OSK Holdings Berhad (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
Assets:		
Non-current		
Property, plant and equipment	**752,444**	778,257
Investment properties	**712,943**	649,780
Investments in associated companies and a joint venture	**3,443,134**	2,896,737
Intangible assets	**1,726**	2,156
Inventories	**815,175**	1,161,723
Deferred tax assets	**74,018**	100,883
Available-for-sale securities	**-**	954
Capital financing	**151,850**	35,250
Trade receivables	**30,170**	39,969
Other assets	**5,357**	4,102
	5,986,817	5,669,811
Current		
Inventories	**561,557**	551,603
Capital financing	**361,040**	316,063
Trade receivables and contract assets	**405,278**	563,578
Other assets	**78,388**	115,120
Biological assets	**80**	145
Tax recoverable	**54,151**	47,308
Derivative assets	**17,742**	35,871
Securities at fair value through profit or loss	**299**	199
Cash, bank balances and short term funds	**424,676**	418,452
	1,903,211	2,048,339
Non-current assets held for sale	**12,641**	8,000
	1,915,852	2,056,339
Total Assets	**7,902,669**	7,726,150

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONT'D)

	Note	**As at 31.12.2017 RM'000**	As at 31.12.2016 RM'000
Liabilities:			
Non-current			
Medium term notes	A5(d), B8(a)	**774,717**	837,604
Borrowings	B8(b)	**608,282**	773,027
Deferred income		**152,943**	159,099
Trade payables		**24,455**	34,915
Other liabilities		**-**	6,085
Deferred tax liabilities		**143,120**	156,916
		1,703,517	1,967,646
Current			
Medium term notes	A5(d), B8(a)	**63,493**	-
Borrowings	B8(b)	**820,424**	620,263
Deferred income		**10,740**	5,057
Trade payables and contract liabilities		**224,553**	267,824
Tax payable		**4,796**	6,854
Other liabilities		**468,222**	415,616
		1,592,228	1,315,614
Total Liabilities		**3,295,745**	3,283,260
Net Assets		**4,606,924**	4,442,890
Equity:			
Share capital		**2,095,310**	1,402,891
Treasury shares, at cost	A5(a)	**(30,237)**	(30,237)
		2,065,073	1,372,654
Reserves		**2,473,617**	2,927,856
Issued capital and reserves attributable to Owners of the Company		**4,538,690**	4,300,510
Non-controlling interests		**68,234**	142,380
Total Equity		**4,606,924**	4,442,890
Net Assets per share attributable to Owners of the Company (RM)		**2.19**	3.11
Number of outstanding ordinary shares in issue ('000)		**2,077,200**	1,384,791

(The accompanying explanatory notes form an integral part of this quarterly report and should be read in conjunction with the audited financial statements for the year ended 31 December 2016)

OSK Holdings Berhad (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	**Current quarter ended 31.12.2017 RM'000**	Comparative quarter ended 31.12.2016 RM'000	**Current year to date ended 31.12.2017 RM'000**	Preceding year to date ended 31.12.2016 RM'000
Revenue		**277,437**	376,683	**1,169,279**	1,305,671
Cost of sales		**(212,759)**	(267,729)	**(865,652)**	(904,777)
Gross profit		**64,678**	108,954	**303,627**	400,894
Other income		**73,000**	75,414	**281,544**	98,687
Administrative expenses		**(49,482)**	(54,603)	**(197,578)**	(227,533)
Other expenses		**(6,813)**	(12,265)	**(12,076)**	(21,512)
		81,383	117,500	**375,517**	250,536
Finance costs		**(17,070)**	(21,643)	**(72,803)**	(77,681)
		64,313	95,857	**302,714**	172,855
Share of results of associated companies and a joint venture		**45,460**	21,549	**182,466**	148,558
Profit before tax	B13	**109,773**	117,406	**485,180**	321,413
Tax expense	B6	**(49,156)**	(37,146)	**(81,574)**	(69,385)
Profit after tax		**60,617**	80,260	**403,606**	252,028
Profit/(Loss) attributable to:					
Owners of the Company		**63,378**	79,113	**400,219**	247,273
Non-controlling interests		**(2,761)**	1,147	**3,387**	4,755
		60,617	80,260	**403,606**	252,028
Earnings per share attributable to Owners of the Company (sen)					
Basic	B11(a)	**3.05**	3.81	**19.27**	11.90
Diluted	B11(b)	**3.05**	3.81	**19.27**	11.90

(The accompanying explanatory notes form an integral part of this quarterly report and should be read in conjunction with the audited financial statements for the year ended 31 December 2016)

OSK Holdings Berhad (207075-U)

QUARTERLY REPORT FOR THE FOURTH QUARTER 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Current quarter ended 31.12.2017 RM'000	Comparative quarter ended 31.12.2016 RM'000	**Current year to date ended 31.12.2017 RM'000**	Preceding year to date ended 31.12.2016 RM'000
Profit after tax	**60,617**	80,260	**403,606**	252,028
Other comprehensive income/(loss) for the period, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Fair value gain/(loss) on:				
- *Available-for-sale securities*	**-**	-	**-**	72
- *Cash flow hedge*	**(221)**	61	**(349)**	(637)
Foreign currency translation	**(11)**	11,466	**17,377**	16,346
Share of other comprehensive (loss)/income and reserves of associated companies:				
- *Foreign exchange reserves*	**(33,307)**	24,028	**(54,032)**	14,474
- *Other reserves*	**(885)**	(40,086)	**19,862**	(5,297)
Reclassification of (gains)/losses to profit or loss:				
Fair value of available-for-sale securities reclassified to profit or loss upon disposal	**-**	-	**(88)**	-
Foreign currency translation reclassified to profit or loss upon:				
- *Deemed disposal of a subsidiary company*	**-**	-	**(40,599)**	-
- *Disposal of subsidiary companies*	**-**	2,621	**-**	2,621
- *Striking off of subsidiary companies*	**-**	-	**(1,745)**	-
Total other comprehensive (loss)/income for the period, net of tax	**(34,424)**	(1,910)	**(59,574)**	27,579
Total comprehensive income	**26,193**	78,350	**344,032**	279,607
Total comprehensive income/(loss) attributable to:				
Owners of the Company	**29,575**	75,068	**337,553**	271,433
Non-controlling interests	**(3,382)**	3,282	**6,479**	8,174
	26,193	78,350	**344,032**	279,607

(The accompanying explanatory notes form an integral part of this quarterly report and should be read in conjunction with the audited financial statements for the year ended 31 December 2016)

QUARTERLY REPORT FOR THE FOURTH QUARTER 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Attributable to Owners of the Company											
	Share capital	Treasury shares [Note A5(a)]	Share premium	Available-for-sale reserve	Revalua-tion reserve	Foreign exchange reserves	Hedging reserve	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1.1.2017	**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
Other comprehensive (loss)/income	-	-	-	(64)	-	(82,126)	(338)	19,862	-	(62,666)	3,092	(59,574)
Total comprehensive (loss)/income	-	-	-	(64)	-	(82,126)	(338)	19,862	400,219	337,553	6,479	344,032
Dividends paid to:												
- *Owners of the Company (Note A6)*	-	-	-	-	-	-	-	-	(103,860)	(103,860)	-	(103,860)
- *Non-controlling interests*	-	-	-	-	-	-	-	-	-	-	(1,190)	(1,190)
Issuance of shares pursuant to:												
- *Bonus Issue [Note A5(b)]*	692,397	-	(336,481)*	-	-	-	-	-	(355,916)	-	-	-
- *Exercise of Warrants C 2015/2020 [Note A5(c)]*	22	-	-	-	-	-	-	-	-	22	-	22
Total contribution by and distributions to Owners	692,419	-	(336,481)	-	-	-	-	-	(459,776)	(103,838)	(1,190)	(105,028)
Acquisitions 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 in 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	-	-	-	-	-	-	-	-	(749)	(749)	-	(749)
Effect of deemed disposal of a subsidiary company [Note A8(d)]	-	-	-	-	-	-	-	-	-	-	(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	-	-	-	-	(12,870)	-	-	-	12,870	-	-	-
As at 31.12.2017	**2,095,310**	**(30,237)**	**-**	**-**	**63,451**	**42,969**	**(85)**	**4,110**	**2,363,172**	**4,538,690**	**68,234**	**4,606,924**

***** Upon the commencement of the Companies Act 2016 ("CA 2016") 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 the CA2016. The Group may use the credit amount of the share premium within twenty-four months upon the commencement of Section 74 of the CA2016. On 29 November 2017, the Company fully utilised the credit amount of RM336.5 million in the share premium account as part of the issuance of bonus shares. (Note A1)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017 (CONT'D)

	Attributable to Owners of the Company											
	Share capital	Treasury shares [Note A5(a)]	Share premium	Available-for-sale reserve	Revalua-tion reserve	Foreign exchange reserves	Hedging reserve	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1.1.2016	1,402,891	(30,234)	336,481	-	76,321	96,133	824	(10,455)	2,222,071	4,094,032	213,662	4,307,694
Profit after tax	-	-	-	-	-	-	-	-	247,273	247,273	4,755	252,028
Other comprehensive income/(loss)	-	-	-	64	-	29,964	(571)	(5,297)	-	24,160	3,419	27,579
Total comprehensive income/(loss)	-	-	-	64	-	29,964	(571)	(5,297)	247,273	271,433	8,174	279,607
Dividends paid to:												
- *Owners of the Company*	-	-	-	-	-	-	-	-	(69,240)	(69,240)	-	(69,240)
- *Non-controlling interests*	-	-	-	-	-	-	-	-	-	-	(3,205)	(3,205)
Share buybacks by the Company	-	(3)	-	-	-	-	-	-	-	(3)	-	(3)
Shares issued pursuant to exercise of Warrants C 2015/2020*	-	-	-	-	-	-	-	-	-	-	-	-
Total contribution by and distributions to Owners	-	(3)	-	-	-	-	-	-	(69,240)	(69,243)	(3,205)	(72,448)
Acquisitions of additional interests in subsidiary companies from non-controlling interests:												
- *Accretion of equity interests*	-	-	-	-	-	-	-	-	-	-	(88,703)	(88,703)
- *Gain on acquisitions*	-	-	-	-	-	-	-	-	32,668	32,668	-	32,668
Exercise of warrants in subsidiary companies:												
- *Shares issued by subsidiary companies*	-	-	-	-	-	-	-	-	-	-	410	410
- *Effects of dilution of interest in subsidiary companies*	-	-	-	-	-	-	-	-	(508)	(508)	508	-
Effects of acquisitions of warrants in subsidiary companies	-	-	-	-	-	-	-	-	(16,304)	(16,304)	-	(16,304)
Effects of accretion of equity interest via preference shares capital reduction in a subsidiary company	-	-	-	-	-	(1,002)	-	-	(10,532)	(11,534)	11,534	-
Dilution of interests in a subsidiary company of an associated company	-	-	-	-	-	-	-	-	(34)	(34)	-	(34)
Total changes in ownership interest in subsidiary companies	-	-	-	-	-	(1,002)	-	-	5,290	4,288	(76,251)	(71,963)
Total transactions with Owners in their capacity as Owners	-	(3)	-	-	-	(1,002)	-	-	(63,950)	(64,955)	(79,456)	(144,411)
As at 31.12.2016	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

***** 80 units ordinary shares issued.

(The accompanying explanatory notes form an integral part of this quarterly report and should be read in conjunction with the audited financial statements for the year ended 31 December 2016)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	**Current year to date ended 31.12.2017 RM'000**	Preceding year to date ended 31.12.2016 RM'000
Cash Flows From Operating Activities			
Profit before tax		**485,180**	321,413
Adjustments for:			
Non-cash and non-operating items		**(2,673)**	18,150
Gain on deemed disposal of a subsidiary company		**(177,612)**	-
Share of results of associated companies and a joint venture		**(182,466)**	(148,558)
Operating profit before working capital changes		**122,429**	191,005
(Increase)/Decrease in operating assets:			
Inventories		**(218,098)**	(55,852)
Capital financing		**(155,776)**	34,413
Trade receivables and contract assets		**176,954**	217,872
Other receivables		**32,762**	(5,543)
(Decrease)/Increase in operating liabilities:			
Deferred income		**(473)**	(10,271)
Trade payables and contract liabilities		**(47,748)**	(260,069)
Other liabilities		**160,600**	131,199
Cash generated from operations		**70,650**	242,754
Interest received		**52,885**	46,966
Interest paid		**(30,388)**	(37,608)
Income tax paid		**(79,332)**	(106,054)
Refund of income tax		**815**	5,686
Net cash generated from operating activities		**14,630**	151,744
Cash Flows From Investing Activities			
Acquisitions of additional:			
- shares in a subsidiaries company from non-controlling interests	A8(a)(i)	**(4,447)**	(56,035)
- warrants in subsidiary companies	A8(a)(i)	**(749)**	(16,304)
Advance to an associated company		**(1,216)**	(2,452)
Dividends received		**48,808**	57,733
Expenditure incurred on investment properties		**(14,536)**	(53,054)
Funds distribution income received		**5,716**	2,737
Net cash outflow upon deemed disposal of a subsidiary company	A8(d)	**(3,646)**	-
Net cash outflow upon disposal of subsidiary companies		**-**	(9)
carried forward		**29,930**	(67,384)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONT'D)

	Current year to date ended 31.12.2017 RM'000	Preceding year to date ended 31.12.2016 RM'000
Cash Flows From Investing Activities (Cont'd)		
brought forward	**29,930**	(67,384)
Proceeds from disposals of:		
- available-for-sale securities	**1,221**	-
- club membership	**17**	4
- investment properties	**17,368**	32,697
- plant and equipment	**222**	495
Purchase of:		
- club membership	**-**	(216)
- property, plant and equipment	**(26,198)**	(21,240)
- software licenses	**(171)**	(216)
- trademarks	**-**	(1)
Share buybacks by the Company	**-**	(3)
Net cash generated from/(used in) investing activities	**22,389**	(55,864)
Cash Flows From Financing Activities		
Dividends paid to:		
- Owners of the Company	**(103,860)**	(69,240)
- non-controlling interests	**(1,190)**	(3,205)
Drawdown of loans	**276,978**	154,679
Drawdown/(Repayment) of revolving credits - net	**132,130**	(31,011)
Expenses incurred on borrowings and medium term notes	**-**	(83)
Interest paid	**(72,803)**	(77,681)
Proceeds from:		
- exercise of warrants of subsidiary companies	**562**	410
- issuance of medium term notes	**-**	190,113
Repayment of loans	**(250,662)**	(192,926)
Redemption of medium term notes	**-**	(100,000)
Net cash used in financing activities	**(18,845)**	(128,944)
Net increase/(decrease) in cash and cash equivalents	**18,174**	(33,064)
Effects of exchange rate changes	**(12,412)**	(122)
Cash and cash equivalents at the beginning of the year	**418,396**	451,582
Cash and cash equivalents at the end of the year	**424,158**	418,396
Cash and cash equivalents comprised:		
Cash, bank balances and short term funds	**424,676**	418,452
Bank overdrafts	**(518)**	(56)
	424,158	418,396

(The accompanying explanatory notes form an integral part of this quarterly report and should be read in conjunction with the audited financial statements for the year ended 31 December 2016)

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

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

A1. Basis of preparation

This quarterly report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2016 and the accompanying explanatory notes, which provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2016.

The significant accounting policies and methods of computation applied in preparing the unaudited interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2016.

(a) For the current year to date, the Group adopted the following amendments to published standards that are applicable and effective for the Group's financial year beginning on 1 January 2017:

(i) Amendment to MFRS 107 'Statement of Cash Flows' requires an entity provide additional disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. It requires the disclosure of a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

(ii) Amendments to MFRS 112 'Income Taxes' clarify that the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments also clarify that the deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions arising from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits.

(iii) Annual Improvements to MFRS Standards 2014-2016 Cycle cover minor amendments to MFRS 12 'Disclosure of Interests in Other Entities'. The amendments of MFRS 12 aim to clarify the disclosures requirement of MFRS 12 which are applicable to interest in entities classified as held for sale.

The adoption of the above amendments to published standards does not have material impact to the Group.

(b) The following are standards, amendments to published standards and interpretations to existing MFRSs issued by the MASB that are applicable to the Group but not yet effective for the current financial year:

(i) <u>For financial year beginning on/after 1 January 2018</u>

(1) MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 'Financial Instruments: Recognition and Measurement'.

MFRS 9 releases new classification and measurement requirements for financial assets on the basis of the Group'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 impairment 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.

A1. Basis of preparation (Cont'd)

(b) The following are standards, amendments to published standards and interpretations to existing MFRSs issued by the MASB that are applicable to the Group but not yet effective for the current financial year: (Cont'd)

(i) For financial year beginning on/after 1 January 2018 (Cont'd)

(1) MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 'Financial Instruments: Recognition and Measurement'. (Cont'd)

Classification and measurement of financial assets under MFRS 9

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.

Impairment of financial assets under MFRS 9

The expected credit loss model under MFRS 9 requires the Group 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 greater provisions and earlier recognition of credit losses as compared with incurred loss model under MFRS 139.

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.

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, the greater flexibility has been given to the types of transactions eligible for hedge accounting, specifically broaden 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 of ruled-based has been replaced with an objective-based test included the principle of an 'economic relationship'.

The financial effects of adoption of MFRS 9 are still being assessed by the Group due to the complexity and significant changes in its requirements.

A1. Basis of preparation (Cont'd)

(b) The following are standards, amendments to published standards and interpretations to existing MFRSs issued by the MASB that are applicable to the Group but not yet effective for the current financial year: (Cont'd)

(i) For financial year beginning on/after 1 January 2018 (Cont'd)

(2) 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:

a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;

b) share-based payment transactions with a net settlement feature for withholding tax obligations; and

c) 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.

(3) 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 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.

(4) 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.

(5) IC Interpretation 22 Foreign Currency Transactions and Advance Consideration.

The IC Interpretation 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.

A1. Basis of preparation (Cont'd)

(b) The following are standards, amendments to published standards and interpretations to existing MFRSs issued by the MASB that are applicable to the Group but not yet effective for the current financial year: (Cont'd)

(i) For financial year beginning on/after 1 January 2018 (Cont'd)

(6) Amendments to MFRS 4 - Applying MFRS 9 'Financial Instruments' with MFRS 4 'Insurance Contracts'.

The amendments address concerns arising from the different effective dates of MFRS 9 and the MFRS 17 'Insurance Contracts'. Those amendments include a temporary exemption from MFRS 9 for insurers that meet specified criteria and an option for insurers to apply the overlay approach to designated financial assets.

The amendments are not applicable as the Group does not involve in insurance business.

(ii) For financial year beginning on/after 1 January 2019

(1) MFRS 16 'Leases' will replace the existing standard on MFRS 117 'Leases'.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. MFRS 16 requires lessees to recognise assets and liabilities for all leases with a term of more than 12 months and for which the underlying asset is not of low value. For lessors, MFRS 16 requires enhanced disclosure on the information about lessors' risk exposure, particularly to residual value risk.

(2) IC 23 Uncertainty over Income Tax Treatments.

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 uncertainly 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.

(3) Amendments to MFRS 9 allows 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.

(4) Amendments to MFRS 128 'Investments in Associates and Joint Ventures' clarifies that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint venture to which the equity method is not applied.

A1. Basis of preparation (Cont'd)

(b) The following are standards, amendments to published standards and interpretations to existing MFRSs issued by the MASB that are applicable to the Group but not yet effective for the current financial year: (Cont'd)

(ii) For financial year beginning on/after 1 January 2019 (Cont'd)

(5) Annual Improvements to MFRS Standards 2015-2017 Cycle cover minor amendments to MFRS 3 'Business Combinations', MFRS 11 'Joint Arrangements', and MFRS 112 'Income Taxes' and MFRS 123 'Borrowing Costs'.

MFRS 3 'Business Combinations' has been amended to clarify that when a party to a joint arrangement (as defined in MFRS 11 Joint Arrangements) obtains control of a business that is a joint operation (as defined in MFRS 11), and had rights to the assets and obligations for the liabilities relating to that joint operation immediately before the acquisition date, the transaction is a business combination achieved in stages. The acquirer shall therefore apply the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation. In doing so, the acquirer shall remeasure its entire previously held interest in the joint operation.

MFRS 11 'Joint Arrangements' has been amended to clarify that a party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in MFRS 3. In such cases, previously held interests in the joint operation are not remeasured.

MFRS 112 'Income Taxes' has been amended to clarify an entity shall recognise the income tax consequences of dividends as defined in MFRS 9 when it recognises a liability to pay a dividend and an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

MFRS 123 'Borrowing Costs' has been amended to clarify that to the extent that an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to the all borrowings of the entity that are outstanding during the period, other than borrowings. 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.

(iii) For financial year beginning on/after 1 January 2021

MFRS 17 'Insurance Contracts' will replace the existing standard on Insurance Contracts, MFRS 4.

MFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of MFRS 17 have on the financial position, financial performance and cash flows of an entity.

The amendments are not applicable as the Group does not involve in insurance business.

A1. Basis of preparation (Cont'd)

(b) The following are standards, amendments to published standards and interpretations to existing MFRSs issued by the MASB that are applicable to the Group but not yet effective for the current financial year: (Cont'd)

(iv) Standard deferred to a date to be determined by MASB

Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The amendments clarify that gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture and gains and losses resulting from transactions involving the sale or contribution to an associate 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.

The Group is currently assessing the impact of adoption of the new standard and will adopt the new standard on the required effective date.

The Group also adopted the Companies Act 2016 ("CA2016") which took effect from 31 January 2017 except Section 241 and Division 8 of Part III of the CA2016. CA2016 was enacted to replace the Companies Act 1965.

The Companies Commission of Malaysia has clarified that CA2016 should be complied with for the preparation of financial statements, directors' report and auditors' report thereon commencing from the financial year/period ended 31 January 2017. The main changes in CA2016 that will affect the financial statements of the Group upon the commencement of CA2016 on 31 January 2017 are:

(i) removal of the authorised share capital;
(ii) shares of the Company cease to have par or nominal value; and
(iii) the Company's share premium account become part of the Company's share capital.

The adoption of CA2016 does not have any financial impact to the Group as any accounting implications are only applied prospectively. The effects of adoption are mainly on disclosures of the financial statements.

Upon adoption of CA2016, the Company's share premium of RM336.5 million becomes part of 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 has fully utilised the credit amount in the share premium account by the issuance of bonus shares as disclosed in Note A5(b).

A2. Seasonality or cyclicality of interim operations

Other than the Hotels and Resorts division which is affected by holiday seasons, the other business operations of the Group for the current year to date were not materially affected by any seasonal or cyclical factors.

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group because of their nature, size or incidence.

A4. Changes in estimates of amounts reported previously

There were no significant changes in estimates of amounts reported in prior interim periods or prior financial years that have a material effect in the current financial period.

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

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

(a) Share buybacks/Treasury shares of the Company

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

	Number of shares	Highest price RM	Lowest price RM	Average cost (included transaction costs) RM	Total amount paid RM
As at 1.1.2017 / 31.12.2017	18,100,253	2.82	0.90	1.67	30,237,575

During the current year, there were no share buybacks.

(b) Bonus Issue

The Company issued 692,397,056 new ordinary shares to its existing Shareholders arising from a bonus issue of shares on the basis of one (1) bonus share for every two (2) existing ordinary shares held. The bonus issue of new ordinary shares was by way of utilising the full credit amount of RM336.5 million in the share premium account and RM355.9 million from retained profits. The new ordinary shares issued were listed on Bursa Malaysia on 30 November 2017.

(c) Warrants C 2015/2020

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. Each Warrants C 2015/2020 entitles the holder to subscribe for one (1) new ordinary share of RM1.00 each in the Company at an exercise price of RM1.80 per share by cash.

During the year, the Company issued 12,294 new ordinary shares pursuant to the exercise of Warrants C 2015/2020 at an exercise price of RM1.80 per ordinary share by cash.

The Company issued 118,856,788 new Warrants C 2015/2020 pursuant to the Bonus Issue as disclosed in Note A5(b). The exercise price of Warrants C 2015/2020 price adjusted from RM1.80 to RM1.20 per warrant in accordance with Condition 3(i) of the Third Schedule of the Deed Poll dated 7 July 2015 constituting the Warrants C 2015/2020 provides that the exercise price and/or the number of warrants shall from time to time be adjusted, calculated or determined by the Board. The new Warrants C 2015/2020 issued were listed on Bursa Malaysia on 30 November 2017.

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

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

The summary of 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
Adjusted ratio	:	One (1) additional Warrant C for two (2) existing Warrants C held	

As at 31 December 2017, the total number of Warrants C 2015/2020 which remained unexercised was 356,577,165 (31 December 2016: 237,732,671).

(d) Medium Term Note Programme for the issuance of medium term notes of up to RM990.00 million in nominal value ("MTN Programme")

On 15 October 2015, the Company lodged with the Securities Commission Malaysia ("SC") all the required information and relevant documents relating to the MTN Programme pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by SC. The MTN Programme will give the Company the flexibility to raise funds via the issuance of MTNs of up to RM990.00 million in nominal value, which can be utilised to refinance its existing borrowings and to fund its working capital requirements. The MTN Programme is unrated and has a tenure of fifteen (15) years from the date of its first issuance.

On 30 October 2015, the Company issued MTNs of RM750.00 million to refinance its bridging borrowings. The MTNs were issued in 12 tranches with maturities commencing from 2017 to 2022. The MTNs are redeemable every 6 months commencing 18 months after the first issuance date.

On 17 November 2016 and 1 December 2016, the Company further issued MTNs of RM100.00 million and RM90.11 million for working capital respectively. The MTNs were issued in 10 tranches with maturities commencing from 2018 to 2022. Such MTNs are redeemable every 6 months commencing 30 months after the first issuance date.

The terms of the MTN Programme remained unchanged other than the withdrawals of the unutilised balance sum of RM9.90 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 RM200.00 million for its working capital purpose.

On 30 November 2016, the Company redeemed RM100.00 million from the MTN issued on 30 October 2015 by using internally generated funds.

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

(d) Medium Term Note Programme for the issuance of medium term notes of up to RM990.00 million in nominal value ("MTN Programme") (Cont'd)

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

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

(ii) The Company shall maintain a security cover ratio of not less than 1.50 times throughout the tenure of the MTN Programme.

(iii) The Company shall maintain a Debt Service Reserve Account ("DSRA") of a minimum amount equivalent to one interest payment. As at 31 December 2017, the DSRA balance was RM3.8 million (2016: RM3.7 million).

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.

The MTN Programme are secured by the following:

(i) First party legal charge by way of Memorandum of Deposit with Power of Attorney over shares and warrants in certain subsidiary companies; and

(ii) First party assignment and charge over the Company's right (including right to sue), title, interest and benefit in and under the DSRA and Disbursement Account and all monies standing to the credit thereto.

The balance outstanding MTN as at 31 December 2017 was RM840.11 million. The interest rates of MTN were ranging from 4.70% to 4.75% per annum.

A6. Dividends paid

Dividends declared and paid by the Company since the end of the previous year are as follows:

		RM'000
(a)	A single-tier final dividend of 5.0 sen per ordinary share in respect of the preceding year ended 31 December 2016 was paid on 11 May 2017	69,240
(b)	A single-tier interim dividend of 2.5 sen per ordinary share for the current year ended 31 December 2017 was paid on 11 October 2017	34,620
		103,860

The proposed dividend is disclosed in Note B10.

A7. Segmental information

The Group's businesses are organised into five major segments based on products and services, which are regularly provided to and reviewed by the chief operating decision makers comprising of the Board of Directors and senior management of the Group:

(a) Property

(i) Property Development	-	Property development of residential and commercial properties for sale as well as provision of project management services.
(ii) Property Investment and Management	-	Management and letting of properties, contributing rental yield and appreciation of properties.
(b) Construction	-	Building construction works.
(c) Industries		
(i) Cables	-	Manufacturing and trading of power cables and wires.
(ii) Industrialised Building System ("IBS")	-	Manufacturing and sale of IBS concrete wall panels and trading of building materials.
(d) Hospitality		
(i) Hotels and Resorts	-	Management of hotels, resorts including golf course operations.
(ii) Vacation Club	-	Management of vacation timeshare membership scheme.
(e) Financial Services and Investment Holding		
(i) Capital Financing	-	Capital financing activities, generating interest, fee and related income.
(ii) Investment Holding	-	Investing activities and other insignificant business segment, where investments contribute dividend income and interest income as well as sharing of results of the investee companies.

The Group monitors the operating results of its business segments separately for the purpose of making decision about resources allocation and performance assessment. Business segment performance is evaluate based on operating profit or loss which in certain respects is measured differently from profits or loss in the consolidated financial statements. The Group income taxes are not allocated to operating segment.

Business segment revenue and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The inter-segment transactions have been entered into, at arms-length, at terms mutually agreed between the segments and have been eliminated to arrive at the Group's results. During the year, there were no single external customer amount to 10 percent or more of the Group's revenue.

Basis of segmentation and related measurement of segment revenue, results, total assets and liabilities have no material change, other than certain comparative figures have been reclassified to conform with current year's presentation to reflect as to its nature of business activities involved. Such reclassifications merely improve disclosure of business performance and do not have financial impact to the Group.

A7. Segmental information (Cont'd)

(a) Business segment analysis

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

	Property RM'000	Cons-truction RM'000	Industries RM'000	Hospitality RM'000	Financial Services & Investment Holding RM'000	Consolidated RM'000
Current year to date ended 31.12.2017						
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**
Inter-segments eliminations	**-**	**(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**
Preceding year to date ended 31.12.2016						
Revenue						
Total revenue	828,328	187,519	298,837	121,183	690,748	2,126,615
Inter-segment revenue	(3,505)	(173,797)	(557)	(466)	(22,694)	(201,019)
Dividends from:						
- subsidiary companies	-	-	-	-	(562,245)	(562,245)
- an associated company	-	-	-	-	(57,680)	(57,680)
Revenue from external parties	824,823	13,722	298,280	120,717	48,129	1,305,671
Results						
Segment profit/(loss)	201,558	9,238	33,447	(23,444)	(42,844)	177,955
Share of results of associated companies and a joint venture	(1,029)	-	-	-	149,587	148,558
	200,529	9,238	33,447	(23,444)	106,743	326,513
Inter-segments eliminations	-	(2,160)	-	-	(2,940)	(5,100)
Profit/(Loss) before tax	200,529	7,078	33,447	(23,444)	103,803	321,413
Tax expense						(69,385)
Profit after tax						252,028
Profit/(Loss) before tax changes	(69,094)	4,902	(7,854)	12,266	223,547	163,767
% of change	(34%)	69%	(23%)	52%	215%	51%

A7. Segmental information (Cont'd)

(a) Business segment analysis (Cont'd)

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

	Property RM'000	Cons-truction RM'000	Industries RM'000	Hospitality RM'000	Financial Services & Investment Holding RM'000	Consolidated RM'000
As at 31.12.2017						
Assets						
Tangible assets	**2,926,574**	**76,992**	**216,400**	**502,916**	**606,758**	**4,329,640**
Intangible assets	**531**	**-**	**-**	**-**	**1,195**	**1,726**
	2,927,105	**76,992**	**216,400**	**502,916**	**607,953**	**4,331,366**
Investments in associated companies and a joint venture	**529,358**	**-**	**-**	**-**	**2,913,776**	**3,443,134**
Segment assets	**3,456,463**	**76,992**	**216,400**	**502,916**	**3,521,729**	**7,774,500**
Deferred tax assets and tax recoverable						**128,169**
Total assets						**7,902,669**
Liabilities						
Segment liabilities	**1,235,556**	**137,885**	**45,986**	**269,768**	**1,458,634**	**3,147,829**
Deferred tax liabilities and tax payable						**147,916**
Total liabilities						**3,295,745**
As at 31.12.2016						
Assets						
Tangible assets	3,406,175	108,207	224,247	500,937	439,500	4,679,066
Intangible assets	886	-	-	-	1,270	2,156
	3,407,061	108,207	224,247	500,937	440,770	4,681,222
Investments in associated companies and a joint venture	105,982	-	-	-	2,790,755	2,896,737
Segment assets	3,513,043	108,207	224,247	500,937	3,231,525	7,577,959
Deferred tax assets and tax recoverable						148,191
Total assets						7,726,150
Liabilities						
Segment liabilities	1,277,903	130,001	41,672	261,687	1,408,227	3,119,490
Deferred tax liabilities and tax payable						163,770
Total liabilities						3,283,260

A7. Segmental information (Cont'd)

(b) Geographical segments analysis

The Group's operations are mainly based in Malaysia and Australia. Other geographical segments mainly include Singapore, Vietnam and British Virgin Islands (2016: Singapore, Thailand, Vietnam and British Virgin Islands). In presenting information on the basis of geographical areas, segment performance is based on the geographical location of customers and non-current assets other than financial instruments and deferred tax assets are based on the geographical location of the assets.

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

	Malaysia RM'000	Australia RM'000	Others RM'000	Consolidated RM'000
Current year to date ended 31.12.2017				
Revenue	**1,133,665**	**3,405**	**32,209**	**1,169,279**
Profit/(Loss) before tax	**496,981**	**(10,656)**	**(1,145)**	**485,180**
Preceding year to date ended 31.12.2016				
Revenue	1,272,749	3,652	29,270	1,305,671
Profit/(Loss) before tax	325,722	(4,575)	266	321,413

The increase in segment results in Australia was mainly due to the deemed disposal of a subsidiary company as disclosed in A8(d).

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

	Malaysia RM'000	Australia RM'000	Others RM'000	Consolidated RM'000
As at 31.12.2017				
Non-current assets	**2,276,540**	**-**	**5,748**	**2,282,288**
As at 31.12.2016				
Non-current assets	2,044,409	540,616	6,891	2,591,916

The decrease in non-current assets in Australia was mainly due to the deemed disposal of a subsidiary company as disclosed in A8(d).

A8. Effects of changes in the composition of the Group for the current year to date

(a) Changes in equity interests in PJ Development Holdings Berhad ("PJD")

(i) Acquisitions of additional equity interests from non-controlling interests of PJD

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 further acquired the following ordinary shares and warrants of PJD:

	Shares	Warrants C
Number of units	2,156,000	1,498,083
Average price per share (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.

There were no acquisition of ordinary shares and warrants of PJD in March 2017. From 1 April 2017 to 31 December 2017, the Company further acquired the following ordinary shares of PJD from open market:

	Shares
Number of units	808,880
Average price per share (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 309,449 PJD's ordinary shares pursuant to conversion of PJD's Warrants C

From 11 May 2017 to 31 December 2017, PJD, a subsidiary company of the Company, issued 309,449 new ordinary shares for cash pursuant to the exercise of warrants at an exercise price of RM1.00 cash for the equivalent numbers by the registered holders.

Accordingly, the Company's effective interest in PJD's ordinary shares and warrants increased from 96.83% to 96.93% and from 91.67% to 91.87% respectively.

A8. Effects of changes in the composition of the Group for the current year to date (Cont'd)

(b) 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.

(c) 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.

(d) 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 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, which is a subsidiary company of PJD, which in turn a 79.26% owned subsidiary company of the Company, to subscribe for 110,490,197 ordinary shares in the YPC at AUD154.00 million ("Base Subscription Amount"), which may be adjusted to include an amount or amounts (if any) of up to (in aggregate) AUD21.00 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. 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 exchange reserve.

A8. Effects of changes in the composition of the Group for the current year to date (Cont'd)

(d) 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 Share Subscription by YAD in YPC resulted in a deemed disposal of YPC which was completed on 8 August 2017 on which date control of YPC passed to the acquirer.

The values of assets and liabilities of YPC recorded in the consolidated financial statements as at 8 August 2017 are as follow:

	RM'000
Equipment	1,083
Inventories	598,201
Deferred tax assets	1,330
Other receivables, deposits and prepayments	1,413
Cash and short-term funds	2,960
Borrowings	(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 exchange 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)
Cash balances of a subsidiary company deemed disposed	(2,960)
Net cash outflow from deemed disposal of a subsidiary company	(3,646)

Gain on the deemed disposal of YPC, including realisation of foreign exchange gain are based on a prevailing foreign exchange rate on 8 August 2017, on the Group's financial statements:

	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)
Realisation of foreign exchange reserve	40,599
Excess of fair value over carrying amount of the remaining equity stake (gain on dilution of equity interest)	66,658
Gain on deemed disposal of a subsidiary company at Group level	177,612

As at 31 December 2017, the Group's effective interest in YPC increased from 40.44% to 40.46% due to the changes of interest in PJD as disclosed in A8(a)(i) and (ii).

A8. Effects of changes in the composition of the Group for the current year to date (Cont'd)

(e) Striking off of Olympic Cable (Singapore) Pte. Ltd. ("OCS")

On 4 July 2017, OCS, a wholly-owned subsidiary company of Olympic Cable Company Sdn. Bhd., which is a wholly-owned subsidiary company of PJD, which in turn is a subsidiary company of the Company, has 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.

(f) Striking off of Swiss-Garden Rewards (Singapore) Pte. Ltd. ("SGRS")

On 7 August 2017, SGRS, a wholly-owned subsidiary company of Swiss-Garden Rewards Sdn. Bhd., which is a wholly-owned subsidiary company of PJD, which in turn is a subsidiary company of the Company has 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.

(g) Issuance of 18,101,311 OSK Property Holdings Berhad's ("OSKP") ordinary shares pursuant to conversion 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 each 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 have expired on 28 August 2017.

(h) Subscription of redeemable preference shares and ordinary shares in OSK Realty Sdn. Bhd. ("OSKR")

On 27 February 2017, the Company subscribed for 75,000,000 redeemable preference shares in OSKR, a wholly-owned subsidiary company of the Company, for a cash consideration of RM75,000,000.

On 16 October 2017, the Company subscribed for 24,000,000 new ordinary shares in OSKR for a cash consideration of RM24,000,000.

The issued and paid up ordinary share capital of OSKR was increased from RM150,000,000 to RM174,000,000. The equity interest in OSKR remained at 100%.

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

(a) Acquisitions of additional equity interests in PJD after 31 December 2017

From 1 January 2018 to 28 February 2018, pursuant to the Notice disclosed in Note A8(a)(i), the Company further acquired the following ordinary shares and warrants of PJD:

	Shares
Number of units	22,000
Average price per unit (RM)	1.50
Total purchase consideration (RM)	33,000

(b) Issuance of 1,500 PJD's ordinary shares pursuant to conversion of PJD's Warrant C

From 1 January 2018 to 28 February 2018, PJD issued 3,500 new ordinary shares for cash pursuant to the exercise of warrants for the equivalent numbers by the registered holders.

Arising from (a) and (b) above, the Company's effective interest in ordinary shares and warrants of PJD remains at 96.93% and 91.87% respectively.

(c) Incorporation of L26 Tower Sdn. Bhd.

On 17 January 2018, OSKP 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.

(d) Incorporation of OSK I CM Sdn. Bhd.

On 18 January 2018, the Company incorporated a wholly-owned subsidiary company, OSK I CM Sdn. Bhd., with an issued and paid up capital of RM1,000 comprising of 1,000 ordinary shares.

A10. Significant unrecognised contractual commitments

	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
Contracted but not provided for:		
- Acquisition of development land	**-**	118,321
- Acquisition of plant, equipment and software	**3,927**	1,807
- Construction of investment property	**24,712**	24,670
- Professional fee for corporate exercise	**308**	200
	28,947	144,998

A11. Changes in contingent liabilities or contingent assets

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

A12. Significant related party transactions

	Entities	Nature of transactions	Income/(Expense) Current year to date ended 31.12.2017 RM'000
(a)	**Associated companies and a joint venture:**		
	Agile PJD Development Sdn. Bhd.	- Interest income	1,216
	Canggih Pesaka Sdn. Bhd.	- Office rental expense	(743)
	RHB Asset Management Sdn. Bhd.	- Fund distribution income	3,123
	RHB Investment Bank Berhad	- Office rental income	958
		- Interest income	36
	RHB Bank Berhad	- Office rental income	786
		- Interest income	1,266
		- Interest expense	(46,662)
		- Commitment fee	(693)
	RHB Nominees (Tempatan) Sdn. Bhd.	- Custodial and service fee expense	(239)
(b)	**Other related parties:**		
	Dindings Consolidated Sdn. Bhd.	- Office rental income	546
		- Construction revenue	2,098
	Dindings Construction Sdn. Bhd.	- Construction cost	(1,332)
	Dindings Design Sdn. Bhd.	- Renovation costs	(3,917)
	DC Services Sdn. Bhd.	- Insurance premium expense	(1,409)
	Dindings Life Agency Sdn. Bhd.	- Insurance premium expense	(645)
	Dindings Risks Management Services Sdn. Bhd.	- Insurance premium expense	(251)
	Nova Terrace Sdn. Bhd.	- Project management fee income	1,050
	Raslan Loong, Shen & Eow	- Legal fees expense	(1,137)
	Sincere Source Sdn. Bhd.	- Insurance premium expense	(1,262)

A13. Fair value measurement

Determination of fair value

The carrying amounts of trade and other receivables/payables, cash and cash equivalents and short term borrowings were approximated their fair values due to the relatively short term maturity in nature of these financial instruments. The Group's capital financing are mostly fixed rate loans with short term maturities and the carrying amounts of capital financing are approximate their fair values. The fair values of impaired fixed rate capital financing are represented by their carrying amounts, net of collective and individual impairment allowance, being the expected recoverable amount.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair values are observable for the assets or liabilities, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data for the assets or liabilities.

A13. Fair value measurement (Cont'd)

The following table shows an analysis of financial instruments and non-financial assets recorded at fair value within the fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
As at 31.12.2017				
Non-financial assets				
Biological assets	**-**	**-**	**80**	**80**
Investment properties	**-**	**353,382**	**359,561**	**712,943**
Financial assets				
Derivative assets	**-**	**17,742**	**-**	**17,742**
Securities at fair value through profit or loss	**299**	**-**	**-**	**299**
	299	**371,124**	**359,641**	**731,064**
As at 31.12.2016				
Non-financial assets				
Biological assets	-	-	145	145
Investment properties	-	297,873	351,907	649,780
Financial assets				
Available-for-sale securities	-	-	954	954
Derivative assets	-	35,871	-	35,871
Securities at fair value through profit or loss	199	-	-	199
	199	333,744	353,006	686,949

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the last bid price. There were no transfers between levels of the fair value hierarchy during the current year to date.

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

B1. Performance analysis of the Group for the current quarter and current year ended 31 December 2017

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

	Current quarter ended 31.12.2017 RM'000	Comparative quarter ended 31.12.2016 RM'000	% change	**Current year to date ended 31.12.2017 RM'000**	Preceding year to date ended 31.12.2016 RM'000	% change
Overall performance analysis						
Revenue	**277,437**	376,683	(26%)	**1,169,279**	1,305,671	(10%)
Pre-tax profit from the business	**64,313**	95,857	(33%)	**302,714**	172,855	75%
Share of results of associated companies and a joint venture	**45,460**	21,549	111%	**182,466**	148,558	23%
Pre-tax profit	**109,773**	117,406	(7%)	**485,180**	321,413	51%
Profit before interest and tax	**126,843**	139,049	(9%)	**557,983**	399,094	40%
Profit after tax	**60,617**	80,260	(24%)	**403,606**	252,028	60%
Profit attributable to Owners of the Company	**63,378**	79,113	(20%)	**400,219**	247,273	62%

Current Year ended 31 December ("FY17") compared with Preceding Year ended 31 December 2016 ("FY16")

The Group registered revenue of RM1,169.28 million and pre-tax profit of RM485.18 million in FY17 compared with revenue of RM1,305.67 million and pre-tax profit of RM321.41 million in FY16, representing a decrease of RM136.39 million or 10% in revenue and an increase of RM163.77 million or 51% in pre-tax profit. Included in FY17 pre-tax profit was a gain of RM177.61 million on deemed disposal arising from the dilution in equity interest in a subsidiary company in Melbourne, Australia and realisation of foreign exchange reserve thereof. In FY17, higher profits reported from the Construction, Financial Services and Investment Holding Segments helped to offset the lower contributions from the Property, Industries and Hospitality Segments.

B1. Performance analysis of the Group for the current quarter and current year ended 31 December 2017 (Cont'd)

Current Year ended 31 December ("FY17") compared with Preceding Year ended 31 December 2016 ("FY16") (Cont'd)

The Group's segmental financial performance is analysed as follows:

	Current quarter ended 31.12.2017 RM'000	Comparative quarter ended 31.12.2016 RM'000	% change	**Current year to date ended 31.12.2017 RM'000**	Preceding year to date ended 31.12.2016 RM'000	% change
Pre-tax profit analysis for business segments						
1. Property	**73,412**	108,528	(32%)	**131,435**	200,529	(34%)
2. Construction	**3,491**	2,402	45%	**11,980**	7,078	69%
3. Industries	**6,440**	5,928	9%	**25,593**	33,447	(23%)
Hotels and Resorts	*(2,765)*	*(9,565)*	71%	*(6,227)*	*(17,421)*	64%
Vacation Club	(4,834)	*(4,065)*	(19%)	*(4,951)*	*(6,023)*	18%
4. Hospitality	**(7,599)**	(13,630)	44%	**(11,178)**	(23,444)	52%
Capital Financing	*7,038*	*7,982*	(12%)	*32,177*	*28,573*	13%
Investment Holding	*26,991*	*6,196*	336%	*295,173*	*75,230*	292%
5. Financial Services and Investment Holding	**34,029**	14,178	140%	**327,350**	103,803	215%
Pre-tax profit	**109,773**	117,406	(7%)	**485,180**	321,413	51%

The Property Segment registered revenue of RM688.82 million and pre-tax profit of RM131.44 million in FY17 compared with revenue of RM824.82 million and pre-tax profit of RM200.53 million in FY16, representing a decrease of RM136.00 million or 16% in revenue and a decrease of RM69.09 million or 34% in pre-tax profit. The lower revenue and pre-tax profit were due to fewer on-going projects undertaken by **the Property Development Division**. In addition, the Group had to account for share of losses in an associated company, Yarra Park City Pty. Ltd. in Australia, amounting to RM2.59 million, arising from operating, sales and marketing expenses incurred where no corresponding revenue has been recognised. Revenue from the Melbourne Yarra Project will only be recognised upon completion and hand over of the properties to its purchasers in accordance with applicable accounting standards. **The Property Investment Division** recorded slightly lower revenue and pre-tax profit in FY17 as compared to FY16 mainly due to lower occupancy rate at Plaza OSK in FY17.

The Construction Segment contributed revenue of RM30.30 million and pre-tax profit of RM11.98 million in FY17 compared with revenue of RM13.72 million and pre-tax profit of RM7.08 million in FY16, representing an increase of RM16.58 million or 2.2 times in revenue and an increase of RM4.90 million or 69% in pre-tax profit. The improved performance was mainly due to higher progress billings for construction works carried out for both external and internal projects.

B1. Performance analysis of the Group for the current quarter and current year ended 31 December 2017 (Cont'd)

Current Year ended 31 December ("FY17") compared with Preceding Year ended 31 December 2016 ("FY16") (Cont'd)

The Industries Segment registered revenue of RM289.27 million and pre-tax profit of RM25.59 million in FY17 compared with revenue of RM298.28 million and pre-tax profit of RM33.45 million in FY16, representing a decrease of RM9.01 million or 3% in revenue and a decrease of RM7.86 million or 23% in pre-tax profit. The lower FY17 revenue and pre-tax profit were due to slower delivery of the IBS products caused by delays in the commencement of some of the affordable home projects.

The Hospitality Segment registered revenue of RM106.64 million and pre-tax loss of RM11.18 million in FY17 compared with revenue of RM120.72 million and pre-tax loss of RM23.44 million in FY16, representing a decrease of RM14.08 million or 12% in revenue and an improvement of RM12.26 million or 52% in pre-tax loss. The improvement was due to cost optimisation exercises carried out throughout the hotels which resulted in higher profit margins. The sales and marketing efforts have resulted in higher occupancy rates in certain resorts. Despite the better operating performance in FY17, the Segment registered a pre-tax loss due to impairment loss on a property of RM1.85 million in FY17 and an impairment loss of infrastructure development cost of RM10.44 million in FY16.

The Capital Financing Division posted revenue of RM48.26 million and pre-tax profit of RM32.18 million in FY17 compared with revenue of RM44.12 million and pre-tax profit of RM28.57 million in FY16, representing an increase of RM4.14 million or 9% in revenue and an increase of RM3.61 million or 13% in pre-tax profit. The improvement was mainly due to higher fees and interest income generated from higher capital financing portfolio coupled with lower operating costs incurred in FY17.

The Investment Holding Division contributed pre-tax profit of RM295.17 million in FY17 compared to RM75.23 million in FY16, representing an increase of RM219.94 million or 3.9 times in pre-tax profit mainly due to the one-off gain on deemed disposal of RM177.61 million arising from the dilution in equity interest in a subsidiary company in Melbourne, Australia and realisation of foreign exchange reserve thereof. Contribution from the share of profit from RHB group also increased to RM178.25 million in FY17 from RM149.59 million in FY16.

B1. Performance analysis of the Group for the current quarter and current year ended 31 December 2017 (Cont'd)

Current Quarter ("4Q17") compared with Comparative Quarter of Preceding Year ("4Q16")

The Group registered revenue of RM277.44 million and pre-tax profit of RM109.77 million in 4Q17 compared with revenue of RM376.68 million and pre-tax profit of RM117.41 million in 4Q16, representing a decrease of RM99.24 million or 26% in revenue and a decrease of RM7.64 million or 7% in pre-tax profit.

The Property Segment registered revenue of RM158.11 million and pre-tax profit of RM73.41 million in 4Q17 compared with revenue of RM257.32 million and pre-tax profit of RM108.53 million in 4Q16, representing a decrease of RM99.21 million or 39% in revenue and a decrease of RM35.12 million or 32% in pre-tax profit. The reduction in pre-tax profit was in line with the reduction in revenue as there were fewer on-going projects in the current quarter 4Q17.

The Construction Segment contributed revenue of RM7.40 million and pre-tax profit of RM3.49 million in 4Q17 compared with revenue of RM6.58 million and pre-tax profit of RM2.40 million in 4Q16, representing an increase of RM0.82 million or 12% in revenue and an increase of RM1.09 million or 45% in pre-tax profit. The higher revenue and pre-tax profit achieved were mainly due to progress billings from construction projects undertaken on the back of higher construction order book.

The Industries Segment registered revenue of RM71.95 million and pre-tax profit of RM6.44 million in 4Q17 compared with revenue of RM69.70 million and pre-tax profit of RM5.93 million in 4Q16, representing an increase of RM2.25 million or 3% in revenue and an increase of RM0.51 million or 9% in pre-tax profit. The improved performance was due to higher demand for our cable products from the power supply sector offset by slower delivery for the IBS products due to delay in projects where orders were secured.

The Hospitality Segment registered revenue of RM24.43 million and pre-tax loss of RM7.60 million in 4Q17 compared with revenue of RM31.24 million and pre-tax loss of RM13.63 million in 4Q16, representing a decrease of RM6.81 million or 22% in revenue and an improvement of RM6.03 million or 44% in pre-tax performance. The lower pre-tax loss was due to an impairment loss on a property of RM1.85 million in 4Q17 and an impairment loss on infrastructure development cost of RM10.44 million in 4Q16. Excluding such impairment, the pre-tax loss would be RM5.75 million in 4Q17 compared with RM3.19 million in 4Q16.

The Capital Financing Division posted revenue of RM13.56 million and pre-tax profit of RM7.04 million in 4Q17 compared with revenue of RM11.69 million and pre-tax profit of RM7.98 million in 4Q16, representing an increase of RM1.87 million or 16% in revenue and a decrease of RM0.94 million or 12% in pre-tax profit. Despite higher revenue generated in 4Q17, pre-tax profit was lower due to less write back of allowance for doubtful debts of RM0.08 million in 4Q17 compared to RM0.94 million 4Q16.

The Investment Holding Division reported pre-tax profit of RM26.99 million in 4Q17 compared to RM6.20 million in 4Q16, representing an increase of RM20.79 million or 4.4 times in pre-tax profit mainly due to higher contributions from our share of RHB group's profit of RM41.78 million in 4Q17 as compared RM21.54 million in 4Q16.

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

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

	Current quarter ended 31.12.2017 RM'000	Immediate preceding quarter ended 30.9.2017 RM'000	% change
Overall performance analysis			
Revenue	**277,437**	314,453	(12%)
Pre-tax profit from the business	**64,313**	20,822	209%
Share of results of associated companies and a joint venture	**45,460**	44,905	1%
	109,773	65,727	67%
Gain on deemed disposal of a subsidiary company*	**-**	177,612	-
Pre-tax profit	**109,773**	243,339	(55%)
Profit before interest and tax	**126,843**	261,820	(52%)
Profit after tax	**60,617**	231,675	(74%)
Profit attributable to Owners of the Company	**63,378**	226,828	(72%)
Pre-tax profit analysis for business segments			
1. Property	**73,412**	15,437	376%
2. Construction	**3,491**	4,308	(19%)
3. Industries	**6,440**	6,807	(5%)
Hotels and Resorts	*(2,765)*	*239*	(1257%)
Vacation Club	*(4,834)*	*(1,155)*	(319%)
4. Hospitality	**(7,599)**	(916)	(730%)
Capital Financing	*7,038*	*6,947*	1%
Investment Holding	*26,991*	*210,756*	(87%)
5. Financial Services and Investment Holding	**34,029**	217,703	(84%)
Pre-tax profit	**109,773**	243,339	(55%)

* The Share Subscription by YAD as disclosed in A8(d) resulted in a dilution of equity interest in YPC. The gain on deemed disposal comprised the difference between the fair value of interest retained retained and the carrying amounts of investment of RM137.01 million as well as realisation of foreign exchange reserve of RM40.60 million.

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

Current Quarter ("4Q17") compared with Immediate Preceding Quarter ("3Q17")

The pre-tax profit in 3Q17 included the one-off gain on deemed disposal of RM177.61 million arising from the dilution in equity interest in a subsidiary company in Melbourne, Australia and realisation of foreign exchange reserve thereof. The Group recorded lower revenue of RM277.44 million and higher pre-tax profit of RM109.77 million in 4Q17 excluding the gain on deemed disposal, compared with revenue of RM314.45 million and pre-tax profit of RM65.73 million in 3Q17 representing a decrease of RM37.01 million or 12% in revenue and an increase of RM44.04 million or 67% in pre-tax profit. The 4Q17 pre-tax profit improved due to contribution from the Property Segment.

The Property Segment recorded revenue of RM158.11 million and pre-tax profit of RM73.41 million in 4Q17 compared with revenue of RM183.76 million and pre-tax profit of RM15.44 million in 3Q17, representing a decrease of RM25.65 million or 14% in revenue and an increase of RM57.97 million or 4.8 times in pre-tax profit. In 4Q17, the Segment recorded a net fair value gain on its investment properties amounting to RM53.13 million and a gain of disposal of an investment property of RM4.57 million. Apart from the said gains, the Property Segment recorded a higher pre-tax profit of RM0.27 million or 2% to RM15.71 million from its on-going development projects.

The Construction Segment recorded revenue of RM7.40 million and pre-tax profit of RM3.49 million in 4Q17 compared with revenue of RM8.21 million and pre-tax profit of RM4.31 million in 3Q17, representing a decrease of RM0.81 million or 10% in revenue and a decrease of RM0.82 million or 19% in pre-tax profit. The decrease in pre-tax profit was line with the decrease in revenue due to lower progress billings for construction work.

The Industries Segment recorded revenue of RM71.95 million and pre-tax profit of RM6.44 million in 4Q17 compared with revenue of RM78.94 million and pre-tax profit of RM6.81 million in 3Q17, representing a decrease of RM6.99 million or 9% in revenue and a decrease of RM0.37 million or 5% in pre-tax profit. The profit margin was slightly lower in 4Q17 mainly due to different composition of products delivered during the period.

The Hospitality Segment recorded revenue of RM24.43 million and pre-tax loss of RM7.60 million in 4Q17 compared with revenue of RM28.77 million and pre-tax loss of RM0.92 million in 4Q16, representing a decrease of RM4.34 million or 15% in revenue and a decrease of RM6.68 million or 8.3 times in pre-tax performance. Despite higher contribution from the hotel operations over the year-end holiday season, the weaker performance in 4Q17 was due to lower revenue generated by **the Vacation Club Division** as well as provisions for an impairment loss on an asset of RM1.85 million by **the Hotel Division**.

The Capital Financing Division recorded revenue of RM13.56 million and pre-tax profit of RM7.04 million in 4Q17 compared with revenue of RM12.97 million and pre-tax profit of RM6.95 million in 3Q17, representing an increase of RM0.59 million or 5% in revenue and an increase of RM0.09 million or 1% in pre-tax profit. The improvement was mainly due to higher fees and interest income generated from higher capital financing portfolio coupled with lower operating costs incurred in 4Q17.

The Investment Holding Division contributed pre-tax profit of RM26.99 million in 4Q17, a decrease of RM183.77 million compared to RM210.76 million in 3Q17. The 3Q17 in pre-tax profit comprised the one-off gain on deemed disposal of RM177.61 million arising from the dilution in equity interest in a subsidiary company in Melbourne, Australia and realisation of foreign exchange reserve thereof.

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

(a) Prospects for the year 2018

Performance of **the Property Development Division** continues to be led by sales and progress billings from the existing projects and new projects launched in Malaysia. In 4Q17, Ryan & Miho in Section 13, Petaling Jaya was launched and Phase 1 of Iringan Bayu in Seremban was launched in January 2018 with combined gross development value of RM720 million. The Melbourne Square project in Australia continues to record strong take-up rate since its launch in June 2017. The share of profit from Melbourne Square would only be recognised upon completion of the development in accordance with the profit recognition criteria under MFRS 15 'Revenue from Contracts with Customers'. We expect **the Property Development Division** to remain relatively quiet in year 2018. As at 31 December 2017, the Group has unbilled sales of RM1.1 billion, land bank of about 2,100 acres and estimated gross development value of RM8.8 billion.

The Property Investment business is expected to contribute steady rental income from its commercial and retail tenants. Occupancy rates in Plaza OSK and Faber Towers saw a gradual increase during the year due to various initiatives put in place to attract tenants.

The Construction Segment will continue to focus on delivering its current order books on a timely manner. As at 31 December 2017, the outstanding order book of this segment stood at RM346 million.

The Industries Segment is anticipated to perform satisfactorily as it continues to tap on projects from the private sector as well as projects undertaken by the Government with the roll-out of major infrastructure projects. The Government's proposal to make IBS compulsory for the national construction industry creates an opportunity for the division to tap into new customer bases and expansion of product types.

The Hospitality Segment is expected to improve in tandem with the anticipated increase in tourist arrivals, both foreign and local. Renovation plans for some of the hotel rooms are underway and is expected to contribute positively to the bottom line once completed.

The Financial Services and Investment Holding Segment's contribution will mainly depend on the performance of RHB Group. The banking sector is expected to improve in year 2018 while **the Capital Financing Division** is expected to generate a decent profit based on expansion of the capital financing portfolio.

Premised on the foregoing, the Board is confident that the Group will deliver satisfactory results for financial year 2018.

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

There were no revenue or profit forecast previously announced by the Company.

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

There were no revenue or profit forecast previously announced by the Company.

B5. Profit forecast/profit guarantee previously announced

There were no profit forecast or profit guarantee previously announced by the Company.

B6. Tax expense

	Current quarter ended 31.12.2017 RM'000	Current year to date ended 31.12.2017 RM'000
In respect of the current year income tax	**(32,166)**	(66,771)
Under provision of income tax in respect of prior years	**(2,903)**	(2,845)
Deferred income tax	**(14,087)**	(11,958)
Income tax expense	**(49,156)**	(81,574)

Excluding share of results of associated companies and a joint venture and gain on deemed disposal, the effective tax rate for the current year to date is higher than the statutory tax rate of 24% mainly due to non-deductibility of certain expenses and losses in certain subsidiary companies that are not available to offset against taxable profits in other subsidiary companies within the Group.

B7. Status of corporate proposals and utilisation of proceeds

There is no outstanding corporate proposal as at the date of this report.

B8. Borrowings and debt securities as at the end of the reporting period

The Group's borrowings and debt securities at the end of the current year to date, denominated in Ringgit Malaysia ("MYR"), United States Dollar ("USD") and Vietnamese Dong ("VND") (2016: Ringgit Malaysia ("MYR"), Australia Dollar ("AUD"), United States Dollar ("USD") and Vietnamese Dong ("VND")), are as follows:

(a) Debt securities

	Non-current RM'000	Current RM'000	Total RM'000
As at 31.12.2017			
Secured			
Medium term notes - MYR	**774,717**	**63,493**	**838,210**
As at 31.12.2016			
Secured			
Medium term notes - MYR	837,604	-	837,604

The details of medium term notes are disclosed in Note A5(d).

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

The Group's borrowings and debt securities at the end of the current year to date, denominated in Ringgit Malaysia ("MYR"), United States Dollar ("USD") and Vietnamese Dong ("VND") (2016: Ringgit Malaysia ("MYR"), Australia Dollar ("AUD"), United States Dollar ("USD") and Vietnamese Dong ("VND")), are as follows: (Cont'd)

(b) Borrowings

	Non-current		Current		Total
	Foreign Currency '000	RM'000	Foreign Currency '000	RM'000	RM'000
As at 31.12.2017					
Secured					
Bankers' acceptances - MYR	-	-	-	**5,200**	**5,200**
Revolving credits - MYR	-	-	-	**143,150**	**143,150**
Term/Bridging					
- MYR	-	**608,282**	-	**50,708**	**658,990**
- USD (1 : 4.06194)	-	-	**USD23,460**	**95,293**	**95,293**
		608,282		**294,351**	**902,633**
Unsecured					
Bank overdrafts - MYR	-	-	-	**518**	**518**
Revolving credits - MYR	-	-	-	**524,787**	**524,787**
Trust receipt					
- VND (100 : 0.0179)	-	-	**VND4,286,996**	**768**	**768**
		-		**526,073**	**526,073**
Total		**608,282**		**820,424**	**1,428,706**
As at 31.12.2016					
Secured					
Revolving credits - MYR	-	-	-	169,300	169,300
Term/Bridging					
- MYR	-	465,368	-	53,300	518,668
- AUD (1 : 3.2436)	AUD62,500	202,725	-	-	202,725
- USD (1 : 4.4860)	USD23,391	104,934	USD6,690	30,012	134,946
		773,027		252,612	1,025,639
Unsecured					
Bank overdrafts - MYR	-	-	-	56	56
Revolving credits - MYR	-	-	-	366,198	366,198
Trust receipt					
- VND (100 : 0.0197)	-	-	VND7,075,602	1,397	1,397
		-		367,651	367,651
Total		773,027		620,263	1,393,290

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

(c) Commentaries on the Group borrowings and debt securities

(i) During current year to date, there were no material changes in debts and borrowings other than the changes for working capital requirements. For medium term notes, the details are disclosed in Note A5(d);

(ii) The increase in the borrowings were used for working capital purpose; and

(iii) Borrowings of USD23.46 million has been hedged to MYR via USD/MYR cross currency interest rate swap transaction and the contracted USD/MYR forex rate was 3.3030. The VND4.29 billion borrowings has not been hedged due to the borrowings were used as working capital for business operations in Vietnam.

B9. Changes in material litigation

As at 21 February 2018 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report), saved 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.

(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").

On 18 August 2015, BUCG purportedly determined its own employment under the Contract based on ADSB's failure to pay certain certified payments.

On 2 September 2015, ADSB responded to BUCG stating, among others, that no sums were due to BUCG as ADSB was entitled to withhold and deduct certain outgoings against the said certified payments.

1st Adjudication
BUCG commenced their 1st adjudication against ADSB by serving their Payment Claim on 13 October 2015 for the sum of RM73.3 million under the Construction Industry Payment and Adjudication Act 2012 ("the CIPAA"). At the end of the adjudication proceedings, the Adjudicator delivered his decision on 11 July 2016 and ADSB was ordered to pay the following:

(i) Outstanding sum due to BUCG in the sum of RM1,127,412.60;
(ii) Adjudication fees and expenses in the sum of RM119,660.14; and
(iii) Interest at 5% per annum from 11 October 2015 until date of actual payment.

B9. Changes in material litigation (Cont'd)

(a) Adjudication between BUCG (M) Sdn. Bhd. ("BUCG") v Atria Damansara Sdn. Bhd. ("ADSB") (Cont'd)

On 25 July 2016, a sum of RM1,289,698.18 was paid by ADSB to BUCG.

2nd Adjudication

On 7 June 2017, BUCG commenced the 2nd Adjudication against ADSB by serving their Payment Claim dated 7 June 2017 for a total sum of RM99,692,535.49 which comprises of the following:

(i) RM37,663,923.16 under Progress Claim No.36 (Final Claim);
(ii) RM11,400,000.00 being 5% retention sum under the contract;
(iii) RM45,630,921.64 being loss and expenses; and
(iv) RM4,997,690.69 being GST.

ADSB Payment Response was served on BUCG on 22 June 2017. ADSB contends that, inter-alia, the Payment Claim does not adhere to the requirements set out in CIPAA 2012 and that BUCG is estopped from raising such a claim now.

BUCG had submitted the Adjudication with the Kuala Lumpur Regional Centre for Arbitration (KLRCA) and a Notice of Adjudication was served on ADSB on 27 July 2017. Parties will proceed to appoint the Adjudicator for the Adjudication.

On 15 September 2017, BUCG filed its Adjudication Claim for the total sum of claiming, inter alia:

(i) For a sum of RM37,663,923.16 pursuant to Progress Claim No.36 (Final Claim);
(ii) Release of retention sum of RM11,400,000.00;
(iii) Loss and expenses of RM45,630,921.64; and
(iv) GST of RM4,997,690.69.
(Total: RM99,692,535.49)

On 10 October 2017, ADSB has filed its Adjudication Response, claimed that BUCG is not entitled to the sum of RM99,692,535.49 and raised a set off of RM100,073,692.16 (Inclusive of Liquidated Ascertained Damages ("LAD"), payments to Nominated Sub-Contractors, loss of rental etc).

On 14 November 2017, BUCG has served its Adjudication Reply, Written Submissions and Rebuttal Report to ADSB's solicitor and the Adjudicator.

On 23 November 2017, the Adjudicator has allowed ADSB to respond to the Adjudication Reply and the matter proceeded for Hearing on 18 January 2018. The Adjudicator will then deliver the Adjudication Decision within forty five (45) working days from 18 January 2018.

B9. Changes in material litigation (Cont'd)

(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.

At a preliminary meeting with the Arbitrator on 6 July 2017, the Arbitrator provided parties with directions and has fixed the first hearing date to be on 4 March 2019.

The Statement of Claim has been filed on 7 September 2017 where ADSB has pleaded for a total claim sum of RM81,065,432.56 (which includes LAD of RM27,180,000.00 and additional costs paid to contractor for rectification works and cost to complete the constructions of RM22,818,413.67).

On 6 November 2017, the Arbitrator has resigned due to conflict of interest and parties now in the midst of appointing a new Arbitrator.

On 9 November 2017, BUCG has served its Defence and Counterclaim on the matter. Via its counterclaim, BUCG is claiming for the sum of RM105,674,087.62 based on various bills, variation orders, losses and expenses incurred and GST.

ADSB has filed its Reply to Defence and Defence to Counterclaim on 7 December 2017.

ADSB and BUCG have agreed that the appointment of the new Arbitrator shall be referred to the Kuala Lumpur Regional Centre of Arbitration.

(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 purchase 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 is 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.

The Architect and MPSP have each filed a Striking Out Application and their applications were allowed on 25 October 2016.

On 21 February 2018, as both parties were unable to meet to an amicable settlement in the mediation, the Court has now fixed 14 March 2018 as the final case management date for the parties to update the Court as to their status on settlement. In the mean time, all other proceedings for the matter has been adjourned pending the case management on 14 March 2018.

B10. Dividends

The Company paid a single-tier interim dividend of 2.5 sen (2016: 2.5 sen) per share on 11 October 2017.

The Board of Directors recommends a single-tier final dividend of 3.5 sen (2016: 5.0 sen) per share for the year ended 31 December 2017. 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.

Total dividends for the year ended 31 December 2017 are 6.0 sen (2016: 7.5 sen) per ordinary share including the proposed final dividend as mentioned above.

B11. Earnings Per Share ("EPS")

	Current quarter ended 31.12.2017	Comparative quarter ended 31.12.2016	**Current year to date ended 31.12.2017**	Preceding year to date ended 31.12.2016
(a) Basic earnings per share				
Profit attributable to Owners of the Company (RM'000)	**63,378**	79,113	**400,219**	247,273
Weighted average number of ordinary shares outstanding ('000)	**2,077,195**	2,077,188*	**2,077,190**	2,077,189*
Basic EPS (sen)	**3.05**	3.81	**19.27**	11.90
(b) Diluted earnings per share				
Profit attributable to Owners of the Company (RM'000)	**63,378**	79,113	**400,219**	247,273
Weighted average number of ordinary shares outstanding ('000)	**2,077,195**	2,077,188*	**2,077,190**	2,077,189*
Effect of dilution of assumed conversion of Warrants C 2015/2020 ('000)^	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000 shares)	**2,077,195**	2,077,188	**2,077,190**	2,077,189
Diluted EPS (sen)	**3.05**	3.81	**19.27**	11.90

* The weighted average number of ordinary share in issue has been adjusted pursuant to the issuance of bonus shares described in Note A5(b).

	Comparative quarter ended 31.12.2016 '000	**Preceding year to date ended 31.12.2016 '000**
Previously stated	1,384,791	1,384,792
Adjustment pursuant to the Bonus Issue	692,397	692,397
Restated	2,077,188	2,077,189

^ The Company's Warrants C 2015/2020 that could potentially dilute basic earnings per share in the future were not included in the calculation of the diluted earnings per share because they are anti-dilutive for the current and previous years.

B12. Audit report of preceding annual financial statements

The audit report of the Group's annual financial statements for the preceding year were not subject to any qualification.

B13. Items included in the Statement of Profit or Loss and Statement of Comprehensive Income

Profit before tax is arrived at after crediting/(charging):	**Current quarter ended 31.12.2017 RM'000**	Comparative quarter ended 31.12.2016 RM'000	**Current year to date ended 31.12.2017 RM'000**	Preceding year to date ended 31.12.2016 RM'000
(i) Revenue				
Interest income	**11,258**	7,690	**38,603**	34,834
Rental income	**8,812**	11,802	**39,379**	46,466
(ii) Cost of sales				
Interest expense	**(4,048)**	(3,254)	**(14,417)**	(11,774)
Write-down of inventories				
- completed properties held for sale	**(665)**	-	**(665)**	-
- raw materials	**(7)**	(79)	**(312)**	(420)
- finished goods	**(888)**	(754)	**(2,411)**	(2,142)
(iii) Other income				
Dividend income				
- securities at fair value through profit or loss	**-**	-	**67**	-
Funds distribution income	**1,678**	1,954	**5,716**	2,737
Gain on deemed disposal of a subsidiary company*	**-**	-	**177,612**	-
Gain on disposals of:				
- available-for-sale securities	**56**	-	**355**	-
- investment properties	**4,570**	1,761	**4,868**	5,997
- plant and equipment	**318**	121	**165**	169
- intangible asset	**28**	-	**-**	-
Gain on fair valuation of:				
- biological assets	**-**	-	**-**	110
- investment properties	**53,127**	55,984	**53,127**	55,984
- securities at fair value through profit or loss	**-**	-	**100**	-
Gain on foreign exchange transactions	**171**	-	**2,514**	3
Gain on foreign exchange translations	**100**	365	**100**	541
Interest income	**3,872**	3,471	**14,282**	12,133
Recovery of bad debts of capital financing	**-**	-	**1,639**	2
Write back of allowance for impairment losses on:				
- capital financing:				
- collective assessment	**-**	-	**32**	-
- individual assessment	**76**	935	**4,131**	3,637
- trade and other receivables:				
- individual assessment	**1,059**	253	**1,724**	379
(iv) Administrative expenses				
Depreciation and amortisation	**(6,089)**	(6,039)	**(24,090)**	(24,441)

* The Share Subscription by YAD as disclosed in A8(d) resulted in a dilution of equity interest in YPC. The gain on deemed disposal comprised the difference between the fair value of interest retained retained and the carrying amounts of investment of RM137.01 million as well as realisation of foreign exchange reserve of RM40.60 million.

B13. Items included in the Statement of Profit or Loss and Statement of Comprehensive Income (Cont'd)

Profit before tax is arrived at after crediting/(charging):	**Current quarter ended 31.12.2017 RM'000**	Comparative quarter ended 31.12.2016 RM'000	**Current year to date ended 31.12.2017 RM'000**	Preceding year to date ended 31.12.2016 RM'000
(v) Other items of expense				
Impairment loss on:				
- capital financing:				
- collective assessment	**-**	(32)	**-**	(32)
- infrastructure development costs	**(10)**	(10,436)	**(10)**	(10,436)
- property, plant and equipment	**(2,051)**	-	**(2,051)**	-
- trade and other receivables:				
- individual assessment	**-**	(1,503)	**(1,277)**	(3,326)
Loss on disposals of:				
- investment in subsidiary companies	**-**	(2,589)	**-**	(2,589)
- intangible asset	**-**	(12)	**(51)**	(12)
- plant and equipment	**-**	(5)	**(26)**	(78)
Loss on fair valuation of				
- biological assets	**(65)**	-	**(65)**	-
- securities at fair value through profit or loss	**(28)**	-	**-**	(5)
Loss on foreign exchange transactions	**-**	(339)	**(61)**	(4)
Loss on foreign exchange translations	**(1,874)**	(218)	**(1,995)**	(218)
Write off of:				
- bad debts on trade and other receivables	**(1,383)**	(569)	**(1,597)**	(466)
- intangible asset	**(171)**	(1)	**(172)**	(1)
- plant and equipment	**(187)**	(180)	**(376)**	(485)
(vi) Finance costs				
- Interest expense	**(17,070)**	(21,643)	**(72,803)**	(77,681)

Items for other comprehensive income are disclosed in the Statement of Comprehensive Income. There were no impairment of assets other than items disclosed above.

B14. Derivative financial instruments

Type of Derivative	Contract / Notional RM'000	Carrying Amount at Fair Value RM'000	Cash Flow Hedge Reserve RM'000
As at 31.12.2017			
Cross-currency interest rate swap contract			
- less than 1 year	**77,487**	**17,742**	**(349)**
As at 31.12.2016			
Cross-currency interest rate swap contract			
- 1 year to 3 years	99,360	35,871	(637)

The cross-currency interest rate swap has been entered into in order to operationally hedge the borrowing denominated in United States Dollar ("USD") and floating monthly interest payments on borrowing that would mature on 28 September 2018. The fair value of these components has been determined based on the difference between the monthly future rates and the strike rate.

The derivative is initially recognised at fair value on the date the derivative contract is entered into. Pursuant to inception of the cash flow hedge, subsequent gain or loss on remeasurement of the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

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

There were no gains or losses arise from fair value changes of financial liabilities for the current quarter and current year ended 31 December 2017.

By Order of the Board

Tan Sri Ong Leong Huat
Executive Chairman
Kuala Lumpur
28 February 2018