

QUARTERLY REPORT FOR THE FIRST QUARTER 2020

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

| | Note | As at 31.3.2020 RM'000 | As at 31.12.2019 RM'000 |
|---|-------|------------------------------|-------------------------------|
| Assets: | | | |
| Non-current | | | |
| Property, plant and equipment | | 602,015 | 605,518 |
| Investment properties | | 465,328 | 464,780 |
| Investments in associated companies and a joint venture | | 3,705,890 | 3,681,201 |
| Intangible assets | | 1,141 | 1,205 |
| Right-of-use assets | | 76,132 | 78,886 |
| Inventories | | 1,205,674 | 1,198,764 |
| Deferred tax assets | | 92,551 | 93,891 |
| Capital financing | | 188,559 | 182,629 |
| Trade receivables | | 40,356 | 26,080 |
| Other assets | | 882 | 882 |
| | | 6,378,528 | 6,333,836 |
| Current | | | |
| Inventories | | 334,749 | 355,129 |
| Capital financing | | 665,229 | 594,557 |
| Trade receivables | | 206,345 | 254,533 |
| Contract assets | | 113,208 | 129,742 |
| Other assets | | 80,413 | 79,238 |
| Derivative assets | | 2,693 | - |
| Biological assets | | 180 | 251 |
| Tax recoverable | | 14,024 | 12,038 |
| Securities at fair value through profit or loss | | 162 | 264 |
| Cash, bank balances and short term funds | | 634,676 | 585,844 |
| | | 2,051,679 | 2,011,596 |
| Assets of disposal group classified as held for sale | A8(b) | 22,284 | 21,998 |
| | | 2,073,963 | 2,033,594 |
| Total Assets | | 8,452,491 | 8,367,430 |

QUARTERLY REPORT FOR THE FIRST QUARTER 2020

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020 (CONT'D)**

| | Note | As at 31.3.2020 RM'000 | As at 31.12.2019 RM'000 |
|--|-------------------------|------------------------------|-------------------------------|
| Liabilities: | | | |
| Non-current | | | |
| Medium term notes and Sukuk Borrowings | A5(c),(d),(e), B8(a)(i) | 1,236,180 | 1,156,057 |
| Trade payables | B8(a)(ii) | 348,757 | 237,380 |
| Contract liabilities | | 17,543 | 17,543 |
| Lease liabilities | | 102,995 | 107,131 |
| Other liabilities | | 18,738 | 20,801 |
| Deferred tax liabilities | | 6,469 | 6,469 |
| | | 114,940 | 115,546 |
| | | 1,845,622 | 1,660,927 |
| Current | | | |
| Medium term notes and Sukuk Borrowings | A5(c),(d),(e), B8(a)(i) | 24,871 | 24,871 |
| Trade payables | B8(a)(ii) | 874,600 | 960,224 |
| Contract liabilities | | 83,495 | 80,079 |
| Lease liabilities | | 48,762 | 33,516 |
| Tax payable | | 8,386 | 8,894 |
| Other liabilities | | 8,926 | 11,209 |
| | | 470,127 | 514,126 |
| | | 1,519,167 | 1,632,919 |
| Liabilities of disposal group classified as held for sale | A8(b) | 9,980 | 10,135 |
| | | 1,529,147 | 1,643,054 |
| Total Liabilities | | 3,374,769 | 3,303,981 |
| Net Assets | | 5,077,722 | 5,063,449 |
| Equity: | | | |
| Share capital | | 2,095,310 | 2,095,310 |
| Treasury shares, at cost | A5(a) | (36,674) | (35,636) |
| | | 2,058,636 | 2,059,674 |
| Reserves | | 2,945,563 | 2,929,789 |
| Issued capital and reserves attributable to Owners of the Company | | 5,004,199 | 4,989,463 |
| Non-controlling interests | | 73,523 | 73,986 |
| | | 5,077,722 | 5,063,449 |
| Total Equity | | 5,077,722 | 5,063,449 |
| Net Assets per share attributable to Owners of the Company (RM) | | 2.42 | 2.41 |
| Number of outstanding ordinary shares in issue ('000) | | 2,070,813 | 2,071,836 |

(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 2019)

QUARTERLY REPORT FOR THE FIRST QUARTER 2020

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

| | Note | Current quarter ended 31.3.2020 RM'000 | Comparative quarter ended 31.3.2019 RM'000 | Current year to date ended 31.3.2020 RM'000 | Preceding year to date ended 31.3.2019 RM'000 |
|---|--------|---|--|--|---|
| Revenue | | 255,727 | 263,868 | 255,727 | 263,868 |
| Cost of sales | | (188,949) | (181,795) | (188,949) | (181,795) |
| Gross profit | | 66,778 | 82,073 | 66,778 | 82,073 |
| Other income | | 6,763 | 9,389 | 6,763 | 9,389 |
| Administrative expenses | | (47,797) | (43,223) | (47,797) | (43,223) |
| Other expenses | | (6,578) | (194) | (6,578) | (194) |
| | | 19,166 | 48,045 | 19,166 | 48,045 |
| Finance costs | | (13,969) | (14,925) | (13,969) | (14,925) |
| | | 5,197 | 33,120 | 5,197 | 33,120 |
| Share of results of associated companies and a joint venture, net of tax | | 81,786 | 73,080 | 81,786 | 73,080 |
| Profit before tax | B13 | 86,983 | 106,200 | 86,983 | 106,200 |
| Tax expense | B6 | (9,352) | (13,330) | (9,352) | (13,330) |
| Profit after tax | | 77,631 | 92,870 | 77,631 | 92,870 |
| Profit attributable to: | | | | | |
| Owners of the Company | | 76,766 | 91,355 | 76,766 | 91,355 |
| Non-controlling interests | | 865 | 1,515 | 865 | 1,515 |
| | | 77,631 | 92,870 | 77,631 | 92,870 |
| Earnings per share attributable to Owners of the Company (sen): | | | | | |
| Basic | B11(a) | 3.71 | 4.40 | 3.71 | 4.40 |
| Diluted | B11(b) | 3.71 | 4.40 | 3.71 | 4.40 |

(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 2019)

QUARTERLY REPORT FOR THE FIRST QUARTER 2020

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

| | Current quarter ended 31.3.2020 | Comparative quarter ended 31.3.2019 | Current year to date ended 31.3.2020 | Preceding year to date ended 31.3.2019 |
|---|--|--|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit after tax | 77,631 | 92,870 | 77,631 | 92,870 |
| Other comprehensive (expenses)/income for the period, net of tax | | | | |
| (a) Items of other comprehensive (expenses)/income: Will be reclassified subsequently to profit or loss when specific conditions are met: | | | | |
| - <i>Cash flow hedge</i> | (5,173) | - | (5,173) | - |
| - <i>Foreign currency translation</i> | 196 | (255) | 196 | (255) |
| | (4,977) | (255) | (4,977) | (255) |
| (b) The share of other comprehensive income/ (expenses) and reserves of associated companies accounted for using equity method: | | | | |
| (i) Items that will not be reclassified subsequently to profit or loss: | | | | |
| - <i>Fair values through other comprehensive income ("FVTOCI") and other reserves</i> | 293 | 390 | 293 | 390 |
| (ii) Items that will be reclassified subsequently to profit or loss when specific conditions are met: | | | | |
| - <i>Foreign currency translation reserves</i> | (17,600) | (7,607) | (17,600) | (7,607) |
| - <i>FVTOCI and other reserves</i> | (39,790) | 43,055 | (39,790) | 43,055 |
| | (57,097) | 35,838 | (57,097) | 35,838 |
| Total other comprehensive (expenses)/income for the period, net of tax | (62,074) | 35,583 | (62,074) | 35,583 |
| Total comprehensive income | 15,557 | 128,453 | 15,557 | 128,453 |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | 15,504 | 127,066 | 15,504 | 127,066 |
| Non-controlling interests | 53 | 1,387 | 53 | 1,387 |
| | 15,557 | 128,453 | 15,557 | 128,453 |

(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 2019)

QUARTERLY REPORT FOR THE FIRST QUARTER 2020

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

| Note | Attributable to Owners of the Company | | | | | | | | | | Total equity | |
|---|---------------------------------------|------------------------------|---------------------|---------------------------------------|-----------------|----------------|------------------|---|---------------------------|--------------|--------------|-----------|
| | Share capital | Treasury shares [Note A5(a)] | Revaluation reserve | Foreign currency translation reserves | Hedging reserve | Other reserves | Retained profits | Total share issued 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 | RM'000 | RM'000 | RM'000 |
| As at 1.1.2020 | 2,095,310 | (35,636) | 63,451 | 11,221 | - | 111,790 | 2,743,327 | 4,989,463 | 73,986 | 5,063,449 | | |
| Profit after tax | - | - | - | - | - | - | 76,766 | 76,766 | 865 | 77,631 | | |
| Fair value loss on cash flow hedge | - | - | - | - | (5,173) | - | - | (5,173) | - | (5,173) | | (5,173) |
| Foreign currency translation gain | - | - | - | 190 | - | - | - | 190 | 6 | 196 | | 196 |
| Share of other comprehensive expenses and reserves of associated companies accounted for using equity method: | | | | | | | | | | | | |
| - Foreign currency translation reserves | - | - | - | (16,782) | - | - | - | (16,782) | (818) | (17,600) | | (17,600) |
| - FVTOCI and other reserves | - | - | - | - | - | (39,497) | - | (39,497) | - | (39,497) | | (39,497) |
| Other comprehensive expenses | - | - | - | (16,592) | (5,173) | (39,497) | - | (61,262) | (812) | (62,074) | | (62,074) |
| Total comprehensive (expenses)/income | - | - | - | (16,592) | (5,173) | (39,497) | 76,766 | 15,504 | 53 | 15,557 | | 15,557 |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | - | - | (23) | (23) | | (23) |
| Total distributions to Owners | - | - | - | - | - | - | - | - | (23) | (23) | | (23) |
| Acquisitions of additional interests in a subsidiary company from non-controlling interests: | | | | | | | | | | | | |
| - Accretion of equity interests | - | - | - | - | - | - | - | - | (564) | (564) | | (564) |
| - Gain on acquisitions | - | - | - | - | - | - | 314 | 314 | - | 314 | | 314 |
| Exercise of warrants of a subsidiary company: | | | | | | | | | | | | |
| - Shares issued by a subsidiary company | - | - | - | - | - | - | - | - | 27 | 27 | | 27 |
| - Effects of dilution of interests in a subsidiary company | - | - | - | - | - | - | (44) | (44) | 44 | - | | - |
| Total changes in ownership interest in a subsidiary company | - | - | - | - | - | - | 270 | 270 | (493) | (223) | | (223) |
| Share buybacks by the Company | - | (1,038) | - | - | - | - | - | (1,038) | - | (1,038) | | (1,038) |
| Total transactions with Owners in their capacity as Owners | - | (1,038) | - | - | - | - | 270 | (768) | (516) | (1,284) | | (1,284) |
| As at 31.3.2020 | 2,095,310 | (36,674) | 63,451 | (5,371) | (5,173) | 72,293 | 2,820,363 | 5,004,199 | 73,523 | 5,077,722 | | 5,077,722 |

QUARTERLY REPORT FOR THE FIRST QUARTER 2020

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2020 (CONT'D)**

| | Attributable to Owners of the Company | | | | | | | Total equity | |
|--|---------------------------------------|-----------------|---------------------|---------------------------------------|----------------|------------------|---|--------------|---------------------------|
| | Share capital | Treasury shares | Revaluation reserve | Foreign currency translation reserves | Other reserves | Retained profits | Total issued share capital and reserves | | Non-controlling interests |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| As at 1.1.2019 | 2,095,310 | (30,237) | 63,451 | 18,265 | 14,958 | 2,435,791 | 4,597,538 | 71,994 | 4,669,532 |
| As per previously reported | - | - | - | - | - | (136) | (136) | (7) | (143) |
| Effects of adoption of MFRS 16 'Leases': | - | - | - | - | - | (310) | (310) | - | (310) |
| - subsidiary companies | | | | | | | | | |
| - an associated company | | | | | | | | | |
| 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 | - | - | - | - | - | 91,355 | 91,355 | 1,515 | 92,870 |
| Foreign currency translation loss | - | - | - | (247) | - | - | (247) | (8) | (255) |
| Share of other comprehensive (expenses)/income and reserves of associated companies accounted for using equity method: | | | | | | | | | |
| - Foreign currency translation reserves | - | - | - | (7,487) | - | - | (7,487) | (120) | (7,607) |
| - FVTOCI and other reserves | - | - | - | - | 43,445 | - | 43,445 | - | 43,445 |
| Other comprehensive (expenses)/income | - | - | - | (7,734) | 43,445 | - | 35,711 | (128) | 35,583 |
| Total comprehensive (expenses)/income | - | - | - | (7,734) | 43,445 | 91,355 | 127,066 | 1,387 | 128,453 |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | - | (4,671) | (4,671) |
| Total distributions to Owners | - | - | - | - | - | - | - | (4,671) | (4,671) |
| As at 31.3.2019 | 2,095,310 | (30,237) | 63,451 | 10,531 | 58,403 | 2,526,700 | 4,724,158 | 68,703 | 4,792,861 |

QUARTERLY REPORT FOR THE FIRST QUARTER 2020

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

| | Current year to date ended 31.3.2020 RM'000 | Preceding year to date ended 31.3.2019 RM'000 |
|---|--|---|
| Cash Flows From Operating Activities | | |
| Profit before tax | 86,983 | 106,200 |
| Adjustments for: | | |
| Non-cash and non-operating items | 10,682 | 6,581 |
| Share of results of associated companies and a joint venture | (81,786) | (73,080) |
| Operating profit before working capital changes | 15,879 | 39,701 |
| <i>Decrease/(Increase) in operating assets:</i> | | |
| Inventories | 18,874 | 40,074 |
| Capital financing | (76,562) | (28,467) |
| Trade receivables | 32,862 | 42,008 |
| Contract assets | 16,534 | 38,423 |
| Other assets | (1,538) | 877 |
| <i>Increase/(Decrease) in operating liabilities:</i> | | |
| Trade payables | 2,700 | (33,892) |
| Contract liabilities | 11,110 | (12,623) |
| Other liabilities | (42,696) | (49,979) |
| Cash (used in)/generated from operations | (22,837) | 36,122 |
| Income tax paid | (16,773) | (10,324) |
| Income tax refunded | 3,886 | 2,041 |
| Interest paid | (15,380) | (14,256) |
| Interest received | 20,036 | 14,010 |
| Net cash (used in)/generated from operating activities | (31,068) | 27,593 |
| Cash Flows From Investing Activities | | |
| Acquisitions of additional shares in a subsidiary company from non-controlling interests | (250) | - |
| Expenditure incurred on investment properties | (546) | (1,071) |
| Funds distribution income received | 2,259 | 2,936 |
| Interest received | 737 | 2,407 |
| Proceeds from disposals of property, plant and equipment | 65 | 68,199 |
| Purchase of: | | |
| - plant and equipment | (3,280) | (5,049) |
| - software licenses | (23) | - |
| Net cash (used in)/generated from investing activities | (1,038) | 67,422 |

QUARTERLY REPORT FOR THE FIRST QUARTER 2020

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2020 (CONT'D)**

| | Current year to date ended 31.3.2020 | Preceding year to date ended 31.3.2019 |
|---|--|---|
| Note | RM'000 | RM'000 |
| Cash Flows From Financing Activities | | |
| Dividends paid to non-controlling interests | (23) | (4,671) |
| Drawdown of loans | 161,870 | 28,134 |
| Interest paid | (13,383) | (14,744) |
| Payment of lease liabilities | (3,219) | (234) |
| Proceeds from: | | |
| - exercise of warrants of a subsidiary company | A8(a)(ii) 27 | - |
| - issuance of medium term notes and Sukuk | A5(e)(ii) 100,000 | 200,000 |
| Redemption of medium term notes | A5(d)(i) (20,000) | (350,000) |
| Repayment of: | | |
| - loans | (53,307) | (51,938) |
| - revolving credits - net | (90,307) | (13,040) |
| Share buybacks | A5(a) (1,038) | - |
| Net cash generated from/(used in) financing activities | 80,620 | (206,493) |
| Net increase/(decrease) in cash and cash equivalents | 48,514 | (111,478) |
| Effects of exchange rate changes | - | (107) |
| Cash and cash equivalents at the beginning of the period | 590,044 | 528,329 |
| Cash and cash equivalents at the end of the period | 638,558 | 416,744 |
| Cash and cash equivalents comprised: | | |
| Cash, bank balances and short term funds | 634,676 | 417,637 |
| Bank overdrafts | - | (893) |
| Cash and cash equivalents of disposal group classified as held for sale | 3,882 | - |
| | 638,558 | 416,744 |

(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 2019)

QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2020

Explanatory notes to Quarterly Report for the current year to date ended 31 March 2020

The unaudited interim financial report ("the quarterly report"), a condensed consolidated financial statement of the Group, has 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 2019 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 2019.

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 2019.

(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 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.

QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2020

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 2020: (Cont'd)**

- (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 do not have any material financial 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) **For financial year beginning on/after 1 January 2022**

Amendments to MFRS 101 'Presentation of Financial Statements'

Amendments to MFRS 101 'Presentation of Financial Statements' clarify the requirements for the classification of liabilities as current or non-current. The amendment aim to promote consistency in applying the requirements for the debt and other liabilities with an uncertain settlement date.

The classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. A liability to be classified as a current liability when an entity do not has the right to defer its settlement for at least twelve months.

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

- (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.

QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2020

A2. Seasonality or cyclicity of interim operations

The performance of the Hotels and Resorts division of the Group is dependant on 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

Save as disclosed in Note B1 and B2 in relation to the impact of the Movement Control Order ("MCO") to curb the spread of COVID-19, 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 material changes in estimates of amounts reported previously that have a material effect in the current quarter ended 31 March 2020 except for the change in expected credit loss rates adopted in assessing the impairment of trade receivables in accordance to MFRS 9. We have reviewed historical credit losses and assessed the expected credit loss due to the impact of the current economic conditions as there were delay in collections of trade receivables compared to the basis used in the previous historical credit losses. The additional impact has been recognised in the profit or loss as disclosed in Note B13.

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 | Lowest price | Average cost includes transaction costs | Total amount paid |
|--------------------------------|-------------------------|----------------------|---------------------|--|--------------------------|
| | '000 | RM | RM | RM | RM'000 |
| As at 1.1.2020 | 23,464 | 2.82 | 0.90 | 1.52 | 35,636 |
| Share buybacks in January 2020 | 1,023 | 1.04 | 0.99 | 1.01 | 1,038 |
| As at 31.3.2020 | 24,487 | 2.82 | 0.90 | 1.50 | 36,674 |

QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2020

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 31 March 2020.

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 on 29 November 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 | <u>237,720,377</u> | <u>356,577,165</u> |

- (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 31.3.2020, the total number of Warrants C 2015/2020 which remained unexercised was 356,577,165 (31.12.2019: 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.

QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2020

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)

In 2015 and 2016, the Company issued a total of RM940.11 million of MTN 1 with maturities commencing from year 2017 to 2022 and redeemable every 6 months commencing 18 and 30 months after the first issuance date. Subsequent to issuance date, the Company redeemed for a total of RM673.91 million of MTN 1.

As at 31 March 2020, the outstanding amount of MTN 1 stood at RM266.21 million.

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 rights (including rights to sue), title, interest and benefit in and under the DSRA and Disbursement Account and all monies standing to the credit thereto.

(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 repayment of borrowings of the Group.

(i) Tranche 1 and 2 of MTN 2

In 2018, OSKICM issued a total of RM250.00 million of Tranche 1 of MTN 2 with maturities commencing from year 2021 to 2028 and redeemable every 12 months commencing 12 months after the first issuance date. Subsequently, the Company redeemed for a total of RM17.50 million of the Tranche 1 of MTN 2.

QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2020

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)

In 2019, OSKICM issued Tranche 2 of MTN 2 of RM200.00 million in 7 series with maturities commencing from year 2020 to 2026, redeemable every 12 months commencing 12 months after the first issuance date. In 2019, OSKICM redeemed RM23.60 million of Tranche 1 of MTN 2 and RM19.72 million of Tranche 2 of MTN 2.

On 30 January 2020, OSKICM redeemed RM20.00 million for series matured under Tranche 2 of MTN 2.

As at 31 March 2020, the outstandings for Tranche 1 of MTN 2 and Tranche 2 of MTN 2 stood at RM208.90 million and RM160.29 million respectively.

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 ("PA") for Tranche 1 and 2 ("Tranche 1 and 2 PA") 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

In 2019, OSKICM issued a total of RM92.97 million with maturities commencing from year 2021 to 2024 and redeemable every 3 months commencing 36 months after the first issuance date.

As at 31 March 2020, 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 (3) periodic profit payments.

QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2020

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

In 2019, OSKICM issued Tranche 3 of Sukuk 1 of RM170.00 million with maturities commencing from year 2021 to 2025 and redeemable every 6 months commencing 36 months after the first issuance date.

As at 31 March 2020, the outstanding Tranche 3 of Sukuk 1 stood at RM170.00 million.

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 PA") 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 borrowings.

QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2020

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 2034, redeemable every 12 months commencing 12 months after the first issuance date. As at 31 March 2020, 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. ("ASG") and Atria Parking Management Sdn. Bhd. ("APM") 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 ASG and APM respectively, and all monies from time to time standing to the credit thereto;
 - (3) the Debt Service Reserve Account ("DSRA") maintained by ASG and all monies from time to time standing to the credit thereto;
 - (4) the Insurances of ASG and APM;
 - (5) the Atria Mall and Carpark under the Sale and Purchase Agreement entered between ASG, APM and Atria Damansara Sdn. Bhd. ("AD"), a subsidiary company of OSKPH, which in turn is a subsidiary company of the Company;
- (b) debentures by ASG and APM 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 AD together with all buildings and fixtures erected thereon, charge under the provisions of the National Land Code 1965.

(ii) Tranche 2 and Tranche 3 of MTN 3

On 30 September 2019 and 30 January 2020, OSKICM issued Tranche 2 of MTN 3 for RM100.00 million and Tranche 3 of MTN 3 for RM100.00 million respectively. Both tranches redeemable after 5 years from the issuance date. As at 31 March 2020, the outstanding amount of Tranche 2 and Tranche 3 of MTN 3 stood at RM100.00 million and RM100.00 million respectively.

The Tranche 2 and Tranche 3 of MTN3 are 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 FIRST QUARTER ENDED 31 MARCH 2020

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 thousand 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 PA balances as at 31 March 2020 are summarised as follows:

| | <u>For current year to date</u> | | <u>As at 31 March 2020</u> | | | |
|---|----------------------------------|------------------------------------|---|---|---|---|
| | <u>Issuance</u> <u>RM'000</u> | <u>Redemption</u> <u>RM'000</u> | <u>Outstanding</u> <u>amounts</u> <u>RM'000</u> | <u>DSRA</u> <u>balances</u> <u>RM'000</u> | <u>FSRA</u> <u>balances</u> <u>RM'000</u> | <u>PA</u> <u>balances</u> <u>RM'000</u> |
| (1) MTN 1 | - | - | 266,206 | 4,132 | - | - |
| (2) Tranche 1 of MTN 2 | - | - | 208,900 | - | - | 32 |
| (3) Tranche 2 of MTN 2 | - | 20,000 | 160,285 | - | - | 23 |
| (4) Tranche 2 of Sukuk 1 | - | - | 92,971 | - | 1,200 | - |
| (5) Tranche 3 of Sukuk 1 | - | - | 170,000 | - | 721 | 36 |
| (6) Tranche 1 of MTN 3 | - | - | 164,200 | 696 | - | - |
| (7) Tranche 2 and Tranche 3 of MTN 3 | 100,000 | - | 200,000 | 736 | - | - |
| | <u>100,000</u> | <u>20,000</u> | <u>1,262,562</u> | <u>5,564</u> | <u>1,921</u> | <u>92</u> |
| Less: Unamortised issuance expenses | | | <u>(1,511)</u> | | | |
| | | | <u>1,261,051</u> | | | |

The interest rates of MTNs and profit rates of Sukuk 1 were ranging from 4.28% to 4.85% per annum. Following Bank Negara Malaysia announcements on decision to reduce Overnight Policy Rate ("OPR") on 22 January 2020 and 3 March 2020, the interest rates of MTNs and profit rates of Sukuk 1 had adjusted to a range from 3.79% to 4.37% per annum.

A6. Dividends paid during the current year to date

There were no dividend paid during the current year to date ended 31 March 2020.

QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2020

A7. Segmental information

The Group's businesses are organised into five (5) core business segments, based on the nature of the products and services, which operating results are regularly reviewed by the chief operating decision makers comprising the Board of Directors and senior management of the Group to make decisions about resources allocation to the segment and assess its performance. The core business segments are as follows:

(a) Property

- (i) Property Development - Development of residential and commercial properties for sale, provision of project management services and sharing of results of associated companies which are involved in property development activities.
- (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 which dealt with letting of office space and retails space.

(b) Construction

- Building construction revenue derived from the property development projects carried out.

(c) Industries

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

(d) Hospitality

- (i) Hotels and Resorts under Swiss-Garden - Management and operation of hotels and resorts, including golf course operations, for room rental, food and beverage revenue and fee income.
- (ii) SGI Vacation Club - Management of vacation timeshare membership fee income.

(e) Financial Services

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

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.

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 FIRST QUARTER ENDED 31 MARCH 2020

A7. Segmental information (Cont'd)

(a) Business segment analysis

The following table provides an analysis of the Group's revenue and results by five (5) core business segments:

| | Property | Construction | Industries | Hospitality | Financial Services | Consolidated |
|--|-----------------|---------------------|-------------------|--------------------|---------------------------|---------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Current year to date ended | | | | | | |
| 31.3.2020 | | | | | | |
| <u>Revenue</u> | | | | | | |
| Total revenue | 144,996 | 50,925 | 65,933 | 17,682 | 174,838 | 454,374 |
| Inter-segment revenue | (1,222) | (50,925) | (83) | (128) | (18,235) | (70,593) |
| Dividends from subsidiary companies | - | - | - | - | (128,054) | (128,054) |
| Revenue from external parties | 143,774 | - | 65,850 | 17,554 | 28,549 | 255,727 |
| <u>Results</u> | | | | | | |
| Segment profit/(loss) | 4,725 | (943) | 4,251 | (6,464) | 4,229 | 5,798 |
| Share of results of associated companies and a joint venture | 26,356 | - | - | - | 55,430 | 81,786 |
| | 31,081 | (943) | 4,251 | (6,464) | 59,659 | 87,584 |
| Elimination of unrealised profit | - | (185) | - | - | (416) | (601) |
| Profit/(Loss) before tax | 31,081 | (1,128) | 4,251 | (6,464) | 59,243 | 86,983 |
| Tax (expense)/income | (3,714) | 296 | (1,288) | 24 | (4,670) | (9,352) |
| Profit/(Loss) after tax | 27,367 | (832) | 2,963 | (6,440) | 54,573 | 77,631 |
| Preceding year to date ended | | | | | | |
| 31.3.2019 | | | | | | |
| <u>Revenue</u> | | | | | | |
| Total revenue | 159,097 | 58,364 | 71,202 | 18,306 | 251,952 | 558,921 |
| Inter-segment revenue | (1,158) | (58,105) | (757) | (59) | (10,040) | (70,119) |
| Dividends from subsidiary companies | - | - | - | - | (224,934) | (224,934) |
| Revenue from external parties | 157,939 | 259 | 70,445 | 18,247 | 16,978 | 263,868 |
| <u>Results</u> | | | | | | |
| Segment profit/(loss) | 28,973 | 113 | 6,341 | (2,559) | 1,130 | 33,998 |
| Share of results of associated companies and a joint venture | 13,467 | - | - | - | 59,613 | 73,080 |
| | 42,440 | 113 | 6,341 | (2,559) | 60,743 | 107,078 |
| Realisation of profit upon completion of sale/(Elimination of unrealised profit) | - | 576 | - | - | (1,454) | (878) |
| Profit/(Loss) before tax | 42,440 | 689 | 6,341 | (2,559) | 59,289 | 106,200 |
| Tax expense | (8,270) | (208) | (1,408) | (386) | (3,058) | (13,330) |
| Profit/(Loss) after tax | 34,170 | 481 | 4,933 | (2,945) | 56,231 | 92,870 |
| Comparison of profit/(loss) before tax: | | | | | | |
| Decrease in profit/(loss) before tax | (11,359) | (1,817) | (2,090) | (3,905) | (46) | (19,217) |
| % of decrease | (27%) | (>100%) | (33%) | (>100%) | (0%) | (18%) |

QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2020

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 five (5) core business segments:

| | Property | Construction | Industries | Hospitality | Financial Services | Consolidated |
|---|------------------|---------------|----------------|----------------|-----------------------|------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| As at 31.3.2020 | | | | | | |
| <u>Assets</u> | | | | | | |
| Tangible assets | 2,827,059 | 46,264 | 192,101 | 366,900 | 1,184,277 | 4,616,601 |
| Intangible assets | 331 | - | - | - | 810 | 1,141 |
| | 2,827,390 | 46,264 | 192,101 | 366,900 | 1,185,087 | 4,617,742 |
| Investments in associated companies and a joint venture | 552,251 | - | - | - | 3,153,639 | 3,705,890 |
| Assets of disposal group classified as held for sale | - | - | 22,284 | - | - | 22,284 |
| Segment assets | 3,379,641 | 46,264 | 214,385 | 366,900 | 4,338,726 | 8,345,916 |
| Deferred tax assets and tax recoverable | | | | | | 106,575 |
| Total assets | | | | | | 8,452,491 |
| <u>Liabilities</u> | | | | | | |
| Other segment liabilities | 1,351,289 | 71,705 | 35,728 | 229,155 | 1,553,046 | 3,240,923 |
| Liabilities of disposal group classified as held for sale | - | - | 9,980 | - | - | 9,980 |
| Segment liabilities | 1,351,289 | 71,705 | 45,708 | 229,155 | 1,553,046 | 3,250,903 |
| Deferred tax liabilities and tax payable | | | | | | 123,866 |
| Total liabilities | | | | | | 3,374,769 |
| As at 31.12.2019 | | | | | | |
| <u>Assets</u> | | | | | | |
| Tangible assets | 2,991,765 | 39,214 | 195,527 | 376,165 | 954,426 | 4,557,097 |
| Intangible assets | 364 | - | - | - | 841 | 1,205 |
| | 2,992,129 | 39,214 | 195,527 | 376,165 | 955,267 | 4,558,302 |
| Investments in associated companies and a joint venture | 552,649 | - | - | - | 3,128,552 | 3,681,201 |
| Assets of disposal group classified as held for sale | - | - | 21,998 | - | - | 21,998 |
| Segment assets | 3,544,778 | 39,214 | 217,525 | 376,165 | 4,083,819 | 8,261,501 |
| Deferred tax assets and tax recoverable | | | | | | 105,929 |
| Total assets | | | | | | 8,367,430 |
| <u>Liabilities</u> | | | | | | |
| Other segment liabilities | 1,419,344 | 68,044 | 29,740 | 253,336 | 1,396,627 | 3,167,091 |
| Liabilities of disposal group classified as held for sale | - | - | 10,135 | - | - | 10,135 |
| Segment liabilities | 1,419,344 | 68,044 | 39,875 | 253,336 | 1,396,627 | 3,177,226 |
| Deferred tax liabilities and tax payable | | | | | | 126,755 |
| Total liabilities | | | | | | 3,303,981 |
| Comparison of segment assets and liabilities: | | | | | | |
| (Decrease)/Increase in segment assets | (165,137) | 7,050 | (3,140) | (9,265) | 254,907 | 84,415 |
| % of (decrease)/increase | (5%) | 18% | (1%) | (2%) | 6% | 1% |
| (Decrease)/Increase in segment liabilities | (68,055) | 3,661 | 5,833 | (24,181) | 156,419 | 73,677 |
| % of (decrease)/increase | (5%) | 5% | 15% | (10%) | 11% | 2% |

QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2020

A7. Segmental information (Cont'd)

(b) Geographical segments analysis

The Group's operations are mainly based in Malaysia (for all the five (5) core businesses), Australia (Property Development and Property Investment) and Vietnam (Cables). Other geographical segments mainly include investment holding entities in Singapore, British Virgin Islands and Cayman Islands.

The following table provides an analysis of the Group's revenue, results and non-current assets by geographical segments:

| | Malaysia | Australia | Vietnam | Others | Consolidated |
|---|-----------------|---------------------|----------------|---------------|---------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Current year to date ended 31.3.2020 | | | | | |
| Revenue | 246,239 | - | 9,488 | - | 255,727 |
| Profit/(Loss) before tax | 63,537 | 23,630 [#] | (133) | (51) | 86,983 |
| Preceding year to date ended 31.3.2019 | | | | | |
| Revenue | 257,437 | - | 6,431 | - | 263,868 |
| Profit/(Loss) before tax | 100,401 | 6,157 | (312) | (46) | 106,200 |
| As at 31.3.2020 | | | | | |
| Non-current assets [^] | 2,350,290 | - | - | - | 2,350,290 |
| As at 31.12.2019 | | | | | |
| Non-current assets [^] | 2,349,153 | - | - | - | 2,349,153 |

[^] Non-current assets exclude financial instruments, deferred tax assets and investments in associated companies and a joint venture.

[#] Share of results of an associated company, Yarra Park City Pty. Ltd., of RM23.49 million.

QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2020

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 ("PJDH")

- (i) Acquisitions of additional equity interests from non-controlling interests of PJDH, a subsidiary company of the Company

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

| | Shares |
|-----------------------------------|----------------|
| Number of units | 208,200 |
| Average price per share (RM) | 1.20 |
| Total purchase consideration (RM) | <u>249,840</u> |

The acquisitions of additional equity interests from non-controlling interests of PJDH have the following effects to the Group:

| | RM'000 |
|--|---------------|
| Net assets acquired from non-controlling interests | (564) |
| Gains on consolidation recognised in equity | 314 |
| Cash outflow on acquisitions of additional ordinary shares in PJDH | <u>(250)</u> |

- (ii) Issuance of 27,000 PJDH's ordinary shares pursuant to conversion of PJDH's Warrants C

During the current year to date, PJDH issued 27,000 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 effects of the new issuance of ordinary shares in PJDH are as follows:

| | RM'000 |
|---|---------------|
| Net assets upon issuance of new ordinary shares | 72 |
| Loss on consolidation recognised in equity | (45) |
| Cash inflow on exercise of warrants in PJDH | <u>27</u> |

According to the (i) and (ii) above, the Company's effective interest in:

- PJDH's ordinary shares increased from 96.94% to 96.98%; and
- PJDH's warrants increased from 91.99% to 92.01%.

(b) Proposed disposal of OVI Cables (Vietnam) Co., Ltd. ("OVI")

On 31 December 2019, Olympic Cable Company Sdn. Bhd. ("OCC"), a wholly-owned subsidiary company of OCC Malaysia Sdn. Bhd. ("OCCM"), an indirect wholly-owned subsidiary company of PJDH, which in turn is a subsidiary company of the Company, entered into a Sale and Purchase Agreement with Sunhouse Group., JSC ("Sunhouse") for the disposal of 100% Contributed Charter Capital of VND122,900,064,000 and all ownership rights and titles in OVI to Sunhouse for a total cash consideration of VND75,021,524,529 (approximately RM13.30 million).

The proposed disposal is expected to be completed by 30 June 2020, subject to the fulfilment of condition precedents.

Accordingly, the assets and liabilities of OVI are classified as disposal group held for sale in the Statement of Financial Position.

QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2020

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.

A10. Commitments

| | As at 31.3.2020 RM'000 | As at 31.12.2019 RM'000 |
|--|------------------------------|-------------------------------|
| (a) Significant unrecognised contractual commitments | | |
| Contracted but not provided for: | | |
| - Acquisition of land held for property development | 243,943 | 243,943 |
| - Acquisition of office equipment and software licences | 1,140 | 1,121 |
| - Acquisition of plant and equipment | 3,200 | 3,200 |
| - Factory expansion | 397 | 1,241 |
| - Renovation costs | 1,885 | 1,980 |
| | <u>250,565</u> | <u>251,485</u> |
| (b) Operating lease commitments - the Group as lessor | | |
| Not later than one year | 27,869 | 28,422 |
| Later than one year and not later than five years | 26,272 | 29,756 |
| Later than five years | 33,121 | 33,749 |
| | <u>87,262</u> | <u>91,927</u> |

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

| <u>Entities</u> | <u>Nature of transactions</u> | Income/(Expenses) Current year to date ended 31.3.2020 RM'000 |
|-----------------------------------|-------------------------------|--|
| (a) Associated companies: | | |
| RHB Asset Management Sdn. Bhd. | - Fund distribution income | 1,588 |
| RHB Bank Berhad | - Office rental income | 211 |
| | - Interest expense | (5,118) |
| RHB Islamic Bank Berhad | - Interest expense | <u>(2,725)</u> |
| (b) Other related parties: | | |
| Dindings Design Sdn. Bhd. | - Renovation costs | (550) |
| Raslan Loong, Shen & Eow | - Legal fees expense | (301) |
| Sincere Source Sdn. Bhd. | - Insurance premium expense | <u>(887)</u> |

QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2020

A13. Fair value measurement

Fair value hierarchy pursuant to MFRS 7

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 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 | Level 2 | Level 3 | Total |
|---|----------------|---------------|----------------|----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| As at 31.3.2020 | | | | |
| Non-financial assets | | | | |
| Biological assets | - | - | 180 | 180 |
| Investment properties | - | 10,309 | 442,520 | 452,829 |
| Financial assets | | | | |
| Securities at fair value through profit or loss | 162 | - | - | 162 |
| Short term funds | 496,218 | - | - | 496,218 |
| | 496,380 | 10,309 | 442,700 | 949,389 |
| As at 31.12.2019 | | | | |
| Non-financial assets | | | | |
| Biological assets | - | - | 251 | 251 |
| Investment properties | - | 10,309 | 442,520 | 452,829 |
| Financial assets | | | | |
| Securities at fair value through profit or loss | 264 | - | - | 264 |
| Short term funds | 446,335 | - | - | 446,335 |
| | 446,599 | 10,309 | 442,771 | 899,679 |

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 and liabilities were approximated their fair values. These financial assets and liabilities including trade and other receivables or payables, capital financing, cash and bank balances, lease liabilities, medium term notes and Sukuk and borrowings.

QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2020

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 31 March 2020

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

| | Current quarter ended 31.3.2020 1Q20 RM'000 | Comparative quarter ended 31.3.2019 1Q19 RM'000 | change % | Current year to date ended 31.3.2020 3M20 RM'000 | Preceding year to date ended 31.3.2019 3M19 RM'000 | change % |
|---|--|--|---------------------|---|---|---------------------|
| Revenue | | | | | | |
| 1. Property | 143,774 | 157,939 | (9%) | 143,774 | 157,939 | (9%) |
| <i>Construction revenue</i> | 50,925 | 58,364 | (13%) | 50,925 | 58,364 | (13%) |
| <i>Inter-segment revenue</i> | (50,925) | (58,105) | 12% | (50,925) | (58,105) | 12% |
| 2. Construction | - | 259 | (100%) | - | 259 | (100%) |
| 3. Industries | 65,850 | 70,445 | (7%) | 65,850 | 70,445 | (7%) |
| 4. Hospitality | 17,554 | 18,247 | (4%) | 17,554 | 18,247 | (4%) |
| <i>Capital Financing</i> | 23,974 | 15,883 | 51% | 23,974 | 15,883 | 51% |
| <i>Investment Holding</i> | 4,575 | 1,095 | 318% | 4,575 | 1,095 | 318% |
| 5. Financial Services | 28,549 | 16,978 | 68% | 28,549 | 16,978 | 68% |
| Revenue | 255,727 | 263,868 | (3%) | 255,727 | 263,868 | (3%) |
| Pre-tax profit/(loss) | | | | | | |
| 1. Property | 31,081 | 42,440 | (27%) | 31,081 | 42,440 | (27%) |
| 2. Construction | (1,128) | 689 | (>100%) | (1,128) | 689 | (>100%) |
| 3. Industries | 4,251 | 6,341 | (33%) | 4,251 | 6,341 | (33%) |
| 4. Hospitality | (6,464) | (2,559) | (153%) | (6,464) | (2,559) | (153%) |
| <i>Capital Financing</i> | 13,883 | 7,800 | 78% | 13,883 | 7,800 | 78% |
| <i>Investment Holding</i> | 45,360 | 51,489 | (12%) | 45,360 | 51,489 | (12%) |
| 5. Financial Services | 59,243 | 59,289 | (0%) | 59,243 | 59,289 | (0%) |
| Pre-tax profit | 86,983 | 106,200 | (18%) | 86,983 | 106,200 | (18%) |
| Comprised of: | | | | | | |
| Pre-tax profit from the business | 5,197 | 33,120 | (84%) | 5,197 | 33,120 | (84%) |
| Share of results of associated companies and a joint venture | 81,786 | 73,080 | 12% | 81,786 | 73,080 | 12% |
| Pre-tax profit | 86,983 | 106,200 | (18%) | 86,983 | 106,200 | (18%) |

QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2020

B1. Performance analysis of the Group for the current quarter and current year to date ended 31 March 2020 (Cont'd)

Current Quarter ("1Q20") compared with Comparative Quarter of Preceding Year ("1Q19")

The Group registered revenue of RM255.73 million and pre-tax profit of RM86.98 million in 1Q20 compared with revenue of RM263.87 million and pre-tax profit of RM106.20 million in 1Q19, representing a decrease of RM8.14 million or 3% in revenue and RM19.22 million or 18% in pre-tax profit. The Movement Control Order ("MCO") implemented since 18 March 2020 has resulted in minimal or no revenue generated from all Segments for the period from 18 March 2020 to 31 March 2020, thus resulting in all the Segments recording a lower performance except for the Capital Financing Division.

The Property Segment recorded revenue of RM143.77 million and pre-tax profit of RM31.08 million in 1Q20 compared with revenue of RM157.94 million and pre-tax profit of RM42.44 million in 1Q19, representing a decrease of RM14.17 million or 9% in revenue and RM11.36 million or 27% in pre-tax profit. The Property Division revenue and pre-tax profit were mainly contributed by Ryan & Miho and Iringan Bayu. The performance of the Property Development Division in 1Q20 was also supported by the inaugural recognition of profit from its Melbourne Square ("MSQ") development in Melbourne, Australia. During 1Q20, a profit of RM23.49 million was recognised arising from the settlement of units in MSQ. The Property Investment Division recorded a lower pre-tax profit as rental revenue collected was negatively impacted by a drop in our tenants' businesses due to the concerns over COVID-19 and the implementation of the MCO.

The Construction Segment registered revenue of RM50.93 million and pre-tax loss of RM1.13 million in 1Q20 compared with revenue of RM58.36 million and pre-tax profit of RM0.69 million in 1Q19, representing a decrease of RM7.43 million or 13% in revenue and RM1.82 million in pre-tax performance. The lower revenue and pre-tax performance recorded were mainly due to few on-going projects and margin compression of on-going projects. In addition, there were no construction revenues generated during the MCO period.

The Industries Segment registered revenue of RM65.85 million and pre-tax profit of RM4.25 million in 1Q20 compared with revenue of RM70.45 million and pre-tax profit of RM6.34 million in 1Q19, representing a decrease of RM4.60 million or 7% in revenue and RM2.09 million or 33% in pre-tax profit. The lower revenue and pre-tax profit resulted from dampening demand from customers.

The Hospitality Segment reported revenue of RM17.55 million and pre-tax loss of RM6.46 million in 1Q20 compared with revenue of RM18.25 million and pre-tax loss of RM2.56 million in 1Q19, representing a decrease of RM0.70 million or 4% in revenue and an increase of RM3.90 million or 2.52 times in pre-tax loss. The Hotel Division's performance was affected by low occupancy rates since the outbreak of COVID-19 in end January, which has adversely impacted the tourism and business traveler markets across the region. SGI Vacation Club Division also recorded lower membership sales during the period. While three of our hotels have been identified as quarantine accommodation centers for returning Malaysians, our other hotels have remained closed since the MCO began.

The Capital Financing Division registered revenue of RM23.97 million and pre-tax profit of RM13.88 million in 1Q20 compared with revenue of RM15.88 million and pre-tax profit of RM7.80 million in 1Q19, representing an increase of RM8.09 million or 51% in revenue and RM6.08 million or 78% in pre-tax profit. The increase in revenue and pre-tax profit is in line with the growth in our financing portfolio.

The Investment Holding Division reported pre-tax profit of RM45.36 million in 1Q20 compared with RM51.49 million in 1Q19, representing a decrease of RM6.13 million or 12% in pre-tax profit. The lower pre-tax profit was mainly due to lower contribution from share of RHB group's profit of RM55.43 million in 1Q20 as compared to RM59.61 million in 1Q19.

QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2020

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 31.3.2020 1Q20 RM'000 | Immediate preceding quarter ended 31.12.2019 4Q19 RM'000 | change % |
|--|--|---|-------------|
| Revenue | | | |
| 1. Property | 143,774 | 171,449 | (16%) |
| <i>Construction revenue</i> | 50,925 | 62,359 | (18%) |
| <i>Inter-segment revenue</i> | (50,925) | (62,359) | 18% |
| 2. Construction | - | - | |
| 3. Industries | 65,850 | 71,673 | (<8%) |
| 4. Hospitality | 17,554 | 23,465 | (25%) |
| <i>Capital Financing</i> | 23,974 | 20,297 | 18% |
| <i>Investment Holding</i> | 4,575 | 4,646 | (2%) |
| 5. Financial Services | 28,549 | 24,943 | 14% |
| Revenue | 255,727 | 291,530 | (12%) |
| Pre-tax profit/(loss) | | | |
| 1. Property | 31,081 | 71,087 | (56%) |
| 2. Construction | (1,128) | 10,916 | (>100%) |
| 3. Industries | 4,251 | 6,708 | (37%) |
| 4. Hospitality | (6,464) | 2,792 | (>100%) |
| <i>Capital Financing</i> | 13,883 | 10,364 | 34% |
| <i>Investment Holding</i> | 45,360 | 52,054 | (13%) |
| 5. Financial Services | 59,243 | 62,418 | (5%) |
| Pre-tax profit | 86,983 | 153,921 | (43%) |
| Comprised of: | | | |
| Pre-tax profit from the business | 5,197 | 84,135 | (94%) |
| Share of results of associated companies and a joint venture | 81,786 | 69,786 | 17% |
| Pre-tax profit | 86,983 | 153,921 | (43%) |

QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2020

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

Current Quarter ("1Q20") compared with Immediate Preceding Quarter ("4Q19")

The Group registered revenue of RM255.73 million and pre-tax profit of RM86.98 million in 1Q20 compared with revenue of RM291.53 million and pre-tax profit of RM153.92 million in 4Q19, representing a decrease of RM35.80 million or 12% in revenue and RM66.94 million or 43% in pre-tax profit. All Segments recorded lower revenue and pre-tax profit except for the Capital Financing Division. This is due to the more subdued business climate arising from the outbreak of COVID-19 in late January, followed by the introduction of the MCO in mid-March.

The Property Segment recorded revenue of RM143.77 million and pre-tax profit of RM31.08 million in 1Q20 compared with revenue of RM171.45 million and pre-tax profit of RM71.09 million in 4Q19, representing a decrease of RM27.68 million or 16% in revenue and RM40.01 million or 56% in pre-tax profit. The Property Development Division recorded lower profits due to fewer on-going projects in 1Q20. 4Q19 saw the completion of Windmill Upon Hills, Luminari and TimurBay which gave rise to the recognition of higher pre-tax profits. For 1Q20, a profit of RM23.49 million was recognised from the settlement of Stage 1 of Melbourne Square in Melbourne, Australia.

The Construction Segment recorded revenue of RM50.93 million and pre-tax loss of RM1.13 million in 1Q20 compared with revenue of RM62.36 million and pre-tax profit of RM10.92 million in 4Q19, representing a decrease of RM11.43 million or 18% in revenue and RM12.05 million in pre-tax results. In line with the Property Development Division, this segment recorded lower progress billings due to fewer on-going projects and the temporary cessation of construction activities in the last few weeks of March due to the MCO.

The Industries Segment recorded revenue of RM65.85 million and pre-tax profit of RM4.25 million in 1Q20 compared with revenue of RM71.67 million and pre-tax profit of RM6.71 million in 4Q19, representing a decrease of RM5.82 million or 8% in revenue and RM2.46 million or 37% in pre-tax profit. The lower pre-tax profit was due to lower demand from our customers during this period.

The Hospitality Segment registered revenue of RM17.55 million and pre-tax loss of RM6.46 million in 1Q20 compared with revenue of RM23.47 million and pre-tax profit of RM2.79 million in 4Q19, representing a decrease of RM5.92 million or 25% in revenue and RM9.25 million in pre-tax results.

The Capital Financing Division recorded revenue of RM23.97 million and pre-tax profit of RM13.88 million in 1Q20 compared with revenue of RM20.30 million and pre-tax profit of RM10.36 million in 4Q19, representing an increase of RM3.67 million or 18% in revenue and RM3.52 million or 34% in pre-tax profit. The increase in revenue and pre-tax profit in line with the growth in our financing portfolio.

The Investment Holding Division reported pre-tax profit of RM45.36 million in 1Q20 compared with RM52.05 million in 4Q19, representing a decrease of RM6.69 million or 13% in pre-tax profit. The decrease of the pre-tax profit was mainly due to lower contribution from share of RHB group's profit of RM55.43 million in 1Q20 as compared to RM57.66 million in 4Q19.

QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2020

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

(a) Prospects for the remaining year 2020 ("FY2020")

At this juncture it is difficult to forecast the economic trajectory for the rest of FY2020. The economic fallout from the COVID-19 pandemic is just beginning to appear, and there are also other global uncertainties that make it extremely difficult to forecast how things will develop from here. As such, the Board would wish to exercise caution in making any definitive forward looking statements. Nonetheless, we shall elaborate on what we think is visible from our standpoint at this point in time.

Assuming that there are no further extensions to the MCO and that there are no new MCOs introduced in future, we expect to complete and hand over several of our projects in FY2020. The performance of the Property Division will continue to be supported by sales and progress billings from on-going projects such as (i) Ryan & Miho in Section 13, Petaling Jaya; (ii) Phase 1 - Pastura, Phase 2 - Astera, and Phase 3 - Semaya and Mekary at Iringan Bayu township in Seremban; (iii) You City III in Cheras; and (iv) Zone 1 of Precinct 4 and Zone 2 of Precinct 3 in Bandar Puteri Jaya in Sungai Petani, Kedah with combined gross development value ("GDV") amounting to RM1.95 billion.

The Division will focus on marketing the products that have been launched with competitive marketing strategies. The team is actively utilising digital strategies to reach out to customers, and have some promising early results from these efforts. The low interest rates from the recent reduction in Bank Negara's Overnight Policy Rate (OPR) in May 2020 should help improve the ability of purchasers to service their mortgages, and should provide some support to home-buying demand. On the other hand, the market may be impacted by the slowing economy and weakening consumer sentiment.

The Melbourne Square project in Australia has recorded a take-up rate of over 76% since its launch and the construction is progressing as scheduled. As of the date of this report, settlement has been triggered on Stage 1 purchasers and the settlements progress has been satisfactory. More settlements will be triggered in 2020 and MSQ is expected to contribute positively to the Group upon successful settlement by our purchasers.

The Property Division is targeting to launch two projects with a combined GDV of RM166.5 million in FY2020, namely (i) Iringan Bayu Mekary Phase 3C comprising single-storey terrace homes in Seremban, Negeri Sembilan and (ii) Bandar Puteri Jaya Zone 2 of Precinct 4 and Zone 1 of Precinct 5 in Sungai Petani, Kedah.

As at 31 March 2020, the Group has effective unbilled sales of RM1.53 billion with minimal unsold completed stocks and a land bank of 1,455 acres with an estimated effective GDV of RM10.33 billion in the Klang Valley, Sungai Petani, Butterworth, Kuantan, Seremban and Melbourne, Australia. With the balance land bank covering various locations and 2 township developments in Peninsular Malaysia and the integrated development in Australia, the Property Development Division will remain a key contributor to the performance of the Group in FY2020.

The Property Investment Division is expected to continue to contribute rental income from its office and retail tenants. As at 31 March 2020, the occupancies of Atria Shopping Gallery, Plaza OSK and Faber Towers stood at 95%, 98% and 74% respectively. The Property Investment Division will focus on asset enhancement initiatives to improve occupancy rates and rental income in FY2020. The extension of the MCO has exerted pressure on rental income as only businesses that are classified as essential services are allowed to operate, thus impacting the businesses of our tenants.

The Construction Segment will continue to be impacted as construction progress will continue to be delayed due to MCO since 18 March 2020. The segment will re-strategise the construction progress planning to focus on delivering its current outstanding order book of RM363.51 million as at 31 March 2020 within the stipulated time and quality by working closely with the Property Development Division.

QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2020

B3. Commentary on remaining year prospects and progress on previously announced revenue or profit forecast (Cont'd)

(a) Prospects for the remaining year 2020 ("FY2020") (Cont'd)

The Industries Segment continues to tap on private and public sector projects undertaken by its existing customers. Olympic Cable and IBS Divisions will focus on expanding its customer base via sales and marketing strategies including new product offerings and continuous research and development to improve its existing products. The IBS Division targets to expand the supply and install capabilities as it taps on residential property development by other developers. Despite both manufacturing businesses resuming its production in early May 2020, the revenue generating capability of this Segment will ultimately be dependent on the overall level of activity in the property and construction market.

The Vacation Club Division's sales of membership is expected to be slower this year due to shift of consumer preferences in spending on necessities rather than on lifestyle.

It is unlikely that the Hospitality industry will see a turnaround in the near future due to the severe impact that COVID-19 has had on global tourism. We expect the closure of our hotels during and beyond the MCO period to have a severe negative impact on our profitability.

The performance of Financial Services & Investment Holding Segment is dependent on RHB Group's performance and our Capital Financing business. We will continue to monitor the loan portfolio and assets quality of our financing portfolio and grow our business in a careful manner.

It is also important to note that the Group's balance sheet remains healthy, as our gearing stands at a manageable level and we still have sufficient cash on hand to meet our operational needs. The Group's treasury function has also set aside sufficient reserves to cater for debt servicing and principal repayment of our loans in FY2020 and FY2021.

The impact of the COVID-19 pandemic and MCO will continue to linger with businesses battling to adapt to a new normal. The economic impact from the COVID-19 pandemic is still not fully quantifiable, and as such, the Group will be cautious in our approach for the foreseeable future.

(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.

QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2020

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 31.3.2020 RM'000 | Current year to date ended 31.3.2020 RM'000 |
|--|---|--|
| In respect of the current year income tax | (8,736) | (8,736) |
| Over provision of income tax in respect of prior years | 120 | 120 |
| Deferred income tax | (736) | (736) |
| Income tax expense | <u>(9,352)</u> | <u>(9,352)</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 22 May 2020 (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 FIRST QUARTER ENDED 31 MARCH 2020

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

(a) The Group's borrowings and debt securities at the end of the current year to date, denominated in Malaysian Ringgit ("MYR") and United States Dollar ("USD") (2019: MYR), are as follows:

(i) Debt securities

| | <u>Non-current</u> | <u>Current</u> | <u>Total</u> |
|-----------------------------------|--------------------|----------------|--------------|
| | RM'000 | RM'000 | RM'000 |
| As at 31.3.2020 | | | |
| Secured | | | |
| Medium term notes and Sukuk - MYR | 1,236,180 | 24,871 | 1,261,051 |
| As at 31.12.2019 | | | |
| Secured | | | |
| Medium term notes and Sukuk - MYR | 1,156,057 | 24,871 | 1,180,928 |

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

(ii) Borrowings

| | <u>Non-current</u> | | <u>Current</u> | | <u>Total</u> |
|-------------------------------------|--------------------|----------------|----------------|----------------|------------------|
| | USD'000 | RM'000 | USD'000 | RM'000 | RM'000 |
| As at 31.3.2020 | | | | | |
| Secured | | | | | |
| Bankers' acceptances - MYR | - | - | - | 5,000 | 5,000 |
| Revolving credits - MYR | - | - | - | 157,950 | 157,950 |
| Term/Bridging - MYR | - | 193,867 | - | 17,256 | 211,123 |
| Term/Bridging - USD (1 : 4.3025) | 36,000 | 154,890 | - | - | 154,890 |
| | | <u>348,757</u> | | <u>180,206</u> | <u>528,963</u> |
| Unsecured | | | | | |
| Revolving credits - MYR | - | - | - | 694,394 | 694,394 |
| | | <u>-</u> | | <u>694,394</u> | <u>694,394</u> |
| Total | | <u>348,757</u> | | <u>874,600</u> | <u>1,223,357</u> |
| As at 31.12.2019 | | | | | |
| Secured | | | | | |
| Revolving credits - MYR | - | - | - | 154,950 | 154,950 |
| Term/Bridging - MYR | - | 237,380 | - | 17,510 | 254,890 |
| | | <u>237,380</u> | | <u>172,460</u> | <u>409,840</u> |
| Unsecured | | | | | |
| Bank overdrafts - MYR | - | - | - | 63 | 63 |
| Revolving credits - MYR | - | - | - | 787,701 | 787,701 |
| | | <u>-</u> | | <u>787,764</u> | <u>787,764</u> |
| Total | | <u>237,380</u> | | <u>960,224</u> | <u>1,197,604</u> |

QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2020

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

(b) Commentaries on the Group borrowings and debt securities

- (i) During the period, there were no material changes in debt securities other than the changes for working capital requirements. The details of MTN and Sukuk are disclosed in Note A5(c), (d) and (e); and
- (ii) The increase in the borrowings were used for working capital purpose.

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

No dividend has been declared for the current year to date ended 31 March 2020.

B11. Earnings Per Share ("EPS")

| | Current quarter ended 31.3.2020 | Comparative quarter ended 31.3.2019 | Current year to date ended 31.3.2020 | Preceding year to date ended 31.3.2019 |
|--|--|--|---|---|
| (a) Basic | | | | |
| Profit attributable to Owners of the Company (RM'000) | 76,766 | 91,355 | 76,766 | 91,355 |
| Weighted average number of ordinary shares outstanding ('000) | 2,070,937 | 2,077,200 | 2,070,937 | 2,077,200 |
| Basic EPS (sen) | 3.71 | 4.40 | 3.71 | 4.40 |
| (b) Diluted | | | | |
| Profit attributable to Owners of the Company (RM'000) | 76,766 | 91,355 | 76,766 | 91,355 |
| Weighted average number of ordinary shares outstanding ('000) | 2,070,937 | 2,077,200 | 2,070,937 | 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) | 2,070,937 | 2,077,200 | 2,070,937 | 2,077,200 |
| Diluted EPS (sen) | 3.71 | 4.40 | 3.71 | 4.40 |

[^] 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.

QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2020

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

| | Current quarter ended 31.3.2020 | Comparative quarter ended 31.3.2019 | Current year to date ended 31.3.2020 | Preceding year to date ended 31.3.2019 |
|--|--|--|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit before tax is arrived at after crediting/(charging): | | | | |
| (i) <u>Revenue</u> | | | | |
| Interest income | 20,036 | 14,010 | 20,036 | 14,010 |
| Rental income | 8,985 | 10,514 | 8,985 | 10,514 |
| (ii) <u>Cost of sales</u> | | | | |
| Interest expense | (7,645) | (5,040) | (7,645) | (5,040) |
| (iii) <u>Other income</u> | | | | |
| Funds distribution income | 2,259 | 2,936 | 2,259 | 2,936 |
| Gain on disposals of plant and equipment | 57 | 191 | 57 | 191 |
| Gain on fair valuation of biological assets | - | 33 | - | 33 |
| Gain on foreign exchange transactions | 40 | 181 | 40 | 181 |
| Gain on foreign exchange translations | 4 | 43 | 4 | 43 |
| Interest income | 737 | 2,407 | 737 | 2,407 |
| Recovery of bad debts of: | | | | |
| - capital financing | 50 | - | 50 | - |
| Write back of allowance for impairment losses on: | | | | |
| - trade and other receivables: | | | | |
| - collective assessment | - | 310 | - | 310 |
| - individual assessment | 1,653 | 46 | 1,653 | 46 |
| (iv) <u>Administrative expenses</u> | | | | |
| Depreciation and amortisation | (8,240) | (5,301) | (8,240) | (5,301) |

QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2020

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

| | Current quarter ended 31.3.2020 | Comparative quarter ended 31.3.2019 | Current year to date ended 31.3.2020 | Preceding year to date ended 31.3.2019 |
|--|--|--|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit before tax is arrived at after crediting/(charging): | | | | |
| (v) <u>Other items of expense</u> | | | | |
| Impairment loss on: | | | | |
| - capital financing: | | | | |
| - collective assessment | (10) | - | (10) | - |
| - trade and other receivables: | | | | |
| - collective assessment | (969) | - | (969) | - |
| - individual assessment | (3,227) | - | (3,227) | - |
| Loss on disposals of plant and equipment | - | (11) | - | (11) |
| Loss on fair valuation of: | | | | |
| - biological assets | (71) | - | (71) | - |
| - securities at fair value through profit or loss | (102) | (30) | (102) | (30) |
| - short term funds | (2,045) | - | (2,045) | - |
| Loss on foreign exchange transactions | - | (11) | - | (11) |
| Loss on foreign exchange translations | (145) | (36) | (145) | (36) |
| Write off of: | | | | |
| - bad debts on trade and other receivables | (4) | - | (4) | - |
| - plant and equipment | - | (20) | - | (20) |
| (vi) <u>Finance costs</u> | | | | |
| Interest expense | (13,969) | (14,925) | (13,969) | (14,925) |

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 31.3.2020 | | |
| Cross-currency interest rate swap contract - 1 year to 3 years | 147,024 | 2,693 | (5,173) |

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 30 January 2023. 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.

QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2020

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

There were no gains or losses arising from fair value changes of financial liabilities for the current year to date ended 31 March 2020.

By Order of the Board

Tan Sri Ong Leong Huat
Executive Chairman
Kuala Lumpur
29 May 2020