

QUARTERLY REPORT FOR THE THIRD QUARTER 2019**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019**

	As at 30.9.2019 RM'000	As at 31.12.2018 RM'000
Assets:		
Non-current		
Property, plant and equipment	656,795	659,213
Investment properties	465,976	452,718
Investments in associated companies and a joint venture	3,674,175	3,423,984
Intangible assets	1,295	1,461
Right-of-use assets	1,087	-
Inventories	1,201,372	1,174,439
Deferred tax assets	95,021	87,712
Capital financing	301,028	132,667
Trade receivables	9,214	21,860
Other assets	1,917	4,499
	6,407,880	5,958,553
Current		
Inventories	320,456	455,228
Capital financing	426,315	433,307
Trade receivables	188,630	259,593
Contract assets	306,315	299,909
Other assets	52,945	120,711
Biological assets	160	144
Tax recoverable	20,639	36,694
Securities at fair value through profit or loss	190	248
Cash, bank balances and short term funds	471,384	528,611
	1,787,034	2,134,445
Total Assets	8,194,914	8,092,998

QUARTERLY REPORT FOR THE THIRD QUARTER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019 (CONT'D)

	Note	As at 30.9.2019 RM'000	As at 31.12.2018 RM'000
Liabilities:			
Non-current			
Medium term notes and Sukuk Borrowings	A5(c),(d),(e), B8(a)	1,175,641	1,069,190
Trade payables	B8(b)	243,282	424,189
Contract liabilities		20,433	20,168
Lease liabilities		109,198	135,396
Deferred tax liabilities		711	-
		119,379	119,495
		1,668,644	1,768,438
Current			
Medium term notes and Sukuk Borrowings	A5(c),(d),(e), B8(a)	24,883	40,329
Trade payables	B8(b)	891,810	941,006
Contract liabilities		84,638	116,470
Lease liabilities		39,345	38,610
Tax payable		476	-
Other liabilities		17,896	5,108
		477,030	513,505
		1,536,078	1,655,028
Total Liabilities		3,204,722	3,423,466
Net Assets		4,990,192	4,669,532
Equity:			
Share capital		2,095,310	2,095,310
Treasury shares, at cost	A5(a)	(30,237)	(30,237)
		2,065,073	2,065,073
Reserves		2,853,788	2,532,465
Issued capital and reserves attributable to Owners of the Company		4,918,861	4,597,538
Non-controlling interests		71,331	71,994
Total Equity		4,990,192	4,669,532
Net Assets per share attributable to Owners of the Company (RM)		2.37	2.21
Number of outstanding ordinary shares in issue ('000)		2,077,200	2,077,200

(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 2018)

QUARTERLY REPORT FOR THE THIRD QUARTER 2019
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

	Current quarter ended 30.9.2019 RM'000	Comparative quarter ended 30.9.2018 RM'000	Current year to date ended 30.9.2019 RM'000	Preceding year to date ended 30.9.2018 RM'000
Revenue	315,723	351,240	915,993	886,675
Cost of sales	(208,487)	(258,532)	(640,354)	(641,357)
Gross profit	107,236	92,708	275,639	245,318
Other income	8,151	6,435	24,334	34,735
Administrative expenses	(48,466)	(50,214)	(140,418)	(150,487)
Other expenses	(703)	(16,316)	(1,197)	(18,971)
	66,218	32,613	158,358	110,595
Finance costs	(15,747)	(18,836)	(46,557)	(58,999)
	50,471	13,777	111,801	51,596
Share of results of associated companies and a joint venture, net of tax	65,663	58,840	204,806	181,828
Profit before tax	116,134	72,617	316,607	233,424
Tax expense	(6,945)	(8,826)	(30,642)	(36,739)
Profit after tax	109,189	63,791	285,965	196,685
Profit attributable to:				
Owners of the Company	107,577	63,522	281,837	193,838
Non-controlling interests	1,612	269	4,128	2,847
	109,189	63,791	285,965	196,685
Earnings per share attributable to Owners of the Company (sen):				
Basic	5.18	3.06	13.57	9.33
Diluted	5.18	3.06	13.57	9.33

(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 2018)

QUARTERLY REPORT FOR THE THIRD QUARTER 2019
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

	Current quarter ended 30.9.2019 RM'000	Comparative quarter ended 30.9.2018 RM'000	Current year to date ended 30.9.2019 RM'000	Preceding year to date ended 30.9.2018 RM'000
Profit after tax	109,189	63,791	285,965	196,685
Other comprehensive income/(expenses) for the period, net of tax				
(a) Items of other comprehensive income/(expenses):				
(i) Will be reclassified subsequently to profit or loss when specific conditions are met:				
- <i>Fair value gain on cash flow hedge</i>	-	6	-	99
- <i>Foreign currency translation</i>	74	373	22	87
(ii) Reclassified to profit or loss:				
- <i>Fair value of cash flow hedge upon maturity</i>	-	(12)	-	(12)
(b) The share of other comprehensive (expenses)/ income and reserves of associated companies accounted for using equity method:				
(i) Items that will not be reclassified subsequently to profit or loss:				
- <i>Fair values through other comprehensive income ("FVTOCI") and other reserves</i>	(1,148)	2,491	2,494	3,375
(ii) Items that will be reclassified subsequently to profit or loss when specific conditions are met:				
- <i>Foreign currency translation reserves</i>	(5,802)	11,317	(5,207)	(16,299)
- <i>FVTOCI and other reserves</i>	33,275	13,602	104,740	(239)
Total other comprehensive income/(expenses) for the period, net of tax	26,399	27,777	102,049	(12,989)
Total comprehensive income	135,588	91,568	388,014	183,696
Total comprehensive income attributable to:				
Owners of the Company	134,261	91,261	384,250	181,555
Non-controlling interests	1,327	307	3,764	2,141
	135,588	91,568	388,014	183,696

(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 2018)

QUARTERLY REPORT FOR THE THIRD QUARTER 2019
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

		Attributable to Owners of the Company								
Note	Share capital	Treasury shares [Note A5(a)]	Revaluation reserve	Foreign currency translation reserves	Other reserves	Retained profits	Total issued share capital and reserves	Non-controlling interests	Total equity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1.1.2019										
As per previously reported	2,095,310	(30,237)	63,451	18,265	14,958	2,435,791	4,597,538	71,994	4,669,532	
Effects of adoption of MFRS 16:										
- subsidiary companies	-	-	-	-	-	(136)	(136)	(7)	(143)	
- an associated company	-	-	-	-	-	(310)	(310)	-	(310)	
As restated	2,095,310	(30,237)	63,451	18,265	14,958	2,435,345	4,597,092	71,987	4,669,079	
Profit after tax	-	-	-	-	-	281,837	281,837	4,128	285,965	
Foreign currency translation	-	-	-	21	-	-	21	1	22	
Share of other comprehensive (expenses)/income and reserves of associated companies accounted for using equity method:										
- Foreign currency translation reserves	-	-	-	(4,842)	-	-	(4,842)	(365)	(5,207)	
- FVTOCI and other reserves	-	-	-	-	107,234	-	107,234	-	107,234	
Other comprehensive (expenses)/income	-	-	-	(4,821)	107,234	-	102,413	(364)	102,049	
Total comprehensive (expenses)/income	-	-	-	(4,821)	107,234	281,837	384,250	3,764	388,014	
Dividends paid to:										
- Owners of the Company	-	-	-	-	-	(62,316)	(62,316)	-	(62,316)	
- Non-controlling interests	-	-	-	-	-	-	-	(4,677)	(4,677)	
Total distributions to Owners	-	-	-	-	-	(62,316)	(62,316)	(4,677)	(66,993)	
Acquisitions of additional interests in a subsidiary company from non-controlling interests:										
- Accretion of equity interests	-	-	-	-	-	-	-	(170)	(170)	
- Gain on acquisitions	-	-	-	-	-	91	91	-	91	
Exercise of warrants of a subsidiary company:										
- Shares issued by a subsidiary company	-	-	-	-	-	-	-	171	171	
- Effects of dilution of interests in a subsidiary company	-	-	-	-	-	(256)	(256)	256	-	
Total changes in ownership interest in a subsidiary company	-	-	-	-	-	(165)	(165)	257	92	
Total transactions with Owners in their capacity as Owners	-	-	-	-	-	(62,481)	(62,481)	(4,420)	(66,901)	
As at 30.9.2019	2,095,310	(30,237)	63,451	13,444	122,192	2,654,701	4,918,861	71,331	4,990,192	

QUARTERLY REPORT FOR THE THIRD QUARTER 2019
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2019 (CONT'D)**

	Attributable to Owners of the Company							Total issued share capital and reserves	Non- controlling interests	Total equity
	Share capital	Treasury shares [Note A5(a)]	Revalua- -tion reserve	Foreign currency translation reserves	Hedging reserve	Other reserves	Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1.1.2018										
As per previously reported	2,095,310	(30,237)	63,451	42,969	(85)	4,110	2,363,172	4,538,690	68,234	4,606,924
Effects of adoption of MFRS 9:										
- subsidiary companies	-	-	-	-	-	-	(1,553)	(1,553)	(44)	(1,597)
- an associated company	-	-	-	26	-	1,614	(126,351)	(124,711)	-	(124,711)
As restated	2,095,310	(30,237)	63,451	42,995	(85)	5,724	2,235,268	4,412,426	68,190	4,480,616
Profit after tax	-	-	-	-	-	-	193,838	193,838	2,847	196,685
Fair value gain on cash flow hedge	-	-	-	-	97	-	-	97	2	99
Fair value of cash flow hedge reclassified to profit or loss upon maturity	-	-	-	-	(12)	-	-	(12)	-	(12)
Foreign currency translation	-	-	-	84	-	-	-	84	3	87
Share of other comprehensive (expenses)/income and reserves of associated companies accounted for using equity method:										
- Foreign currency translation reserves	-	-	-	(15,588)	-	-	-	(15,588)	(711)	(16,299)
- FVTOCI and other reserves	-	-	-	-	-	3,136	-	3,136	-	3,136
Other comprehensive (expenses)/income	-	-	-	(15,504)	85	3,136	-	(12,283)	(706)	(12,989)
Total comprehensive (expenses)/income	-	-	-	(15,504)	85	3,136	193,838	181,555	2,141	183,696
Dividends paid to:										
- Owners of the Company	-	-	-	-	-	-	(72,702)	(72,702)	-	(72,702)
- Non-controlling interests	-	-	-	-	-	-	-	-	(1,007)	(1,007)
Total distributions to Owners	-	-	-	-	-	-	(72,702)	(72,702)	(1,007)	(73,709)
Acquisitions of additional interests in a subsidiary company from non-controlling interests:										
- Accretion of equity interests	-	-	-	-	-	-	-	-	(486)	(486)
- Gain on acquisitions	-	-	-	-	-	-	175	175	-	175
Exercise of warrants of a subsidiary company:										
- Shares issued by a subsidiary company	-	-	-	-	-	-	-	-	16	16
- Effects of dilution of interest in a subsidiary company	-	-	-	-	-	-	(24)	(24)	24	-
Total changes in ownership interest in subsidiary companies	-	-	-	-	-	-	151	151	(446)	(295)
Total transactions with Owners in their capacity as Owners	-	-	-	-	-	-	(72,551)	(72,551)	(1,453)	(74,004)
As at 30.9.2018	2,095,310	(30,237)	63,451	27,491	-	8,860	2,356,555	4,521,430	68,878	4,590,308

(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 2018)

QUARTERLY REPORT FOR THE THIRD QUARTER 2019
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

	Note	Current year to date ended 30.9.2019 RM'000	Preceding year to date ended 30.9.2018 RM'000
Cash Flows From Operating Activities			
Profit before tax		316,607	233,424
Adjustments for:			
Non-cash and non-operating items		22,558	42,970
Share of results of associated companies and a joint venture		(204,806)	(181,828)
Operating profit before working capital changes		<u>134,359</u>	94,566
<i>Decrease/(Increase) in operating assets:</i>			
Inventories		119,967	100,189
Capital financing		(161,219)	707
Trade receivables		87,296	12,348
Contract assets		(6,355)	(113,054)
Other assets		2,341	11,610
<i>Decrease in operating liabilities:</i>			
Trade payables		(31,584)	(46,131)
Contract liabilities		(25,459)	(320)
Other liabilities		(36,337)	(3,474)
Cash generated from operations		<u>83,009</u>	56,441
Interest received		48,894	43,044
Interest paid		(37,818)	(24,216)
Income tax paid		(29,299)	(42,563)
Income tax refunded		20,078	870
Net cash generated from operating activities		<u>84,864</u>	33,576
Cash Flows From Investing Activities			
Acquisitions of additional shares in a subsidiary company from non-controlling interests	A8(a)(i)	(79)	(311)
Distribution from an associated company		3,530	11,950
Dividends received		52,802	40,640
Expenditure incurred on investment properties		(2,600)	(2,068)
Funds distribution income received		8,121	4,747
Listing expense		-	(10,872)
Proceeds from disposals of property, plant and equipment		69,491	30,467
Purchase of:			
- land held for property development		-	(116,213)
- plant and equipment		(19,877)	(19,517)
- software licenses		(109)	(71)
Net cash generated from/(used in) investing activities		<u>111,279</u>	(61,248)

QUARTERLY REPORT FOR THE THIRD QUARTER 2019**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019 (CONT'D)**

	Note	Current year to date ended 30.9.2019 RM'000	Preceding year to date ended 30.9.2018 RM'000
Cash Flows From Financing Activities			
Dividends paid to:			
- Owners of the Company	A6	(62,316)	(72,702)
- Non-controlling interests		(4,677)	(1,007)
Drawdown of loans		50,624	149,743
Drawdown of revolving credits - net		24,128	42,620
Expenses incurred on borrowings and medium term notes and Sukuk		(1,031)	(2,527)
Interest paid		(45,066)	(58,999)
Payment of lease liabilities		(663)	-
Proceeds from:			
- issuance of medium term notes and Sukuk	A5(d)(i),(e)	464,200	343,971
- exercise of warrants of a subsidiary company	A8(a)(ii)	171	16
Redemption of medium term notes	A5(c),(d)(i)	(373,595)	(234,907)
Repayment of loans		(304,573)	(189,335)
Net cash used in financing activities		<u>(252,798)</u>	<u>(23,127)</u>
Net decrease in cash and cash equivalents		(56,655)	(50,799)
Effects of exchange rate changes		(290)	48
Cash and cash equivalents at the beginning of the period		528,329	424,158
Cash and cash equivalents at the end of the period		<u>471,384</u>	<u>373,407</u>
Cash and cash equivalents comprised:			
Cash, bank balances and short term funds		<u>471,384</u>	<u>373,407</u>

(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 2018)

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**Explanatory notes to Quarterly Report for the current year to date ended 30 September 2019**

The unaudited interim financial report ("the quarterly report"), a condensed consolidated financial statement of the Group, 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 2018 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 2018.

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 2018.

(a) The Group adopted the following amendments to published standards and interpretation to the existing MFRSs and standard issued by MASB that are applicable and effective for the Group's financial year beginning on 1 January 2019:

(i) IC Interpretation 23 'Uncertainty over Income Tax Treatments'

IC Interpretation 23 'Uncertainty over Income Tax Treatments' clarifies the application on the recognition and measurement requirements in MFRS 112 'Income Taxes' when there is uncertainty over income tax treatments. In the circumstance of uncertainty over income tax treatment, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in MFRS 112 'Income Taxes' 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.

(ii) Amendments to MFRS 9 'Financial Instruments'

Amendments to MFRS 9 'Financial Instruments' allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met. The Group has no prepayable financial assets, hence Amendments to MFRS 9 'Financial Instruments' has no impact to the Group.

(iii) Amendments to MFRS 128 'Investments in Associates and Joint Ventures'

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

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**A1. Basis of preparation (Cont'd)**

- (a) **The Group adopted the following amendments to published standards and interpretation to the existing MFRSs and standard issued by MASB that are applicable and effective for the Group's financial year beginning on 1 January 2019: (Cont'd)**

(iv) **Annual Improvements to MFRS Standards 2015-2017 Cycle**

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 all borrowings of the entity that are outstanding during the period. However, an entity shall exclude from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete. The amount of borrowing costs that an entity capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period.

The adoption of the above interpretation, amendments to published standards and improvement do not have any material financial impact to the Group.

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**A1. Basis of preparation (Cont'd)**

- (a) **The Group adopted the following amendments to published standards and interpretation to the existing MFRSs and standard issued by MASB that are applicable and effective for the Group's financial year beginning on 1 January 2019: (Cont'd)**

(v) MFRS 16 'Leases'

MFRS 16 'Leases' supersedes MFRS 117 'Leases' and its related interpretations.

MFRS 16 introduces a new model for lessee accounting which eliminates the distinction between finance and operating leases. MFRS 16 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months. Off-balance sheet lease commitment disclosed previously is required to be accounted based on rights and obligations approach under MFRS 16. For lessors, MFRS 16 requires enhanced disclosure on the information about lessors' risk exposure, particularly to residual value risk.

The adoption of MFRS 16 constitutes a change in accounting policy and the Group has applied this standard to its leases with the cumulative effect of initial application of MFRS 16 at 1 January 2019 in accordance with the transition requirements. As such, the comparative figure of the report are remained unchanged.

The effects of adoption of MFRS 16 for the Group on items of the Statement of Financial Position as at 1 January 2019 are as follows:

Statement of Financial Position	As at 31.12.2018 RM'000	Effects of adoption of MFRS 16 RM'000	As at 1.1.2019 RM'000
Assets			
Right-of-use assets	-	1,461	1,461
Investment in associated companies and a joint venture	3,423,984	*(310)	3,423,674
Liabilities			
Lease liabilities	-	1,604	1,604
Equity			
Retained profits	2,435,791	*(446)	2,435,345
Non-controlling interests	71,994	(7)	71,987

* Included a share of an associated company effect of adoption of MFRS 16.

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**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:**

(i) **For financial year beginning on/after 1 January 2020**

(1) Revised Conceptual Framework

The following Standards have been amended to update the references and quotations in these Standards according to the revised Conceptual Framework:

Amendments to:

MFRS 2	Share-Based Payment
MFRS 3	Business Combinations
MFRS 6	Exploration for and Evaluation of Mineral Resources
MFRS 14	Regulatory Deferral Accounts
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 134	Interim Financial Reporting
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
IC Interpretation 132	Intangible Assets - Web Site Costs

(2) Amendments to MFRS 3 'Business Combination'

Amendments to MFRS 3 'Business Combination' clarify the definition of a business to assist the entity to determine whether a transaction should be accounted for as a business combination or as an asset acquisition where an acquirer does not recognise goodwill in an asset acquisition.

(3) Amendments to MFRS 101 'Presentation of Financial Statements' and MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors'

Amendments to MFRS 101 'Presentation of Financial Statements' and MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors' clarify the definition of 'Material' and to align the definition used in the revised Conceptual Framework and the standards themselves. The definition of 'material' is refined by including 'obscuring information' to respond to concerns that the effect of including immaterial information should not reduce the understandability of a company's financial statements.

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

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**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) Standard deferred to a date to be determined by MASB

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

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

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by MASB. Earlier application is permitted.

A2. Seasonality or cyclicity of interim operations

The performance of the Hotels and Resorts division of the Group is affected by holiday seasons. The other business operations of the Group for the current year to date were not 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 during the current year to date.

A4. Changes in estimates of amounts reported previously

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

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

There were no repurchase of its own equity share capital and sold or reissued during the current year to date. 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 1.1.2019/ 30.9.2019	18,100,253	2.82	0.90	1.67	30,237,575

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**A5. Issues, repurchases and repayments of debts and equity securities (Cont'd)****(b) Warrants C 2015/2020**

On 23 July 2015, the Company issued 237,732,751 new Warrants C 2015/2020 pursuant to the Bonus Issue of Warrants which were listed on the Main Market of Bursa Securities on 4 August 2015.

There were no Warrants C 2015/2020 being exercised during the current year to date ended 30 September 2019.

The stock name, stock code and ISIN code of the Warrants C 2015/2020 are "OSK-WC", "5053WC" and "MYL5053WCU71" respectively. The main features of Warrants C 2015/2020 are as follows:

- (i) Each warrant entitles the holder to subscribe for one (1) new ordinary share in the Company at an exercise price of RM1.80 at any time during normal business hours up to 5.00 pm on or before 22 July 2020.

On 29 November 2017, the Company issued 118,856,788 additional Warrants C 2015/2020 based on one (1) additional Warrants C for two (2) existing Warrants C held and the exercise price adjusted from RM1.80 to RM1.20 pursuant to the bonus shares as issued in year 2017. In accordance with Condition 3(i) of the Third Schedule of the Deed Poll dated 7 July 2015 constituting the Warrants C 2015/2020 provides that the exercise price and/or the number of warrants shall from time to time be adjusted, calculated or determined by the Board.

The adjustments to the exercise price and number of the outstanding Warrants C pursuant to the Bonus Issue is set out below:

	Before the Bonus Issue	After the Bonus Issue
Exercise price (RM)	1.80	1.20
Number of outstanding Warrants C 2015/2020	237,720,377	356,577,165

- (ii) Full provisions regarding the transferability of Warrants C 2015/2020 to new ordinary shares, adjustment of the exercise price in certain circumstances, quotation on Bursa Securities and other terms and conditions pertaining to the Warrants C 2015/2020 are set out in details in a Deed Poll executed by the Company on 7 July 2015. The Deed Poll is available for inspection at the registered office of the Company.

As at 30.9.2019, the total number of Warrants C 2015/2020 which remained unexercised was 356,577,165 (31.12.2018: 356,577,165).

(c) Medium Term Note Programme ("MTN 1") for the issuance of medium term notes of up to RM990.00 million in nominal value

On 15 October 2015, the Company lodged with the Securities Commission Malaysia ("SC") all the required information and relevant documents relating to the MTN 1 pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by SC. The MTN 1 will give the Company the flexibility to raise funds via the issuance of MTNs of up to RM990.00 million in nominal value, which can be utilised to refinance its existing borrowings and to fund its working capital requirements. The MTN 1 is unrated and has a tenure of fifteen (15) years from the date of its first issuance.

On 30 January 2019, the Company redeemed a total of RM350.00 million of MTN 1. As at 30 September 2019, the outstanding amount of MTN 1 stood at RM266.21 million.

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**A5. Issues, repurchases and repayments of debts and equity securities (Cont'd)****(c) Medium Term Note Programme ("MTN 1") for the issuance of medium term notes of up to RM990.00 million in nominal value (Cont'd)**

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

- (i) the Group shall maintain a gearing ratio of not exceeding 1.50 times throughout the tenure of the MTN 1.
- (ii) the Company shall maintain a security cover ratio of not less than 1.50 times throughout the tenure of the MTN 1.
- (iii) the Company shall maintain a Debt Service Reserve Account ("DSRA") with a minimum amount equivalent to one month interest payment. The amount can be utilised for the payment of interest of MTNs in the event of a default in interest payment obligations. Any utilised funds shall be replenished within 14 days from the date of withdrawal/shortfall.

MTN 1 is secured by:

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

(d) Sukuk Murabahah Programme ("Sukuk 1") and Medium Term Note Programme ("MTN 2") both programmes for the issuance of medium term notes and Sukuk with a combined limit up to RM1.80 billion in nominal value

On 9 March 2018, OSK I CM Sdn. Bhd. ("OSKICM"), a wholly-owned subsidiary company of the Company, lodged a Sukuk 1 with the SC. On 20 April 2018, OSKICM lodged MTN 2 and re-lodged the Sukuk 1 with the SC all the required information and relevant documents pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by SC. Both Sukuk 1 and MTN 2 are unrated and tradeable with a combined limit of up to RM1.80 billion and have a perpetual tenure.

The programmes will give OSKICM the flexibility to raise funds via the issuance of Sukuk 1 or MTN 2, which can be utilised for working capital requirements and repayments of the Group's borrowings.

(i) Tranche 1 and 2 of MTN 2

The total amount of Tranche 1 of MTN 2 issued and outstanding as at 31 December 2018 stood at RM232.50 million with maturities commencing from year 2023 to year 2028.

On 30 January 2019, OSKICM issued Tranche 2 of MTN 2 of RM200.00 million in 7 series with maturities commencing from year 2020 to year 2026, redeemable every 12 months commencing 12 months after the first issuance date.

On 30 May 2019 and 17 June 2019, OSKICM redeemed RM13.00 million of Tranche 1 of MTN 2 and RM10.60 million of Tranche 2 of MTN 2. As at 30 September 2019, the outstanding Tranche 1 of MTN 2 and Tranche 2 of MTN 2 stood at RM219.50 million and RM189.41 million respectively.

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**A5. Issues, repurchases and repayments of debts and equity securities (Cont'd)****(d) Sukuk Murabahah Programme ("Sukuk 1") and Medium Term Note Programme ("MTN 2") both programmes for the issuance of medium term notes and Sukuk with a combined limit up to RM1.80 billion in nominal value (Cont'd)****(i) Tranche 1 and 2 of MTN 2 (Cont'd)**

Both Tranche 1 and 2 of MTN 2 require a Security Cover of not less than 2.0 times and are secured by:

- (a) shares in an associated company of the Company ("Tranche 1 and 2 Pledged Shares"); and
- (b) all its rights, titles, interests and benefits in and under the share proceeds account for Tranche 1 and 2 ("Tranche 1 and 2 Proceeds Account") maintained by the Company and all monies from time to time standing to the credit thereto (this proceeds account mainly to capture dividend income receivable from an associated company).

(ii) Tranche 2 of Sukuk 1

The total amount of Tranche 2 of Sukuk 1 issued and outstanding as at 31 December 2018 stood at RM92.97 million with maturities commencing from year 2021 to year 2024, redeemable every 3 months commencing 36 months after the first issuance date.

There were no redemption of Tranche 2 of Sukuk 1 during the current year to date ended 30 September 2019. As at 30 September 2019, the outstanding Tranche 2 of Sukuk 1 stood at RM92.97 million.

The Tranche 2 of Sukuk 1 is secured by:

- (a) all its rights, titles, interests and benefits in and under the operating account for Tranche 2 ("Tranche 2 Operating Account") maintained by OSKICM and all monies from time to time standing to the credit thereto;
- (b) all its rights, titles, interests and benefits in and under the Finance Service Reserve Account ("FSRA") and Tranche 2 Operating Account maintained by Perspektif Vista Sdn. Bhd. ("PV"), a subsidiary company of OSK Property Holdings Berhad ("OSKPH"), which in turn is a subsidiary company of the Company and all monies from time to time standing to the credit thereto;
- (c) a development land charge under the provisions of the National Land Code 1965;
- (d) a debenture creating a first ranking fixed and floating charge over all its present and future assets in respect of the project; and
- (e) PV shall maintain a FSRA of a minimum amount equivalent to three periodic profit payments.

(iii) Tranche 3 of Sukuk 1

The total amount of Tranche 3 of Sukuk 1 issued and outstanding as at 31 December 2018 stood at RM170.00 million with maturities commencing from year 2021 to year 2025, redeemable every 6 months commencing 36 months after the first issuance date.

There were no redemption of Tranche 3 of Sukuk 1 during the current year to date ended 30 September 2019. As at 30 September 2019, the outstanding Tranche 3 of Sukuk 1 stood at RM170.00 million.

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019

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

(d) Sukuk Murabahah Programme ("Sukuk 1") and Medium Term Note Programme ("MTN 2") both programmes for the issuance of medium term notes and Sukuk with a combined limit up to RM1.80 billion in nominal value (Cont'd)

(iii) Tranche 3 of Sukuk 1 (Cont'd)

The Tranche 3 of Sukuk 1 requires a Security Cover of not less than 1.5 times and is secured by:

- (a) shares in certain subsidiary companies ("Pledged Shares");
- (b) all its rights, titles, interests and benefits in and under the shares proceeds account for Tranche 3 ("Tranche 3 Proceeds Account") maintained by the Company and all monies from time to time standing to the credit thereto (this proceeds account mainly to capture dividend income receivable from certain subsidiary companies);
- (c) all its rights, titles, interests and benefits in and under FSRA and operating account maintained by OSKICM and all monies from time to time standing to the credit thereto; and
- (d) the OSKICM shall maintain a FSRA of a minimum amount equivalent to one periodic profit payment.

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

- (i) the Group shall maintain a gearing ratio of not exceeding 1.50 times at all times throughout the tenure of the Programme.
- (ii) OSKICM, shall set up or procure Trustees' Reimbursement Account with RM30,000.00 each in respect of Sukuk 1 and MTN 2 which shall be maintained at all times throughout the tenure of the Programme.

(e) Medium Term Note Programme ("MTN 3") for the issuance of medium term notes of up to RM980.00 million in nominal value

On 25 April 2019, OSKICM lodged a MTN 3 with the SC all the required information and relevant documents pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by SC. MTN 3 are unrated and tradeable with a limit of up to RM980.00 million and have a perpetual tenure.

The proceeds raised from the issuance of the MTN 3 shall be utilised by OSKICM and the Group for (i) Investment activities; (ii) Capital expenditure; (iii) Working capital requirements; (iv) General corporate exercise; and (v) Refinancing of existing financing/borrowing.

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**A5. Issues, repurchases and repayments of debts and equity securities (Cont'd)****(e) Medium Term Note Programme ("MTN 3") for the issuance of medium term notes of up to RM980.00 million in nominal value (Cont'd)****(i) Tranche 1 of MTN 3**

On 10 May 2019, OSKICM issued Tranche 1 of MTN 3 of RM164.20 million in 15 series with maturities commencing from year 2020 to year 2034, redeemable every 12 months commencing 12 months after the first issuance date. As at 30 September 2019, the outstanding amount of Tranche 1 of MTN 3 stood at RM164.20 million.

The Tranche 1 of MTN 3 is secured by:

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

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

(b) debentures by ASGSB and APMSB creating a first fixed charge over Atria Mall and Carpark respectively, all fixtures, fittings, equipment, machinery, systems and all other appurtenant thereto both present and future affixed to or installed in or within Atria Mall and Carpark; and

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

(ii) Tranche 2 of MTN 3

On 30 September 2019, OSKICM issued Tranche 2 of MTN 3 of RM100.00 million and redeemable after 5 years from the issuance date of tranche 2. As at 30 September 2019, the outstanding amount of Tranche 2 of MTN 3 stood at RM100.00 million.

The Tranche 2 of MTN 3 is secured by:

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

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019

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

(e) Medium Term Note Programme ("MTN 3") for the issuance of medium term notes of up to RM980.00 million in nominal value (Cont'd)

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

- (i) the Group shall maintain a gearing ratio of not exceeding 1.50 times throughout the tenure of the Programme.
- (ii) OSKICM shall set up or procure Trustees' Reimbursement Account with a sum of RM30,000.00 in respect of MTN 3 which shall be maintained at all times throughout the tenure of the Programme.

The issuances and redemptions for the current year to date and the outstanding MTNs and Sukuk, the DSRA, FSRA and Proceeds account balances as at 30 September 2019 are summarised as follows:

	For current year to date		As at 30 September 2019			Proceeds Account balances RM'000
	Issuance RM'000	Redemption RM'000	Outstanding amounts RM'000	DSRA balances RM'000	FSRA balances RM'000	
(1) MTN 1	-	350,000	266,206	4,062	-	-
(2) Tranche 1 of MTN 2	-	13,000	219,500	-	-	43
(3) Tranche 2 of MTN 2	200,000	10,595	189,405	-	-	8
(4) Tranche 2 of Sukuk 1	-	-	92,971	-	1,175	-
(5) Tranche 3 of Sukuk 1	-	-	170,000	-	731	-
(6) Tranche 1 of MTN 3	164,200	-	164,200	688	-	-
(7) Tranche 2 of MTN 3	100,000	-	100,000	365	-	-
	<u>464,200</u>	<u>373,595</u>	<u>1,202,282</u>	<u>5,115</u>	<u>1,906</u>	<u>51</u>
Less: Unamortised issuance expenses			<u>(1,758)</u>			
			<u>1,200,524</u>			

The interest rates of MTNs and profit rates of Sukuk 1 were ranging from 4.29% to 5.13% per annum.

A6. Dividends paid during the current year to date

	Current year to date ended 30.9.2019	Preceding year to date ended 30.9.2018
Dividend paid (RM'000)	62,316	72,702
Single-tier final dividend per share (sen)	3.0	3.5
Number of ordinary share on which dividend was paid ('000)	2,077,200	2,077,200
Date of payment	23.5.2019	13.6.2018

Dividends declared for the current year to date is disclosed in Note B10.

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**A7. Segmental information**

The Group's businesses are organised into five major business 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 as follows:

(a) Property

- (i) Property Development - Development of residential and commercial properties for sale, provision of project management services and sharing of results of the associated companies.
- (ii) Property Investment and Management - Management and letting of properties, contributing rental yield and appreciation of properties and sharing of results of an associated company and a joint venture.

(b) Construction

- Building construction works.

(c) Industries

- (i) Olympic Cables - Manufacturing and trading of power cables and wires.
- (ii) Acotec - Manufacturing and sale of Industrialised Building System ("IBS") concrete wall panels and trading of building materials.

(d) Hospitality

- (i) Hotels and Resorts - Management of hotels and resorts including golf course operations.
- (ii) Vacation Club - Management of vacation timeshare membership scheme.

(e) Financial Services & Investment Holding

- (i) Capital Financing - Capital financing activities include generating interest, fee and related income on loans and financing portfolio.
- (ii) Investment Holding - Investing activities and other insignificant business segment, where investments contribute dividend income and interest income as well as sharing of result of an associated company.

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 evaluated based on operating profit or loss which in certain aspects are 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 with terms mutually agreed between the segments and have been eliminated to arrive at the Group's results. During the current year to date, there is no single external customer amounted to ten percent or more of the Group's revenue.

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019
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	Cons- truction	Industries	Hospitality	Financial Services & Investment Holding	Consolidated
Current year to date ended 30.9.2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
Total revenue	586,635	187,729	223,578	60,245	499,903	1,558,090
Inter-segment revenue	(3,255)	(187,188)	(5,699)	(225)	(38,948)	(235,315)
Dividends from:						
- subsidiary companies	-	-	-	-	(353,980)	(353,980)
- an associated company	-	-	-	-	(52,802)	(52,802)
Revenue from external parties	583,380	541	217,879	60,020	54,173	915,993
Results						
Segment profit/(loss)	105,595	(6,288)	21,070	(9,103)	(877)	110,397
Share of results of associated companies and a joint venture	29,377	-	-	-	175,429	204,806
	134,972	(6,288)	21,070	(9,103)	174,552	315,203
Realisation of profit upon completion of sale/(Eliminations of unrealised profit)	-	3,855	-	-	(2,451)	1,404
Profit/(Loss) before tax	134,972	(2,433)	21,070	(9,103)	172,101	316,607
Tax (expense)/income	(20,095)	(842)	(3,910)	1,664	(7,459)	(30,642)
Profit/(Loss) after tax	114,877	(3,275)	17,160	(7,439)	164,642	285,965
Preceding year to date ended 30.9.2018						
Revenue						
Total revenue	526,928	211,491	217,257	86,238	270,365	1,312,279
Inter-segment revenue	(2,808)	(200,992)	(1,332)	(324)	(13,672)	(219,128)
Dividends from:						
- subsidiary companies	-	-	-	-	(165,859)	(165,859)
- an associated company	-	-	-	-	(40,617)	(40,617)
Revenue from external parties	524,120	10,499	215,925	85,914	50,217	886,675
Results						
Segment profit/(loss)	47,910	6,049	21,368	(4,997)	(34,537)	35,793
Gain on disposal of a hotel property	-	-	-	17,505	-	17,505
Share of results of associated companies and a joint venture	19,384	-	-	-	162,444	181,828
	67,294	6,049	21,368	12,508	127,907	235,126
Realisation of profit upon completion of sale/(Eliminations of unrealised profit)	-	1,371	-	-	(3,073)	(1,702)
Profit before tax	67,294	7,420	21,368	12,508	124,834	233,424
Tax expense	(18,805)	(2,051)	(5,023)	(2,753)	(8,107)	(36,739)
Profit after tax	48,489	5,369	16,345	9,755	116,727	196,685
Comparison of profit/(loss) before tax:						
Increase/(Decrease) in profit/(loss) before tax	67,678	(9,853)	(298)	(21,611)	47,267	83,183
% of increase/(decrease)	101%	(>100%)	(1%)	(>100%)	38%	36%

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019
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 30.9.2019						
Assets						
Tangible assets	2,900,563	42,136	222,753	379,153	859,179	4,403,784
Intangible assets	397	-	-	-	898	1,295
	2,900,960	42,136	222,753	379,153	860,077	4,405,079
Investments in associated companies and a joint venture	536,870	-	-	-	3,137,305	3,674,175
Segment assets	3,437,830	42,136	222,753	379,153	3,997,382	8,079,254
Deferred tax assets and tax recoverable						115,660
Total assets						8,194,914
Liabilities						
Segment liabilities	1,359,767	90,851	37,329	253,274	1,326,226	3,067,447
Deferred tax liabilities and tax payable						137,275
Total liabilities						3,204,722
As at 31.12.2018						
Assets						
Tangible assets	2,942,688	71,136	228,413	555,298	745,612	4,543,147
Intangible assets	414	-	-	-	1,047	1,461
	2,943,102	71,136	228,413	555,298	746,659	4,544,608
Investments in associated companies and a joint venture	519,429	-	-	-	2,904,555	3,423,984
Segment assets	3,462,531	71,136	228,413	555,298	3,651,214	7,968,592
Deferred tax assets and tax recoverable						124,406
Total assets						8,092,998
Liabilities						
Segment liabilities	1,457,361	112,396	49,077	278,923	1,401,106	3,298,863
Deferred tax liabilities and tax payable						124,603
Total liabilities						3,423,466
Comparison of segment assets and liabilities:						
(Decrease)/Increase in segment assets	(24,701)	(29,000)	(5,660)	(176,145)	346,168	110,662
% of (decrease)/increase	(<1%)	(41%)	(2%)	(32%)	9%	1%
Decrease in segment liabilities	(97,594)	(21,545)	(11,748)	(25,649)	(74,880)	(231,416)
% of decrease	(7%)	(19%)	(24%)	(9%)	(5%)	(7%)

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**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 Vietnam and Singapore. In presenting information on the basis of geographical areas, segment performance is based on the geographical location of customers.

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 30.9.2019				
Revenue	<u>887,606</u>	<u>-</u>	<u>28,387</u>	<u>915,993</u>
Profit before tax	<u>315,149</u>	<u>1,241</u>	<u>217</u>	<u>316,607</u>
Preceding year to date ended 30.9.2018				
Revenue	<u>859,698</u>	<u>301</u>	<u>26,676</u>	<u>886,675</u>
Profit/(Loss) before tax	<u>222,002</u>	<u>12,247</u>	<u>(825)</u>	<u>233,424</u>

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

	Malaysia RM'000	Others RM'000	Consolidated RM'000
As at 30.9.2019			
Non-current assets ^	<u>2,319,550</u>	<u>5,888</u>	<u>2,325,438</u>
As at 31.12.2018			
Non-current assets ^	<u>2,282,416</u>	<u>5,415</u>	<u>2,287,831</u>

^ The non-current assets excluding financial instruments, deferred tax assets and investments in associated companies and a joint venture are presented based on the geographical location of the assets.

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**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, a subsidiary company of the Company

During the current year to date, the Company acquired the following ordinary shares of PJD:

	Shares
Number of units	66,200
Average price per share (RM)	1.20
Total purchase consideration (RM)	<u>79,440</u>

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	(170)
Gains on consolidation recognised in equity	91
Cash outflow on acquisitions of additional ordinary shares in PJD	<u>(79)</u>

- (ii) Issuance of 171,400 PJD's ordinary shares pursuant to conversion of PJD's Warrants C

During the current year to date, PJD issued 171,400 new ordinary shares for cash pursuant to the exercise of warrants at an exercise price of RM1.00 cash for the equivalent numbers by the registered holders. The new issuance of ordinary shares in PJD have the following effects to the end:

	RM'000
Net assets upon issuance of new ordinary shares	427
Loss on consolidation recognised in equity	(256)
Cash inflow on exercise of warrants of a subsidiary company	<u>171</u>

Accordingly, the Company's effective interest in:

- (i) PJD's ordinary shares decreased from 96.96% to 96.94%; and
(ii) PJD's warrants increased from 91.88% to 91.99% respectively.

(b) Acquisition of OSK Design Sdn. Bhd. ("OSKD") (f.k.a. Evolusi Esplanad Sdn. Bhd.) and OSK Building Materials Sdn. Bhd. ("OSKBM") (f.k.a. Pinggiran Prestasi Sdn. Bhd.)

On 26 June 2019, PJD, a subsidiary company of the Company acquired 100% equity interests in OSKD and OSKBM for a total consideration of RM2.00 for each company. The issued and paid up capital of both companies are RM2.00 comprising of 2 ordinary shares.

On 15 July 2019, OSKBM changed its name to OSK Supplies Sdn. Bhd. ("OSKS").

On 19 September 2019, the Company acquired 100% equity interests in OSKD and OSKS for a total consideration of RM2.00 for each company. The acquisition do not have any material financial impact to the Group.

On 30 September 2019, the Company subscribed for 749,998 and 299,998 new ordinary shares of RM1.00 each share in OSKD and OSKS respectively at total cash of RM1,049,996.00.

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**A8. Effects of changes in the composition of the Group for the current year to date (Cont'd)****(b) Acquisition of OSK Design Sdn. Bhd. ("OSKD") (f.k.a. Evolusi Esplanad Sdn. Bhd.) and OSK Building Materials Sdn. Bhd. ("OSKBM") (f.k.a. Pinggiran Prestasi Sdn. Bhd.) (Cont'd)**

Accordingly, the issued and paid up ordinary share capital of OSKD and OSKS increased from RM2.00 to RM300,000.00 and RM750,000.00 respectively.

(c) Striking off of Dikir Venture Sdn. Bhd. and Perspektif Pertama Sdn. Bhd.

On 22 July 2019, Dikir Venture Sdn. Bhd. and Perspektif Pertama Sdn. Bhd., both are dormant companies and wholly-owned subsidiary companies of OSKPH, which in turn is a subsidiary company of the Company, had been struck off from the register and dissolved following the publication of the notice of striking off pursuant to Section 551(3) of the CA2016 in the Gazette on 22 July 2019. The striking off of Dikir Venture Sdn. Bhd. and Perspektif Pertama Sdn. Bhd. do not have any material financial impact to the Group.

(d) OSK Holdings Berhad ("OSKH" or "The Company") entered into a Joint Development Agreement Term Sheet ("JDA-TS") With Marubeni Corporation ("Marubeni")

On 19 August 2019, the Company entered into a JDA-TS with Marubeni to jointly submit a bid in response to the Request for Proposal (RFP) by Energy Commission of Malaysia for a Large Scale Solar Photovoltaic Plant in Peninsular Malaysia ("LSS3 Project") ("Joint Development").

Marubeni is a company incorporated in Japan and is one of the largest Independent Power Producers in the world, owning and operating a global portfolio of around 41,041MW, and having acted as Engineering Procurement Construction contractor in completing 110,174MW of power projects.

With this Joint Development, the Company and Marubeni (collectively referred to as the "Parties") plan to jointly develop, operate and maintain the LSS3 Project. The Joint Development will enable the Company and Marubeni to share experience and expertise in various areas, including but not limited to the engineering, procurement and construction works of the LSS3 Project.

The salient terms and conditions of the JDA-TS include, amongst others, the following:

- (a) The Parties, through their affiliate company or subsidiary company (where applicable), intend to form a special purpose company pursuant to the Companies Act 2016 for development of the LSS3 Project ("Project Company").
- (b) The proportions of the Parties' participating interest shall be 51% for OSKH and 49% for Marubeni.
- (c) The JDA-TS shall be terminated among others, when any one of the following situations occurs:
 - (i) Tendering process being cancelled by Energy Commission of Malaysia;
 - (ii) Failure to obtain bid award from Energy Commission of Malaysia;
 - (iii) Execution of the Shareholders' Agreement for the Project Company which shall replace the JDA-TS;
 - (iv) Insolvency of either party; or
 - (v) Upon agreement of the Parties.

The Joint Development is not expected to have any material financial impact to the Group for the financial year ending 31 December 2019.

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

There were no material subsequent events after the end of the current quarter.

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019
A10. Commitments

	As at 30.9.2019 RM'000	As at 31.12.2018 RM'000
(a) Significant unrecognised contractual commitments		
Contracted but not provided for:		
- Acquisition of office equipment and software licences	1,003	1,121
- Acquisition of plant and equipment for Industries segment	3,200	-
- Factory expansion	4,972	-
- Renovation costs	936	1,166
	10,111	2,287
(b) Operating lease commitments - the Group as lessor		
Not later than one year	28,490	26,275
Later than one year and not later than five years	33,167	34,663
Later than five years	34,376	32,713
	96,033	93,651

A11. Changes in contingent liabilities or contingent assets

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

A12. Significant related party transactions

Entities	Nature of transactions	Income/(Expenses) Current year to date ended 30.9.2019 RM'000
(a) Associated companies:		
Agile PJD Development Sdn. Bhd.	- Rental income	331
RHB Asset Management Sdn. Bhd.	- Fund distribution income	7,221
RHB Bank Berhad	- Office rental income	633
	- Interest income	285
	- Interest expense	(17,719)
RHB Islamic Bank Berhad	- Interest expense	(9,153)
(b) Other related parties:		
DC Services Sdn. Bhd.	- Insurance premium expense	(731)
Dindings Consolidated Sdn. Bhd.	- Construction revenue	315
	- Office rental income	486
Dindings Design Sdn. Bhd.	- Renovation costs	(16,273)
Dindings Life Agency Sdn. Bhd.	- Insurance premium expense	(410)
Nova Terrace Sdn. Bhd.	- Project management fee income	316
Raslan Loong, Shen & Eow	- Legal fees expense	(1,377)
Sincere Source Sdn. Bhd.	- Insurance premium expense	(1,606)

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**A13. Fair value measurement**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.
- Level 2: valuation techniques for which all inputs that have a significant effect on the recorded fair values are observable for the assets, either directly or indirectly.
- Level 3: valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data for the assets.

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
As at 30.9.2019				
Non-financial assets				
Biological assets	-	-	160	160
Investment properties	-	103,389	362,587	465,976
Financial assets				
Securities at fair value through profit or loss	190	-	-	190
Short term funds	348,276	-	-	348,276
	348,466	103,389	362,747	814,602
As at 31.12.2018				
Non-financial assets				
Biological assets	-	-	144	144
Investment properties	-	91,518	361,200	452,718
Financial assets				
Securities at fair value through profit or loss	248	-	-	248
Short term funds	376,928	-	-	376,928
	377,176	91,518	361,344	830,038

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the last bid price.

Financial instruments carried at amortised cost

The carrying amounts of financial assets and financial liabilities which were classified as amortised cost assets were approximated their fair values. These financial assets and liabilities including trade and other receivables or payables, capital financing, cash and bank balances, medium term notes and Sukuk and borrowings.

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019
PART B - Explanatory Notes Pursuant to Chapter 9, Part K - Periodic Disclosures, Part A of Appendix 9B, of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")
B1. Performance analysis of the Group for the current quarter and current year to date ended 30 September 2019

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

	Current quarter ended 30.9.2019 3Q19 RM'000	Comparative quarter ended 30.9.2018 3Q18 RM'000	%	Current year to date ended 30.9.2019 9M19 RM'000	Preceding year to date ended 30.9.2018 9M18 RM'000	%
			change			change
Revenue						
1. Property	198,703	215,392	(8%)	583,380	524,120	11%
<i>Construction revenue</i>	68,282	69,841	(2%)	187,729	211,491	(11%)
<i>Inter-segment revenue</i>	(68,025)	(68,940)	1%	(187,188)	(200,992)	7%
2. Construction	257	901	(71%)	541	10,499	(95%)
3. Industries	71,796	84,711	(15%)	217,879	215,925	1%
4. Hospitality	24,238	33,979	(29%)	60,020	85,914	(30%)
<i>Capital Financing</i>	18,856	14,836	27%	49,810	46,562	7%
<i>Investment Holding</i>	1,873	1,421	32%	4,363	3,655	19%
5. Financial Services & Investment Holding	20,729	16,257	28%	54,173	50,217	8%
Revenue	315,723	351,240	(10%)	915,993	886,675	3%
Pre-tax profit/(loss)						
1. Property	56,100	26,093	115%	134,972	67,294	101%
2. Construction	(3,488)	2,081	(>100%)	(2,433)	7,420	(>100%)
3. Industries	7,775	8,018	(3%)	21,070	21,368	(1%)
<i>Hospitality performance</i>	(1,731)	2,253	(>100%)	(9,103)	(4,997)	(82%)
<i>Gain on disposal of a hotel property</i>	-	-		-	17,505	
4. Hospitality	(1,731)	2,253		(9,103)	12,508	
<i>Capital Financing</i>	8,522	7,282	17%	24,060	20,404	18%
<i>Investment Holding</i>	48,956	39,222	25%	148,041	116,762	27%
<i>Listing expense</i>	-	(12,332)		-	(12,332)	
5. Financial Services & Investment Holding	57,478	34,172	68%	172,101	124,834	38%
Pre-tax profit	116,134	72,617	60%	316,607	233,424	36%
Comprised of:						
Pre-tax profit from the business	50,471	13,777	266%	111,801	51,596	117%
Share of results of associated companies and a joint venture	65,663	58,840	12%	204,806	181,828	13%
Pre-tax profit	116,134	72,617	60%	316,607	233,424	36%

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**B1. Performance analysis of the Group for the current quarter and current year to date ended 30 September 2019 (Cont'd)***(a) Current Year To Date ("9M19") compared with Preceding Year To Date ("9M18")*

The Group registered revenue of RM915.99 million and pre-tax profit of RM316.61 million in 9M19 compared with revenue of RM886.68 million and pre-tax profit of RM228.24 million (excluding a gain on disposal of hotel property of RM17.51 million and listing expense of RM12.33 million) in 9M18, representing an increase of RM88.37 million or 39% in pre-tax profit. The improvement in pre-tax profits were mainly contributed by the Property and Financial Services Segments.

The Property Segment registered revenue of RM583.38 million and pre-tax profit of RM134.97 million in 9M19 compared with revenue of RM524.12 million and pre-tax profit of RM67.29 million in 9M18, representing an increase of RM59.26 million or 11% in revenue and RM67.68 million or 101% in pre-tax profit. The increase in revenue and pre-tax profit were due to progress billings from existing projects i.e. Windmill, Luminari and TimurBay as these projects reached advanced construction progress and with a high take-up rate. Besides that, the results of this Segment were further boosted by share of profits of associated companies which saw an increase in share of pre-tax profit of RM29.38 million in 9M19 compared to RM19.38 million in 9M18.

The Melbourne Square project in Australia has recorded a take-up rate of above 72% since its launch and the construction is progressing as scheduled. The completion and handover of the completed units anticipated in early 2020 will contribute positively to the Segment's results in FY2020 onwards.

The total unbilled sales of RM1.69 billion will form the bedrock for future profit contribution.

The Construction Segment generated revenue of RM187.73 million and pre-tax loss of RM2.43 million in 9M19 compared with revenue of RM211.49 million and pre-tax profit of RM7.42 million in 9M18, representing a decrease of RM23.76 million or 11% in revenue and RM9.85 million in pre-tax performance. The losses recorded in 9M19 were mainly due to lower profit margins from projects undertaken i.e. Windmill and TimurBay whilst new projects awarded i.e. You City III and Ryan & Miho have not reached advanced billings for any significant profit contribution.

The Industries Segment registered revenue of RM217.88 million and pre-tax profit of RM21.07 million in 9M19 compared with revenue of RM215.93 million and pre-tax profit of RM21.37 million in 9M18. The performance of this Segment remained stable on the back of secured orders.

The Hospitality Segment registered revenue of RM60.02 million and pre-tax loss of RM9.10 million in 9M19 compared with revenue of RM85.91 million and pre-tax loss of RM5.00 million (excluding a one-off gain from the disposal of hotel property of RM17.51 million) in 9M18. The revenue decreased by RM25.89 million or 30% and pre-tax losses increased by RM4.10 million or 82%. The lower revenue recorded were mainly due to deconsolidation of results of 2 hotel properties upon their disposal. The Hotel Division's performance was affected by low occupancy rates and declining room rates coupled with pre-opening expenses incurred on Swiss-Garden Genting Highlands during the current quarter.

The Capital Financing Division posted revenue of RM49.81 million and pre-tax profit of RM24.06 million in 9M19 compared with revenue of RM46.56 million and pre-tax profit of RM20.40 million in 9M18, representing an increase of RM3.25 million or 7% in revenue and RM3.66 million or 18% in pre-tax profit. The Capital Financing Division reported better performance mainly due to the growth of the lending portfolio.

The Investment Holding Division contributed pre-tax profit of RM148.04 million in 9M19 compared with RM104.43 million in 9M18, representing an increase of RM43.61 million or 27% in pre-tax profit. The pre-tax profit of the Division improved mainly due to a one-off listing expense of RM12.33 million that was incurred in the previous corresponding period, higher share of profit of RHB group at RM175.43 million in 9M19 compared to RM162.44 million in 9M18 coupled with lower financing costs incurred in 9M19.

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**B1. Performance analysis of the Group for the current quarter and current year to date ended 30 September 2019 (Cont'd)***(b) Current Quarter ("3Q19") compared with Comparative Quarter of Preceding Year ("3Q18")*

The Group registered revenue of RM315.72 million and pre-tax profit of RM116.13 million in 3Q19 compared with revenue of RM351.24 million and pre-tax profit of RM84.95 million (excluding the charge out of listing expense of RM12.33 million) in 3Q18, representing a decrease of RM35.52 million or 10% in revenue and an increase of RM31.18 million or 37% in pre-tax profit. The pre-tax profit in 3Q19 improved significantly which was mainly contributed by Property and Financial Services Segments.

The Property Segment recorded revenue of RM198.70 million and pre-tax profit of RM56.10 million in 3Q19 compared with revenue of RM215.39 million and pre-tax profit of RM26.09 million in 3Q18, representing a decrease of RM16.69 million or 8% in revenue and an increase of RM30.01 million or 2.15 times in pre-tax profit. The pre-tax profit improved substantially due to higher share of profit of associated companies and reversal of costs provided no longer required upon completion of certain projects.

The Construction Segment registered revenue of RM68.28 million and pre-tax loss of RM3.49 million in 3Q19 compared with revenue of RM69.84 million and pre-tax profit of RM2.08 million in 3Q18, representing a decrease of RM1.56 million or 2% in revenue and RM5.57 million in pre-tax performance. The decrease in pre-tax performance was mainly due to lower profit from the on-going projects i.e. Windmill, TimurBay and Iringan Bayu.

The Industries Segment registered revenue of RM71.80 million and pre-tax profit of RM7.78 million in 3Q19 compared with revenue of RM84.71 million and pre-tax profit of RM8.02 million in 3Q18, representing a decrease of RM12.91 million or 15% in revenue and RM0.24 million or 3% in pre-tax profit. The reduction in revenue and pre-tax profit for both the Cables and Acotec IBS were mainly due to sales achieved on different composition of products.

The Hospitality Segment reported revenue of RM24.24 million and pre-tax loss of RM1.73 million in 3Q19 compared with revenue of RM33.98 million and pre-tax profit of RM2.25 million in 3Q18, representing a decrease of RM9.74 million or 29% in revenue and RM3.98 million in pre-tax performance. The decrease in revenue was mainly due to deconsolidation of results of hotel that was disposed in last quarter of year 2018. Overall losses were recorded for this Segment as profit earned from the sale of membership in Vacation Club were not sufficient to cushion the losses from hotel operations. The hotel operations continue to suffer from low occupancy and room rates.

The Capital Financing Division registered revenue of RM18.86 million and pre-tax profit of RM8.52 million in 3Q19 compared with revenue of RM14.84 million and pre-tax profit of RM7.28 million in 3Q18, representing an increase of RM4.02 million or 27% in revenue and RM1.24 million or 17% in pre-tax profit. The performance of this Division improved due to higher interest income generated from higher loan disbursement.

The Investment Holding Division reported pre-tax profit of RM48.96 million in 3Q19 compared with RM26.89 million in 3Q18, representing an increase of RM22.07 million or 25% in pre-tax profit. The performance in 3Q18 was affected by listing expense of RM12.33 million that was charged out. Excluding the impact of the foregoing, the increase in pre-tax profit was mainly due to higher contribution from share of RHB group's profit of RM58.16 million in 3Q19 as compared to RM54.02 million in 3Q18 and lower financing cost incurred in 3Q19.

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019
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:

Overall performance analysis for current quarter compared with immediate preceding quarter

	Current quarter ended 30.9.2019 3Q19 RM'000	Immediate preceding quarter ended 30.6.2019 2Q19 RM'000	%
			change
Revenue			
1. Property	198,703	226,738	(12%)
<i>Construction revenue</i>	68,282	61,083	12%
<i>Inter-segment revenue</i>	(68,025)	(61,058)	(11%)
2. Construction	257	25	928%
3. Industries	71,796	75,638	(5%)
4. Hospitality	24,238	17,535	38%
<i>Capital Financing</i>	18,856	15,071	25%
<i>Investment Holding</i>	1,873	1,395	34%
5. Financial Services & Investment Holding	20,729	16,466	26%
Revenue	315,723	336,402	(6%)
Pre-tax profit/(loss)			
1. Property	56,100	36,432	54%
2. Construction	(3,488)	366	(>100%)
3. Industries	7,775	6,954	12%
4. Hospitality	(1,731)	(4,813)	64%
<i>Capital Financing</i>	8,522	7,738	10%
<i>Investment Holding</i>	48,956	47,596	3%
5. Financial Services & Investment Holding	57,478	55,334	4%
Pre-tax profit	116,134	94,273	23%
Comprised of:			
Pre-tax profit from the business	50,471	28,210	79%
Share of results of associated companies and a joint venture	65,663	66,063	(1%)
Pre-tax profit	116,134	94,273	23%

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**B2. Commentary on pre-tax profit for current quarter compared with immediate preceding quarter (Cont'd)***Current Quarter ("3Q19") compared with Immediate Preceding Quarter ("2Q19")*

The Group registered revenue of RM315.72 million and pre-tax profit of RM116.13 million in 3Q19 compared with revenue of RM336.40 million and pre-tax profit of RM94.27 million in 2Q19, representing a decrease of RM20.68 million or 6% in revenue and an increase of RM21.86 million or 23% in pre-tax profit. The pre-tax performance in 3Q19 have improved during the quarter substantially due to Property Segments coupled with the contribution from Financial Services Segment.

The Property Segment recorded revenue of RM198.70 million and pre-tax profit of RM56.10 million in 3Q19 compared with revenue of RM226.74 million and pre-tax profit of RM36.43 million in 2Q19, representing a decrease of RM28.04 million or 12% in revenue and an increase of RM19.67 million or 54% in pre-tax profit. The higher per-tax profit reported was due to increase in progress billings for all existing projects. The sales picked-up following the successful of Home Ownership Programme as reported in the last quarter. The profit were further boosted by reversal of certain provision of expenses no longer required.

The Construction Segment recorded revenue of RM68.28 million and pre-tax loss of RM3.49 million in 3Q19 compared with revenue of RM61.08 million and pre-tax profit of RM0.37 million in 2Q19, representing an increase of RM7.20 million or 12% in revenue and a decrease of RM3.86 million in pre-tax performance. The performance of this Segment were affected by lower profit from some of the projects undertaken were at its initial stage of construction.

The Industries Segment recorded revenue of RM71.80 million and pre-tax profit of RM7.78 million in 3Q19 compared with revenue of RM75.64 million and pre-tax profit of RM6.95 million in 2Q19, representing an increase of RM0.83 million or 12% in pre-tax profit. This Segment recorded higher profit margin from variation of composition of products sold.

The Hospitality Segment registered revenue of RM24.24 million and pre-tax loss of RM1.73 million in 3Q19 compared with revenue of RM17.54 million and pre-tax loss of RM4.81 million in 2Q19, representing an increase of RM6.70 million or 38% in revenue and a decrease of RM3.08 million or 64% in pre-tax loss. The performance of the Hotel Division was affected by the fasting month in the preceding quarter and saw a pick-up in the current quarter. Sale of membership of Vacation Club also saw an improvement that gave rise to higher profit recognised.

The Capital Financing Division recorded revenue of RM18.86 million and pre-tax profit of RM8.52 million in 3Q19 compared with revenue of RM15.07 million and pre-tax profit of RM7.74 million in 2Q19, representing an increase of RM3.79 million or 25% in revenue and RM0.78 million or 10% in pre-tax profit. The increase in revenue and pre-tax profit mainly due to increase in capital financing portfolio.

The Investment Holding Division reported pre-tax profit of RM48.96 million in 3Q19 compared with RM47.60 million in 2Q19, representing an increase of RM1.36 million or 3% in pre-tax profit mainly due to higher share of profits of RHB group.

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**B3. Commentary on remaining year prospects and progress on previously announced revenue or profit forecast****(a) Prospects for the remaining year 2019**

The performance of the **Property Development Division** will continue to be led by sales and progress billings from on-going projects i.e. (i) Ryan & Miho in Section 13, Petaling Jaya; (ii) Phase 1 - Pastura, Phase 2 - Astera and Phase 3A - Semaya at Iringan Bayu township in Seremban; (iii) You City III in Cheras; and (iv) Precinct 4 in Bandar Puteri Jaya in Sungai Petani, Kedah with combined gross development value ("GDV") amounting to RM1.80 billion. In addition, the Division will complete 2 projects in the remaining year namely TimurBay and Luminari which have achieved high take-up rates. The extension of Home Ownership Programme till end of year 2019 will continue to boost sales of the foregoing projects.

The Group will launch 2 new phases i.e. Phase 3B - 318 units of Double Storey Terrace Homes at the Iringan Bayu township in Seremban and Zone 2 of Precinct 3 comprising 32 units of Single Storey Bungalow at Bandar Puteri Jaya in Sungai Petani, Kedah with a combined GDV of RM134.37 million in the last quarter of 2019.

The Melbourne Square project in Australia has recorded take-up rate of above 72% since its launch and the construction is progressing as scheduled. FY2020 is expected to see the maiden profit recognition from Melbourne Square upon completion and settlement of Stage 1.

As at 30 September 2019, the Group has effective unbilled sales of RM1.69 billion with minimal unsold completed stocks. The Group currently has a land bank of 1,722 acres with an estimated effective GDV of RM10.60 billion in Klang Valley, Sungai Petani, Butterworth, Kuantan, Seremban and Melbourne, Australia.

The Property Investment Division is expected to contribute steady rental income from its office and retail tenants. Plaza OSK has achieved full occupancy whilst Faber Towers and Atria Shopping Gallery have seen a gradual increase in occupancy over the period.

The Construction Segment will continue to focus on delivering its current outstanding order book of RM267.24 million as at 30 September 2019 within the stipulated time given.

The Industries Segment is anticipated to perform satisfactorily as it continues to tap on private and public sector projects undertaken by its existing customers. In addition, it will also expand its customer base through new product offerings and continuous research and development to improve its existing products.

The Hospitality Segment is expected to improve with marketing efforts to attract local and foreign travellers. Renovation plans for some of the hotel properties are already underway. Occupancy and room rates are expected to increase once the renovations are completed. Swiss-Garden Beach Resort Damai Laut has entered into a Branding and Management Agreement with Hilton in July 2019. The re-branding exercise to DoubleTree by Hilton Damai Laut Resort is expected to be completed by the middle of 2020. We are optimistic that the re-branding will positively impact the performance of the property. The Vacation Club Division's new 15-years SGI Vacation Club Membership Scheme 2 which was launched in last quarter of year 2018 will form the main revenue source for this Division in addition to contribution from the annual maintenance fees from the existing 30-years scheme.

The performance of **Financial Services & Investment Holding Segment** is dependent on RHB Group's performance and business expansion of the capital financing portfolio. This Segment is expected to perform well in the last quarter of the year.

The Board is confident that the Group will deliver a strong set of results for the remainder of the year in spite of the challenging market environment.

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**B3. Commentary on remaining year prospects and progress on previously announced revenue or profit forecast (Cont'd)****(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 30.9.2019 RM'000	Current year to date ended 30.9.2019 RM'000
In respect of the current year income tax	(9,285)	(42,648)
Over provision of income tax in respect of prior years	3,154	4,584
Deferred income tax	(814)	7,422
Income tax expense	<u>(6,945)</u>	<u>(30,642)</u>

Excluding share of results of associated companies and a joint venture, the effective tax rate for the current year to date is higher than the statutory tax rate of 24% mainly due to non-deductibility of certain expenses 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

As at 18 November 2019 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report):

(a) Status of corporate proposal announced but not completed

There were no corporate proposals announced but not completed.

(b) Status of utilisation of proceeds raised from any corporate proposal

There were no proceeds raised from any corporate proposal.

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019
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") and Vietnamese Dong ("VND"), are as follows:

(a) Debt securities

	Non-current	Current	Total
	RM'000	RM'000	RM'000
As at 30.9.2019			
Secured			
Medium term notes and Sukuk - MYR	1,175,641	24,883	1,200,524
As at 31.12.2018			
Secured			
Medium term notes and Sukuk - MYR	1,069,190	40,329	1,109,519

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

(b) Borrowings

	Non-current		Current		Total
	Foreign		Foreign		
	Currency		Currency		
	'000	RM'000	'000	RM'000	RM'000
As at 30.9.2019					
Secured					
Revolving credits - MYR	-	-	-	167,449	167,449
Term/Bridging - MYR	-	243,282	-	18,801	262,083
		243,282		186,250	429,532
Unsecured					
Revolving credits - MYR	-	-	-	700,084	700,084
Trust receipt - VND (100 : 0.0181)	-	-	VND30,263,022	5,476	5,476
		-		705,560	705,560
Total		243,282		891,810	1,135,092
As at 31.12.2018					
Secured					
Bankers' acceptances - MYR	-	-	-	5,280	5,280
Revolving credits - MYR	-	-	-	180,050	180,050
Term/Bridging - MYR	-	424,189	-	88,300	512,489
		424,189		273,630	697,819
Unsecured					
Bank overdrafts - MYR	-	-	-	282	282
Revolving credits - MYR	-	-	-	663,355	663,355
Trust receipt - VND (100 : 0.0179)	-	-	VND20,907,249	3,739	3,739
		-		667,376	667,376
Total		424,189		941,006	1,365,195

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**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") and Vietnamese Dong ("VND"), are as follows: (Cont'd)

(c) Commentaries on the Group borrowings and debt securities

- (i) During the period, there were no material changes in borrowings other than the changes for working capital requirements. The details of MTN and Sukuk are disclosed in Note A5(c), (d) and (e);
- (ii) The decrease in the borrowings were due to repayment of borrowings; and
- (iii) The VND30.26 billion (equivalent to approximately RM5.48 million) borrowings has not been hedged due to the borrowings were used as working capital for business operations in Vietnam.

B9. Changes in material litigation

Since the date of the last annual report, the Group is not engaged in any material litigation which might materially and adversely affect the financial position of the Group.

B10. Dividends declaration for the current year to date

	Current year to date ended 30.9.2019	Preceding year to date ended 30.9.2018
(a) Dividend payable / paid single-tier interim to the dividend per share (RM'000)	41,544	41,544
Single-tier interim dividend per share (sen)	2.0	2.0
Number of ordinary share on which dividend was declared ('000)	2,077,200	2,077,200
Date of payment after end of current quarter	3.10.2019	10.10.2018
	<hr/> 2.0	<hr/> 2.0
(b) Total dividend declared for the current year to date per ordinary share	<hr/> 2.0	<hr/> 2.0

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019
B11. Earnings Per Share ("EPS")

	Current quarter ended 30.9.2019	Comparative quarter ended 30.9.2018	Current year to date ended 30.9.2019	Preceding year to date ended 30.9.2018
(a) Basic				
Profit attributable to Owners of the Company (RM'000)	107,577	63,522	281,837	193,838
Weighted average number of ordinary shares outstanding ('000)	2,077,200	2,077,200	2,077,200	2,077,200
Basic EPS (sen)	5.18	3.06	13.57	9.33
(b) Diluted				
Profit attributable to Owners of the Company (RM'000)	107,577	63,522	281,837	193,838
Weighted average number of ordinary shares outstanding ('000)	2,077,200	2,077,200	2,077,200	2,077,200
Effect of dilution of assumed conversion of Warrants C 2015/2020 ('000) [^]	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	2,077,200	2,077,200	2,077,200	2,077,200
Diluted EPS (sen)	5.18	3.06	13.57	9.33

[^] 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.

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019
B13. Items included in the Statement of Profit or Loss and Statement of Comprehensive Income

	Current quarter ended 30.9.2019 RM'000	Comparative quarter ended 30.9.2018 RM'000	Current year to date ended 30.9.2019 RM'000	Preceding year to date ended 30.9.2018 RM'000
Profit before tax is arrived at after crediting/(charging):				
(i) <u>Revenue</u>				
Interest income	16,336	12,160	43,892	38,395
Rental income	10,386	9,516	31,424	28,592
(ii) <u>Cost of sales</u>				
Interest expense	(5,259)	(3,922)	(15,114)	(12,393)
(iii) <u>Other income</u>				
Dividend income	-	-	-	23
Funds distribution income	2,556	1,531	8,121	4,747
Gain on disposals of property, plant and equipment	260	80	476	17,687
Gain on fair valuation of biological assets	-	68	16	129
Gain on foreign exchange transactions	39	-	245	158
Gain on foreign exchange translations	35	-	52	-
Interest income	1,047	1,630	5,002	4,649
Recovery of bad debts of:				
- capital financing	1	-	132	1
- trade receivables	-	421	-	1,235
Write back of allowance for impairment losses on:				
- capital financing:				
- individual assessment	-	210	18	231
- trade and other receivables:				
- individual assessment	1,710	524	1,746	767
(iv) <u>Administrative expenses</u>				
Depreciation and amortisation	(5,431)	(5,806)	(16,153)	(17,141)
(v) <u>Other items of expense</u>				
Impairment loss on:				
- capital financing:				
- individual assessment	-	(158)	-	(158)
- intangible asset	(12)	-	(12)	-
- trade and other receivables:				
- collective assessment	(481)	(25)	(277)	-
- individual assessment	(40)	(2,676)	(405)	(2,902)
Listing expense	-	(12,332)	-	(12,332)
Loss on disposals of plant and equipment	(4)	(10)	(17)	(10)
Loss on fair valuation of:				
- biological assets	(19)	-	-	-
- securities at fair value through profit or loss	(2)	(5)	(58)	(65)
Loss on foreign exchange transactions	(8)	(30)	(47)	(24)
Loss on foreign exchange translations	-	(306)	(39)	(838)
Write off of:				
- bad debts on trade and other receivables	-	(224)	-	(554)
- plant and equipment	(84)	(4)	(117)	(720)

QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**B13. Items included in the Statement of Profit or Loss and Statement of Comprehensive Income (Cont'd)**

	Current quarter ended	Comparative quarter ended	Current year to date ended	Preceding year to date ended
Profit before tax is arrived at after crediting/(charging):	30.9.2019	30.9.2018	30.9.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
(vi) <u>Finance costs</u>				
Interest expense	(15,747)	(18,836)	(46,557)	(58,999)

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

There were no outstanding derivative financial instruments as at 30 September 2019.

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 year to date ended 30 September 2019.

By Order of the Board

Tan Sri Ong Leong Huat
Executive Chairman
Kuala Lumpur
25 November 2019