAL BUSINESS

To consider and, if thought fit, with or without any modification, to pass the following Ordinary and Special Resolutions:

NOTICE OF ANNUAL GENERAL MEETING

8. **AUTHORITY TO ISSUE SHARES** **Ordinary Resolution 8**

"THAT, subject always to the Companies Act 2016, the Articles of Association/Constitution of the Company and the approvals of the relevant governmental/regulatory authorities, if applicable, the Directors be and are hereby empowered, pursuant to the Companies Act 2016, to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

9. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")** **Ordinary Resolution 9**

"THAT, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature as set out in Part A of the Circular to Shareholders dated 27 March 2019 provided that such transactions are undertaken in the ordinary course of business, on arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders;

THAT such approval shall continue to be in force until the earlier of:

(a) the conclusion of the next Annual General Meeting of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the next Annual General Meeting;

(b) the expiration of the period within which the next Annual General Meeting is to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(c) such approval is revoked or varied by resolution passed by shareholders in a general meeting before the next Annual General Meeting;

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

10. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")** **Ordinary Resolution 10**

"THAT, subject always to the Companies Act 2016, the provisions of the Articles of Association/Constitution of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad as the Directors may deem fit and expedient in the interest of the Company, provided that:

(a) the aggregate number of shares purchased or held does not exceed ten per centum (10%) of the total number of issued shares of the Company;

(b) the maximum fund to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest Audited Financial Statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s); and

(c) the Directors of the Company may decide in their absolute discretion either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends and/or in such manner as may be permitted pursuant to Section 127 of the Companies Act 2016 and the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad and any other relevant authorities;

THAT the authority conferred by this Resolution shall commence immediately and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution, unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting;

AND THAT authority be and is hereby given to the Directors of the Company to act and take all such steps and do all things as are necessary or expedient to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company."

NOTICE OF ANNUAL GENERAL MEETING

11. **PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY** — **Special Resolution**

    "THAT approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company, as set out in Appendix II of the Circular to Shareholders dated 27 March 2019 be and is hereby adopted as the Constitution of the Company ("Proposed Adoption of New Constitution");

    AND THAT the Directors of the Company be and are hereby authorised to assent to any modification, variation and/or amendment as may be required by the relevant authorities (if any) and to do all acts and things and take all such steps as may be considered necessary to give full effect to the Proposed Adoption of New Constitution."

12. To transact any other ordinary business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

Notice is hereby given that the single-tier final dividend of 3.0 sen per ordinary share for the financial year ended 31 December 2018, if approved by the shareholders at the Twenty-Ninth Annual General Meeting, will be payable on 23 May 2019 to shareholders whose names appear in the Register of Members or Record of Depositors on 7 May 2019.

A Depositor shall qualify for entitlement to the dividend only in respect of:

(a) Shares deposited into the Depositor's securities account before 12:30 p.m. on 3 May 2019 (in respect of shares which are exempted from mandatory deposit);

(b) Shares transferred into the Depositor's securities account before 4:00 p.m. on 7 May 2019 (in respect of ordinary transfers); and

(c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)
CHIN MUN YEE (MAICSA 7019243)
Company Secretaries

Kuala Lumpur
27 March 2019

NOTES:

1. In respect of deposited securities, only members whose names appear in the Register of Members and Record of Depositors on 22 April 2019 shall be eligible to attend, participate, speak and vote at the Meeting.

2. A member entitled to attend, participate, speak and vote at the Meeting is entitled to appoint a proxy/proxies to attend, participate, speak and vote instead of him. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, participate, speak and vote at the Meeting shall have the same rights as the member to participate, speak and vote at the Meeting.

3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding(s) to be represented by each proxy.

4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or in some other manner approved by its Board of Directors.

5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

6. The instrument appointing a proxy must be deposited at the office of the Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

7. Explanatory Notes on Ordinary and Special Business

   (i) Item 1 of the Agenda

   This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

   (ii) Ordinary Resolution 3 – Directors' benefits payable

   The proposed Directors' benefits payable comprises allowances and other benefits.

   The total estimated amount of Directors' benefits payable is calculated based on the number of scheduled Board's and Board Committees' meetings from 1 May 2019, being the day after the Twenty-Ninth Annual General Meeting until the next Annual General Meeting and other benefits. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

   (iii) Ordinary Resolution 8 – Authority to Issue Shares

   This is the renewal of the mandate obtained from the members at the last Annual General Meeting held on 24 May 2018 ("the previous mandate"). The previous mandate was not utilised and accordingly, no proceeds were raised.

   The proposed resolution, if passed, will provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the funding of the Company's future investments projects, working capital and/or acquisitions, by the issuance of shares in the Company to such persons at any time, as the Directors may deem fit, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of next Annual General Meeting of the Company.

NOTICE OF ANNUAL GENERAL MEETING

(iv) Ordinary Resolution 9 – Proposed Shareholders' Mandate

The proposed resolution, if passed, will empower the Company and its subsidiaries ("OSK Group") to enter into recurrent related party transactions of a revenue or trading nature which are necessary for OSK Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to the public and are not, in the Company's opinion, detrimental to the minority shareholders of the Company.

Please refer to Part A of the Circular to Shareholders dated 27 March 2019 for further information.

(v) Ordinary Resolution 10 – Proposed Renewal of Share Buy-Back Authority

The proposed resolution, if passed, will allow the Company to purchase or hold its own shares of up to 10% of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the retained profits of the Company.

Based on the Audited Financial Statements for the year ended 31 December 2018, the Company's retained profits is amounted to RM968.9 million.

Please refer to the Share Buy-Back Statement dated 27 March 2019 for further information.

(vi) Special Resolution – Proposed Adoption of New Constitution of the Company

In view of the substantial amount of amendments to the existing Memorandum and Articles of Association, the Board proposed to revoke the existing Memorandum and Articles of Association in its entirety and in place thereof, adopt a new Constitution as set out in Appendix II of the Circular to Shareholders dated 27 March 2019.

The proposed resolution, if passed, will streamline the Company's Constitution with the Companies Act 2016, recent amendments made to Bursa Malaysia Securities Berhad's Main Market Listing Requirements as well as to enhance administrative efficiency.

The Proposed Adoption of the New Constitution of the Company shall take effect once it has been passed by a majority of not less than 75% of such members who are entitled to attend and vote and do vote in person or by proxy at the Twenty-Ninth Annual General Meeting.

Please refer to Part B of the Circular to Shareholders dated 27 March 2019 for further information.

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OSK HOLDINGS BERHAD (207075-U)

(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.	Number of ordinary shares

*I/We____*NRIC/Passport/Company No.______________________________

of____

____

being *a member/members of OSK Holdings Berhad hereby appoint:-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and/or

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Twenty-Ninth Annual General Meeting of the Company to be held at the Exhibition Hall 4, Ground Floor, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur on Tuesday, 30 April 2019 at 10:00 a.m. and at any adjournment thereof.

*My/Our proxy is to vote as indicated below:

Item	Agenda		
1.	To receive the Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2018 and the Reports of Directors and Auditors thereon.		
		For	**Against**
2.	Ordinary Resolution 1 - To sanction the declaration of a single-tier final dividend of 3.0 sen per share in respect of the financial year ended 31 December 2018.		
3.	Ordinary Resolution 2 - To approve the payment of Directors' fees of RM321,972 for the financial year ended 31 December 2018.		
4.	Ordinary Resolution 3 - To approve the payment of Directors' benefits to the Non-Executive Directors up to an amount of RM100,000 for the period from 1 May 2019 until the next Annual General Meeting of the Company.		
5.	Ordinary Resolution 4 - To re-elect Mr. Ong Ju Yan who retires by rotation in accordance with Article 102(1) of the Company's Articles of Association and being eligible, offers himself for re-election.		
6.	Ordinary Resolution 5 - To re-elect Dato' Thanarajasingam Subramaniam who retires by rotation in accordance with Article 102(1) of the Company's Articles of Association and being eligible, offers himself for re-election.		
7.	Ordinary Resolution 6 - To re-elect Mr. Leong Keng Yuen who retires in accordance with Article 109 of the Company's Articles of Association and being eligible, offers himself for re-election.		
8.	Ordinary Resolution 7 - To re-appoint Messrs. BDO PLT as Auditors of the Company until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration.		
Special Business			
9.	Ordinary Resolution 8 - Authority to Issue Shares		
10.	Ordinary Resolution 9 - Proposed Shareholders' Mandate		
11.	Ordinary Resolution 10 - Proposed Renewal of Share Buy-Back Authority		
12.	Special Resolution - Proposed Adoption of New Constitution of the Company		

Please indicate with an "X" in the appropriate space how you wish your proxy to vote. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit or, at his discretion, abstain from voting.

Dated this day____________of__________________2019

____

*Signature(s)/Common Seal of Shareholder

*delete if not applicable

NOTES:

1. In respect of deposited securities, only members whose names appear in the Register of Members and Record of Depositors on 22 April 2019 shall be eligible to attend, participate, speak and vote at the Meeting.
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3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding(s) to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or in some other manner approved by its Board of Directors.
5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy must be deposited at the office of the Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

Fold this for sealing

AFFIX
STAMP

The Share Registrar
Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Attention: Mr. Wong Piang Yoong

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1st fold here

OSK HOLDINGS BERHAD (207075-U)
(Incorporated in Malaysia)
21st Floor, Plaza OSK, Jalan Ampang,
50450 Kuala Lumpur, Malaysia.

Tel. No. : (603) 2166 6225 Fax No. : (603) 2026 6331

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