

QUARTERLY REPORT FOR THE SECOND QUARTER 2022

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

	Note	Current quarter ended 30.6.2022 RM'000	Comparative quarter ended 30.6.2021 RM'000	Current year to date ended 30.6.2022 RM'000	Preceding year to date ended 30.6.2021 RM'000
Revenue		334,661	267,211	641,118	592,172
Cost of sales		(227,201)	(188,930)	(440,088)	(419,910)
Gross profit		107,460	78,281	201,030	172,262
Other income		8,515	8,036	13,669	13,348
Administrative expenses		(44,682)	(41,522)	(89,799)	(77,872)
Other expenses		(4,568)	(2,628)	(7,481)	(8,279)
		66,725	42,167	117,419	99,459
Finance costs		(10,180)	(14,305)	(20,397)	(23,090)
		56,545	27,862	97,022	76,369
Share of results of associates and a joint venture, net of tax		66,795	91,546	124,877	170,694
Profit before tax	B13	123,340	119,408	221,899	247,063
Tax expense	B6	(16,498)	(14,712)	(28,428)	(24,831)
Profit after tax		106,842	104,696	193,471	222,232
Profit attributable to:					
Owners of the Company		106,231	103,613	192,497	220,023
Non-controlling interests		611	1,083	974	2,209
		106,842	104,696	193,471	222,232
Earnings per share attributable to Owners of the Company (sen):					
Basic / Diluted	B11	5.15	5.02	9.33	10.67

(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 2021)

QUARTERLY REPORT FOR THE SECOND QUARTER 2022

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

	Current quarter ended 30.6.2022	Comparative quarter ended 30.6.2021	Current year to date ended 30.6.2022	Preceding year to date ended 30.6.2021
	RM'000	RM'000	RM'000	RM'000
Profit after tax	106,842	104,696	193,471	222,232
Other comprehensive income/(expenses) for the period, net of tax				
Items of other comprehensive income/(expenses):				
(a) Will be reclassified subsequently to profit or loss when specific conditions are met:				
- Fair value gain on cash flow hedge	745	265	1,249	862
- Foreign currency translation (loss)/gain	(18,178)	(5,825)	1,640	5,241
	(17,433)	(5,560)	2,889	6,103
Share of other comprehensive (expenses)/income and reserves of associates accounted for using equity method:				
(a) Item that will not be reclassified subsequently to profit or loss:				
- Fair values through other comprehensive income ("FVTOCI") and other reserves	(2,086)	2,349	(2,030)	2,612
(b) Items that will be reclassified subsequently to profit or loss when specific conditions are met:				
- Foreign currency translation reserves	8,839	(1,203)	11,186	7,109
- FVTOCI and other reserves	(67,673)	17,036	(124,080)	(92,474)
	(60,920)	18,182	(114,924)	(82,753)
Total other comprehensive (expenses)/income for the period, net of tax	(78,353)	12,622	(112,035)	(76,650)
Total comprehensive income	28,489	117,318	81,436	145,582
Total comprehensive income attributable to:				
Owners of the Company	28,372	116,392	80,418	143,232
Non-controlling interests	117	926	1,018	2,350
	28,489	117,318	81,436	145,582

(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 2021)

QUARTERLY REPORT FOR THE SECOND QUARTER 2022

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	Note	As at 30.6.2022 RM'000	As at 31.12.2021 RM'000
Assets:			
Non-current			
Property, plant and equipment		567,609	564,251
Investment properties		480,262	476,318
Investments in associates and a joint venture		3,852,477	3,919,623
Intangible assets		2,615	2,579
Right-of-use assets		55,739	62,258
Inventories		1,493,381	1,514,701
Deferred tax assets		66,989	69,568
Capital financing		244,499	291,657
Trade receivables		28,717	22,926
Other assets		2,617	2,428
Derivative asset	B14	-	1,926
		6,794,905	6,928,235
Current			
Inventories		291,389	322,817
Capital financing		688,218	688,127
Trade receivables		187,322	212,909
Other assets		36,384	26,788
Contract assets		219,245	185,621
Derivative asset	B14	10,279	-
Biological assets		816	524
Tax recoverable		17,458	18,972
Securities at fair value through profit or loss		199	227
Cash, bank balances and short-term funds		701,658	831,733
		2,152,968	2,287,718
Total Assets		8,947,873	9,215,953

QUARTERLY REPORT FOR THE SECOND QUARTER 2022

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022 (CONT'D)**

	Note	As at 30.6.2022 RM'000	As at 31.12.2021 RM'000
Liabilities:			
Non-current			
Borrowings	A5(b),(c),(d),B8(a)	1,629,109	1,870,380
Trade payables		17,392	16,748
Other liabilities		29,570	30,467
Contract liabilities and deferred income		80,185	86,906
Lease liabilities		587	1,210
Deferred tax liabilities		93,724	99,236
		1,850,567	2,104,947
Current			
Borrowings	A5(b),(c),(d),B8(a)	905,290	880,737
Trade payables		76,254	76,371
Other liabilities		531,438	559,117
Contract liabilities and deferred income		15,543	23,520
Lease liabilities		7,320	13,302
Tax payable		24,579	18,116
		1,560,424	1,571,163
Total Liabilities		3,410,991	3,676,110
Net Assets		5,536,882	5,539,843
Equity:			
Share capital		2,095,311	2,095,311
Treasury shares, at cost	A5(a)	(43,226)	(43,226)
		2,052,085	2,052,085
Reserves		3,413,571	3,415,955
		5,465,656	5,468,040
Issued capital and reserves attributable to Owners of the Company			
Non-controlling interests		71,226	71,803
		5,536,882	5,539,843
Total Equity		5,536,882	5,539,843
Net Assets per share attributable to Owners of the Company (RM)		2.65	2.65
Number of outstanding ordinary shares in issue ('000)		2,062,104	2,062,104

(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 2021)

QUARTERLY REPORT FOR THE SECOND QUARTER 2022

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

Note	Attributable to Owners of the Company							Total issued share capital and reserves	Non-controlling interests	Total equity
	Share capital	Treasury shares	Revaluation reserve	Foreign currency translation reserves	Hedging reserve	Other reserves	Retained profits			
	[Note A5(a)]									
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1.1.2022	2,095,311	(43,226)	63,451	13,702	(1,386)	24,120	3,316,068	5,468,040	71,803	5,539,843
Profit after tax	-	-	-	-	-	-	192,497	192,497	974	193,471
Fair value gain on cash flow hedge	-	-	-	-	1,249	-	-	1,249	-	1,249
Foreign currency translation gain	-	-	-	1,596	-	-	-	1,596	44	1,640
Share of other comprehensive income/(expenses) and reserves of associates accounted for using equity method:										
- Foreign currency translation reserves	-	-	-	11,186	-	-	-	11,186	-	11,186
- FVTOCI and other reserves	-	-	-	-	-	(126,110)	-	(126,110)	-	(126,110)
Other comprehensive income/(expenses)	-	-	-	12,782	1,249	(126,110)	-	(112,079)	44	(112,035)
Total comprehensive income/(expenses)	-	-	-	12,782	1,249	(126,110)	192,497	80,418	1,018	81,436
Dividends paid to:										
- Owners of the Company	-	-	-	-	-	-	(82,484)	(82,484)	-	(82,484)
- Non-controlling interests	-	-	-	-	-	-	-	-	(1,909)	(1,909)
Total distributions to Owners	-	-	-	-	-	-	(82,484)	(82,484)	(1,909)	(84,393)
Acquisitions of additional interests in subsidiaries from non-controlling interests:										
- Dilution of equity interests	-	-	-	-	-	-	-	-	314	314
- Loss on acquisitions	-	-	-	-	-	-	(318)	(318)	-	(318)
Total changes in ownership interest in subsidiaries	-	-	-	-	-	-	(318)	(318)	314	(4)
Total transactions with Owners in their capacity as Owners	-	-	-	-	-	-	(82,802)	(82,802)	(1,595)	(84,397)
As at 30.6.2022	2,095,311	(43,226)	63,451	26,484	(137)	(101,990)	3,425,763	5,465,656	71,226	5,536,882

QUARTERLY REPORT FOR THE SECOND QUARTER 2022

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2022 (CONT'D)**

	Attributable to Owners of the Company							Total issued share capital and reserves	Non- controlling interests	Total equity
	Share capital	Treasury shares	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 1.1.2021										
As per previously reported	2,095,311	(43,226)	63,451	19,704	(3,457)	164,855	2,997,781	5,294,419	69,386	5,363,805
Adoption of IFRIC Agenda Decision - Over time transfer of constructed good (IAS 23 Borrowing Costs)	-	-	-	-	-	-	3,214	3,214	44	3,258
As restated	2,095,311	(43,226)	63,451	19,704	(3,457)	164,855	3,000,995	5,297,633	69,430	5,367,063
Profit after tax	-	-	-	-	-	-	220,023	220,023	2,209	222,232
Fair value gain on cash flow hedge	-	-	-	-	862	-	-	862	-	862
Foreign currency translation gain	-	-	-	5,100	-	-	-	5,100	141	5,241
Share of other comprehensive income/(expenses) and reserves of associates accounted for using equity method:										
- Foreign currency translation reserves	-	-	-	7,109	-	-	-	7,109	-	7,109
- FVTOCI and other reserves	-	-	-	-	-	(89,862)	-	(89,862)	-	(89,862)
Other comprehensive income/(expenses)	-	-	-	12,209	862	(89,862)	-	(76,791)	141	(76,650)
Total comprehensive income/(expenses)	-	-	-	12,209	862	(89,862)	220,023	143,232	2,350	145,582
Dividends paid to:										
- Owners of the Company	-	-	-	-	-	-	(61,863)	(61,863)	-	(61,863)
- Non-controlling interests	-	-	-	-	-	-	-	-	(1,908)	(1,908)
Total distributions to Owners	-	-	-	-	-	-	(61,863)	(61,863)	(1,908)	(63,771)
Acquisitions of additional interests in a subsidiary from non-controlling interests:										
- Accretion of equity interests	-	-	-	-	-	-	-	-	(3)	(3)
- Gain on acquisitions	-	-	-	-	-	-	2	2	-	2
Issuance of ordinary shares by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	1,990	1,990
Total changes in ownership interest in subsidiaries	-	-	-	-	-	-	2	2	1,987	1,989
Total transactions with Owners in their capacity as Owners	-	-	-	-	-	-	(61,861)	(61,861)	79	(61,782)
As at 30.6.2021	2,095,311	(43,226)	63,451	31,913	(2,595)	74,993	3,159,157	5,379,004	71,859	5,450,863

(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 2021)

QUARTERLY REPORT FOR THE SECOND QUARTER 2022

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

	Current year to date ended 30.6.2022 RM'000	Preceding year to date ended 30.6.2021 RM'000
Cash Flows From Operating Activities		
Profit before tax	221,899	247,063
Adjustments for:		
Non-cash and non-operating items	4,241	11,014
Share of results of associates and a joint venture	(124,877)	(170,694)
Operating profit before changes in working capital	101,263	87,383
<i>Decrease/(Increase) in:</i>		
Inventories	67,482	45,687
Capital financing	46,693	(123,208)
Trade receivables	19,261	24,978
Other assets	(9,679)	(5,799)
Contract assets	(33,624)	(102,039)
<i>Increase/(Decrease) in:</i>		
Trade payables	512	(13,501)
Other liabilities	(28,111)	1,475
Contract liabilities and deferred income	(14,698)	(7,282)
<i>Changes in working capital</i>	47,836	(179,689)
Cash from/(used in) operations	149,099	(92,306)
Income tax paid	(23,824)	(25,880)
Income tax refunded	443	940
Interest paid	(27,923)	(23,747)
Interest received	44,552	41,477
Net cash from/(used in) operating activities	142,347	(99,516)
Cash Flows From Investing Activities		
<i>Investment, divestment and income from investments:</i>		
Acquisitions of additional shares in a subsidiary from non-controlling interests	(4)	(1)
Dividends received from securities at fair value through profit or loss	9	-
Investment properties expenditure	(3,944)	(13,619)
Funds distribution income received	2,315	3,035
Interest received	2,169	641
Proceeds from disposals of property, plant and equipment	9,016	97
Purchase of:		
- land for property development	-	(15,000)
- property, plant and equipment	(23,977)	(19,018)
- software licences	(244)	(145)
<i>Net investment, divestment and income from investments/ Sub-total carried forward</i>	(14,660)	(44,010)

QUARTERLY REPORT FOR THE SECOND QUARTER 2022

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2022 (CONT'D)**

	Current year to date ended 30.6.2022 RM'000	Preceding year to date ended 30.6.2021 RM'000
Cash Flows From Investing Activities (Cont'd)		
<i>Sub-total brought forward</i>	(14,660)	(44,010)
<i>Dividends and capital repayment:</i>		
Capital repayment from an associate	-	65,279
Dividends received from associates	78,257	40,617
<i>Net dealings with associates</i>	78,257	105,896
Net cash from investing activities	63,597	61,886
Cash Flows From Financing Activities		
<i>Funding in business:</i>		
Expenses incurred on borrowings	(14)	(2,658)
<i>Drawdowns/(Repayments):</i>		
Proceeds from:		
- issuance of medium term notes and Sukuk	-	798,000
- drawdown of term and bridging	16,544	11,115
Redemptions/Repayments of:		
- medium term notes and Sukuk	(23,918)	(341,825)
- term and bridging	(87,782)	(33,770)
- revolving credits - net	(128,987)	(243,627)
<i>Net (repayments)/drawdowns</i>	(224,143)	189,893
Interest paid	(18,882)	(19,026)
Payment of lease liabilities	(9,054)	(8,308)
<i>Dividends and share proceeds:</i>		
Dividend paid to:		
- Owners of the Company	(82,484)	(61,863)
- non-controlling interests	(1,909)	(1,908)
Proceeds from:		
- issuance of shares to non-controlling interests	-	530
<i>Net dealing with Owners</i>	(84,393)	(63,241)
Net cash (used in)/from financing activities	(336,486)	96,660
Net (decrease)/increase in cash and cash equivalents	(130,542)	59,030
Effects of exchange rate changes	467	(100)
Cash and cash equivalents at beginning of the period	831,733	662,702
Cash and cash equivalents at end of the period, comprised cash, bank balances and short-term funds	701,658	721,632

(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 2021)

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2022

Explanatory notes to Quarterly Report for the current year to date ended 30 June 2022

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 2021 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 2021.

The 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 2021 except for adoption of the following amendments to Malaysian Financial Reporting Standards ("MFRSs"), which are effective for the Group's financial year beginning on 1 January 2022:

- (i) Amendments to MFRS 3 'Business Combination - Reference to the Conceptual Framework'
- (ii) Amendments to MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of Fulfilling a Contract
- (iii) Amendments to MFRS 116 'Property, Plant and Equipment - Proceeds before Intended Use'
- (iv) Annual improvements to MFRS Standards 2018-2020:
 - (1) Amendment to MFRS 9 'Financial Instruments'
 - (2) Amendment to Illustrative Examples accompanying MFRS 16 'Leases'
 - (3) Amendment to MFRS 141 'Agriculture'

The adoption of these amendments to MFRSs do not have any significant financial impact on the financial statements of the Group for the current quarter.

A2. Seasonality or cyclicity of interim operations

The performance of the Hotels and Resorts Division of the Group is dependent 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

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.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2022

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

The issuances, repurchases and repayments of debt and equity securities of the Group for the current year to date are as follow:

(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. There were no share issuance, cancellations, resale and buybacks for the current year to date.

(b) Sukuk Murabahah Programme ("Sukuk 1") and Medium Term Note Programme ("MTN2") for the issuance of medium term notes and Sukuk with a combined limit of up to RM1.8 billion in nominal value, guaranteed by the Company

On 9 March 2018, OSK I CM Sdn. Bhd. ("OSKICM"), a wholly-owned subsidiary of the Company, lodged Sukuk 1 with Securities Commission Malaysia ("SC"). On 20 April 2018, OSKICM lodged MTN2 and re-logged the Sukuk 1 with SC all the required information and relevant documents pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by SC. Both programmes give OSKICM the flexibility to raise funds via the issuance of Sukuk 1 or MTN2 with a combined limit of up to RM1.8 billion in nominal value, which can be utilised for working capital requirements and repayment of borrowings of the Group. Both Sukuk 1 and MTN2 are unrated, tradable and transferable and have a perpetual tenure.

The terms of Sukuk 1 and MTN2 contain various covenants, including the following:

- (1) the Group shall maintain a gearing ratio of not exceeding 1.5 times at all times throughout the tenure of the Programme.
- (2) OSKICM shall set up or procure Trustees' Reimbursement Account ("TRA") with RM30,000 each in respect of Sukuk 1 and MTN2 which shall be maintained at all times throughout the tenure of the Programme.

(i) Tranche 1 and Tranche 2 of MTN2

On 30 April 2018 and 17 May 2018, OSKICM issued a total of RM250.0 million of Tranche 1 of MTN2 in 4 series with maturities commencing from year 2021 to 2028 and redeemable every 12 months commencing 12 months after the first issuance date.

On 30 January 2019, OSKICM issued Tranche 2 of MTN2 of RM200.0 million in 7 series with maturities commencing from year 2020 to 2026, redeemable every 12 months commencing 12 months after the first issuance date. Both proceeds from Tranche 1 and Tranche 2 of MTN2 were utilised for working capital requirements and repayment of borrowings of the Group.

On 17 June 2022 and 30 June 2022, OSKICM redeemed RM3.9 million and RM2.1 million of Tranche 1 and Tranche 2, respectively. Since first issuance on 30 April 2018, the total amount redeemed in respect of Tranche 1 and Tranche 2 of MTN2 amounted to RM200.6 million and RM173.3 million respectively. As at 30 June 2022, the outstanding amount of Tranche 1 and Tranche 2 of MTN2 stood at RM49.4 million and RM26.7 million respectively.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2022

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

(b) Sukuk Murabahah Programme ("Sukuk 1") and Medium Term Note Programme ("MTN2") for the issuance of medium term notes and Sukuk with a combined limit of up to RM1.8 billion in nominal value, guaranteed by the Company (Cont'd)

(i) Tranche 1 and Tranche 2 of MTN2 (Cont'd)

Both Tranche 1 and Tranche 2 of MTN2 require a security cover of not less than 2.0 times and are secured by:

- (1) shares in an associate of the Company ("Tranche 1 and Tranche 2 Pledged Shares"); and
- (2) all its rights, titles, interests and benefits in and under the share proceeds account ("PA") for Tranche 1 and Tranche 2 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 associate).

(ii) Tranche 3 of MTN2

On 8 April 2021, OSKICM issued Tranche 3 of MTN2 of RM100.0 million in 5 series with maturities commencing from year 2024 to 2028 and redeemable every 12 months commencing 36 months after the first issuance date. Proceeds from Tranche 3 of MTN2 were utilised to part finance the acquisition of a piece of land for development, which includes reimbursement and other related expenses.

There was no redemption since the first issuance date. As at 30 June 2022, the outstanding amount of Tranche 3 of MTN2 stood at RM100.0 million.

The Tranche 3 of MTN2 is secured by:

- (1) all its rights, titles, interests and benefits in and under the Debt Service Reserve Account ("DSRA") for Tranche 3 maintained by OSKICM and all monies from time to time standing to the credit thereto; and
- (2) a piece of land owned by Aspect Potential Sdn. Bhd. ("APSB"), a subsidiary of OSK Property Holdings Berhad ("OSKPH"), which in turn is a subsidiary of the Company, and all its present and future assets of APSB.

(iii) Tranche 2 of Sukuk 1

On 23 July 2018, OSKICM issued Tranche 2 of Sukuk 1 of RM93.0 million with maturities commencing from year 2021 to 2024 and redeemable every 3 months commencing 36 months after the first issuance date. Proceeds from Tranche 2 of Sukuk 1 were utilised to finance the acquisition of a piece of land for development.

On 21 January 2022 and 22 April 2022, OSKICM redeemed RM6.0 million and RM7.0 million of Tranche 2 of Sukuk 1 respectively. Since first issuance on 23 July 2018, the total amount redeemed in respect of Tranche 2 of Sukuk 1 amounted to RM25.0 million. As at 30 June 2022, the outstanding amount of Tranche 2 of Sukuk 1 stood at RM68.0 million.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2022

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

(b) Sukuk Murabahah Programme ("Sukuk 1") and Medium Term Note Programme ("MTN2") for the issuance of medium term notes and Sukuk with a combined limit of up to RM1.8 billion in nominal value, guaranteed by the Company (Cont'd)

(iii) Tranche 2 of Sukuk 1 (Cont'd)

The Tranche 2 of Sukuk 1 is secured by:

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

(iv) Tranche 4 of Sukuk 1

On 9 November 2021, OSKICM issued Tranche 4 of Sukuk 1 of RM132.0 million with maturities commencing from year 2024 to 2028 and redeemable every 3 months commencing 36 months after the first issuance date. Proceeds from Tranche 4 of Sukuk 1 were utilised to finance the acquisition of a piece of land for development which includes reimbursement and other related expenses.

There was no redemption since first issuance date. As at 30 June 2022, the outstanding amount of Tranche 4 of Sukuk 1 stood at RM132.0 million.

The Tranche 4 of Sukuk 1 is secured by:

- (1) all its rights, titles, interests and benefits in and under the FSRA for Tranche 4 maintained by OSKICM and all monies from time to time standing to the credit thereto;
- (2) all its rights, titles, interests and benefits in and under the TRA for Tranche 4 maintained by OSKICM and all monies from time to time standing to the credit thereto;
- (3) all its rights, titles, interests and benefits in and under the Operating Account for Tranche 4 maintained by Mori Park Sdn. Bhd. ("MPSB"), a subsidiary of OSKPH, which in turn is a subsidiary of the Company, and all monies from time to time standing to the credit thereto;
- (4) a FSRA, maintained by OSKICM, of a minimum amount equivalent to one periodic profit payment; and
- (5) a piece of land owned by MPSB and all its present and future assets of MPSB.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2022

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

(c) Medium Term Note Programme ("MTN3") for the issuance of medium term notes of up to RM980.0 million nominal value in aggregate, guaranteed by the Company

On 25 April 2019, OSKICM lodged with SC all the required information and relevant documents relating to the MTN3 pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by SC. MTN3 is unrated, tradable and transferable with a limit of up to RM980.0 million and has a perpetual tenure. Proceeds raised from the issuance of the MTN3 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.

The terms of the MTN3 contain various covenants, including the following:

- (1) the Group shall maintain a gearing ratio of not exceeding 1.5 times throughout the tenure of the Programme.
- (2) OSKICM shall set up or procure TRA with a sum of RM30,000 in respect of MTN3 which shall be maintained at all times throughout the tenure of the Programme.

(i) Tranche 1 of MTN3

On 10 May 2019, OSKICM issued Tranche 1 of MTN3 of RM164.2 million in 15 series with maturities commencing from year 2020 to 2034 and redeemable every 12 months commencing 12 months after the first issuance date. Proceeds from Tranche 1 of MTN3 were utilised for repayment of borrowings of a subsidiary.

On 10 May 2022, OSKICM redeemed RM5.0 million of Tranche 1 of MTN3. Since first issuance on 10 May 2019, the total amount redeemed in respect of Tranche 1 of MTN3 amounted to RM15.0 million. As at 30 June 2022, the outstanding amount of Tranche 1 of MTN3 stood at RM149.2 million.

The Tranche 1 of MTN3 is secured by:

- (1) all its rights, titles, interests and benefits to and in, amongst others:
 - (i) 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, subsidiaries of OSKPH, which in turn are subsidiaries of the Company and all monies from time to time standing to the credit thereto;
 - (ii) 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;
 - (iii) DSRA maintained by a subsidiary, ASG and all monies from time to time standing to the credit thereto;
 - (iv) Insurances of ASG and APM; and
 - (v) Atria Mall and Carpark under the Sale and Purchase Agreement entered between ASG, APM and Atria Damansara Sdn. Bhd. ("AD"), a subsidiary of OSKPH, which in turn is a subsidiary of the Company;

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2022

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

(c) Medium Term Note Programme ("MTN3") for the issuance of medium term notes of up to RM980.0 million nominal value in aggregate, guaranteed by the Company (Cont'd)

(i) Tranche 1 of MTN3 (Cont'd)

The Tranche 1 of MTN3 is secured by: (Cont'd)

- (2) 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
- (3) 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, Tranche 3 and Tranche 4 of MTN3

OSKICM issued Tranche 2 of MTN3 for RM100.0 million and Tranche 3 of MTN3 of RM100.0 million on 30 September 2019 and 30 January 2020 with a tenure of 5 years maturing on 30 September 2024 and 30 January 2025 respectively. Proceeds from both tranches were utilised for working capital requirements.

On 30 September 2020, OSKICM issued Tranche 4 of MTN3 of RM200.0 million in 8 series with maturities commencing from year 2021 to 2028 and redeemable every 12 months commencing 12 months after the first issuance date. Proceeds from Tranche 4 of MTN3 were utilised for repayment of the existing bank borrowings of the Group.

There was no redemption for Tranche 2 and Tranche 3 of MTN3 since the first issuance date. As at 30 June 2022, the outstanding amount of Tranche 2 and Tranche 3 of MTN3 stood at RM100.0 million and RM100.0 million respectively.

Since first issuance on 30 September 2020, the total amount redeemed in respect of Tranche 4 of MTN3 amounted to RM5.0 million. There was no redemption during 1 January 2022 to 30 June 2022. As at 30 June 2022, the outstanding amount of Tranche 4 of MTN3 stood at RM195.0 million.

The Tranche 2, Tranche 3 and Tranche 4 of MTN3 are secured by:

- (1) first party legal charge by the way of Memorandum of Deposit with Power of Attorney over shares of an associate of the Company;
- (2) 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
- (3) a DSRA, maintained by OSKICM, of a minimum amount equivalent to one month coupon payment.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2022

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

- (d) Islamic Medium Term Notes (Sukuk Murabahah) Programme ("Sukuk-R"), which together with a Multi-Currency Medium Term Notes Programme ("MCMTN-R"), for the issuance of Sukuk-R and MCMTN-R with a combined limit of up to RM2.0 billion (or its equivalent in other currencies) in aggregate nominal value, guaranteed by the Company**

On 29 September 2020, OSK Rated Bond Sdn. Bhd. ("OSKRB"), a wholly-owned subsidiary of the Company lodged with SC all the required information and relevant documents relating to Sukuk-R/MCMTN-R pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by SC. The tenure of the Sukuk-R/MCMTN-R Programme is perpetual.

Malaysia Rating Corporation Berhad ("MARC") had on 16 November 2020 assigned a final rating of AA_{IS}/AA with stable outlook to OSKRB's Sukuk-R/MCMTN-R. On 28 October 2021, MARC has affirmed its AA_{IS}/AA ratings on OSKRB's Sukuk-R/MCMTN-R with stable outlook.

The terms of Sukuk-R/MCMTN-R contain various covenants, including the following:

- (1) the Group shall maintain a gearing ratio of not exceeding 1.5 times throughout the tenure of the Programme.
- (2) OSKRB shall set up or procure TRA with a sum of RM30,000 each in respect of Sukuk-R/MCMTN-R which shall be maintained at all times throughout the tenure of the Programme.

(i) Series 1 of Sukuk-R and Series 1 of MCMTN-R

On 12 March 2021, OSKRB issued Series 1 of Sukuk-R of RM100.0 million and Series 1 of MCMTN-R for RM20.0 million with a tenure of 5 years maturing on 12 March 2026 at fixed rate of 3.55% per annum. Proceeds from both issuances were utilised for working capital and repayment of borrowings of the Group.

There was no redemption since the issuance date. As at 30 June 2022, the outstanding amount of Series 1 of Sukuk-R and Series 1 of MCMTN-R stood at RM100.0 million and RM20.0 million respectively.

(ii) Series 2 and Series 3 of Sukuk-R

On 30 April 2021, OSKRB issued (i) Series 2 of Sukuk-R of RM373.0 million with a tenure of 7 years maturing on 28 April 2028 at fixed rate of 4.39% per annum; (ii) Series 3 of Sukuk-R of RM205.0 million with a tenure of 10 years maturing on 30 April 2031 at fixed rate of 4.52% per annum. Proceeds from both the issuances were utilised for working capital and repayment of borrowings of the Group.

There was no redemption since the issuance date. As at 30 June 2022, the outstanding amount of Series 2 and Series 3 of Sukuk-R stood at RM373.0 million and RM205.0 million respectively.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2022

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

Summary of the MTNs and Sukuk outstanding amounts are as follows:

	For current year to date		As at 30 June 2022				TRA balances RM'000
	Issuance RM'000	Redemption RM'000	Outstanding amounts RM'000	DSRA balances RM'000	FSRA balances RM'000	PA balances RM'000	
(1) Tranche 1 of MTN2	-	3,857	49,384	-	-	15	} 33
(2) Tranche 2 of MTN2	-	2,061	26,672	-	-	34	
(3) Tranche 3 of MTN2	-	-	100,000	283	-	-	
(4) Tranche 2 of Sukuk 1	-	13,000	67,971	-	1,250	-	} 33
(5) Tranche 4 of Sukuk 1	-	-	132,000	-	373	-	
(6) Tranche 1 of MTN3	-	5,000	149,200	727	-	-	} 32
(7) Tranche 2 of MTN3	-	-	100,000	387	-	-	
(8) Tranche 3 of MTN3	-	-	100,000	387	-	-	
(9) Tranche 4 of MTN3	-	-	195,000	534	-	-	} 31
(10) Series 1 of MCMTN-R	-	-	20,000	-	-	-	
(11) Series 1 of Sukuk-R	-	-	100,000	-	-	-	} 30
(12) Series 2 of Sukuk-R	-	-	373,000	-	-	-	
(13) Series 3 of Sukuk-R	-	-	205,000	-	-	-	
	-	23,918	1,618,227	2,318	1,623	49	159
Less: Unamortised issuance expenses			(977)				
			<u>1,617,250</u>				

The interest rates of MTNs and profit rates of Sukuk ranged from 3.01% to 4.52% per annum.

A6. Dividends paid during the current year to date

On 13 May 2022, the Company paid a final dividend of RM82.5 million or 4.0 sen per ordinary share for the year ended 31 December 2021. Dividend declaration for the current year to date is disclosed in Note B10.

A7. Segmental information

For management purposes, the Group's businesses are organised into five core reportable business segments, based on the nature of the products and services. The executive committee is the chief operating decision maker and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

The five core business segments are described 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 associates which are involved in property development activities in Malaysia and Australia.
- (ii) Property Investment and Management - Management and letting of properties, contributing rental yield and appreciation of properties and sharing of results of an associate and a joint venture which dealt with letting of office and retails space.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2022

A7. Segmental information (Cont'd)

The five core business segments are described as follows: (Cont'd)

- (b) Construction** – Building construction revenue derived from the property development projects carried out.
- (c) Industries**
 - (i) Olympic Cables – Manufacturing and sale of power cables divided into three major categories, namely (i) low voltage power cables, (ii) medium voltage power cables and (iii) fire-resistant power cables.
 - (ii) Acotec – Manufacturing and sale of Industrialised Building System ("IBS") concrete wall panels.
- (d) Hospitality**
 - (i) Hotels and Resorts – Management and operation of hotels and resorts, including golf course operations, room rental, food and beverage revenue and fee income.
 - (ii) SGI Vacation Club – Management of vacation timeshare and sale of timeshare membership.
- (e) Financial Services & Investment Holding**
 - (i) Capital Financing – Capital financing activities include generating interest, fee and related income on loans and financing portfolio in Malaysia and Australia.
– Islamic financing activities include generating profit and fee income on Islamic financing portfolio in Malaysia.
 - (ii) Investment Holding and Others – Investing activities and other insignificant business segments including sale of oil palm fresh fruit bunches, interior design, trading of building materials and investments which contribute dividend income and interest income as well as sharing of results of an associate which engaged in financial services business.

Business segment performance is evaluated based on operating results which in certain aspects are measured differently from profits or loss in the consolidated financial statements. Inter-segment revenues are eliminated upon consolidation.

Business segment revenue and results include items directly attributable to each 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 that makes up ten percent or more of the Group's revenue.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2022

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 & Investment Holding	Consolidated
Current year to date ended 30.6.2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
Total revenue	384,590	57,595	141,370	38,420	428,731	1,050,706
Inter-segment revenue	(2,491)	(57,595)	(5)	(103)	(36,439)	(96,633)
Dividends from:						
- subsidiaries	-	-	-	-	(192,526)	(192,526)
- associates	(15,000)	-	-	-	(105,429)	(120,429)
Revenue from external parties	367,099	-	141,365	38,317	94,337	641,118
Results						
Segment profit/(loss)	64,197	(836)	10,561	1,478	22,856	98,256
Share of results of associates and a joint venture	3,530	-	-	-	121,347	124,877
	67,727	(836)	10,561	1,478	144,203	223,133
Elimination of unrealised profit	-	(325)	-	-	(909)	(1,234)
Profit/(Loss) before tax	67,727	(1,161)	10,561	1,478	143,294	221,899
Tax (expense)/income	(16,150)	188	(2,077)	108	(10,497)	(28,428)
Profit/(Loss) after tax	51,577	(973)	8,484	1,586	132,797	193,471
Preceding year to date ended 30.6.2021						
Revenue						
Total revenue	397,284	69,286	101,091	14,625	275,916	858,202
Inter-segment revenue	(2,408)	(67,960)	-	(1)	(21,591)	(91,960)
Dividends from:						
- subsidiaries	-	-	-	-	(142,998)	(142,998)
- an associate	-	-	-	-	(31,072)	(31,072)
Revenue from external parties	394,876	1,326	101,091	14,624	80,255	592,172
Results						
Segment profit/(loss)	62,475	1,216	3,003	(10,475)	20,057	76,276
Share of results of associates and a joint venture	39,076	-	-	-	131,618	170,694
	101,551	1,216	3,003	(10,475)	151,675	246,970
Realisation of profit upon completion of sale/(Elimination of unrealised profit)	-	438	-	-	(345)	93
Profit/(Loss) before tax	101,551	1,654	3,003	(10,475)	151,330	247,063
Tax (expense)/income	(15,653)	(181)	(1,053)	287	(8,231)	(24,831)
Profit/(Loss) after tax	85,898	1,473	1,950	(10,188)	143,099	222,232
(Lower)/Improve of pre-tax performance:						
- in RM'000	(33,824)	(2,815)	7,558	11,953	(8,036)	(25,164)
- in %	(33%)	(>100%)	>100%	>100%	(5%)	(10%)

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2022

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 & Investment Holding	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30.6.2022						
Assets						
Tangible assets	3,057,025	14,202	220,628	340,308	1,376,171	5,008,334
Intangible assets	98	-	-	-	2,517	2,615
	3,057,123	14,202	220,628	340,308	1,378,688	5,010,949
Investments in associates and a joint venture	565,950	-	-	-	3,286,527	3,852,477
Segment assets	3,623,073	14,202	220,628	340,308	4,665,215	8,863,426
Deferred tax assets and tax recoverable	53,437	845	506	22,912	6,747	84,447
Total assets	3,676,510	15,047	221,134	363,220	4,671,962	8,947,873
Liabilities						
Segment liabilities	1,732,592	39,605	49,948	148,436	1,322,107	3,292,688
Deferred tax liabilities and tax payable	89,220	30	8,813	6,156	14,084	118,303
Total liabilities	1,821,812	39,635	58,761	154,592	1,336,191	3,410,991
As at 31.12.2021						
Assets						
Tangible assets	3,198,239	25,663	201,102	334,692	1,445,515	5,205,211
Intangible assets	126	-	-	-	2,453	2,579
	3,198,365	25,663	201,102	334,692	1,447,968	5,207,790
Investments in associates and a joint venture	576,262	-	-	-	3,343,361	3,919,623
Segment assets	3,774,627	25,663	201,102	334,692	4,791,329	9,127,413
Deferred tax assets and tax recoverable	57,040	931	184	22,880	7,505	88,540
Total assets	3,831,667	26,594	201,286	357,572	4,798,834	9,215,953
Liabilities						
Segment liabilities	1,764,780	50,153	37,744	198,251	1,507,830	3,558,758
Deferred tax liabilities and tax payable	91,000	28	8,029	6,224	12,071	117,352
Total liabilities	1,855,780	50,181	45,773	204,475	1,519,901	3,676,110
(Decrease)/Increase in segment assets	(151,554)	(11,461)	19,526	5,616	(126,114)	(263,987)
% of (decrease)/increase	(4%)	(45%)	10%	2%	(3%)	(3%)
(Decrease)/Increase in segment liabilities	(32,188)	(10,548)	12,204	(49,815)	(185,723)	(266,070)
% of (decrease)/increase	(2%)	(21%)	32%	(25%)	(12%)	(7%)

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2022

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) and Australia (Property Development, Property Investment and Capital Financing).

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

	<u>Malaysia</u>	<u>Australia</u>	<u>Consolidated</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current year to date ended 30.6.2022			
Revenue	<u>638,651</u>	<u>2,467</u>	<u>641,118</u>
Profit before tax	<u>221,423</u>	<u>476</u>	<u>221,899</u>
Preceding year to date ended 30.6.2021			
Revenue	<u>591,788</u>	<u>384</u>	<u>592,172</u>
Profit before tax	<u>208,029</u>	<u>39,034</u>	<u>247,063</u>
As at 30.6.2022			
Non-current assets ^	<u>2,598,576</u>	<u>1,030</u>	<u>2,599,606</u>
As at 31.12.2021			
Non-current assets ^	<u>2,619,005</u>	<u>1,102</u>	<u>2,620,107</u>

^ Non-current assets exclude financial instruments, deferred tax assets and investments in associates and a joint venture.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2022

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

(a) Change of company name in L26 Tower Sdn. Bhd. ("L26 Tower")

On 14 January 2022, L26 Tower, a wholly-owned subsidiary of OSK Property Holdings Berhad, which in turn is a subsidiary of the Company changed its name to Mori Park Sdn. Bhd..

(b) Striking off of dormant subsidiaries

(i) On 23 February 2022, OCC Malaysia Sdn. Bhd. ("OCCM"), a dormant company and wholly-owned subsidiary of OSK Industries Limited, an indirect wholly-owned subsidiary of PJ Development Holdings Berhad ("PJDH"), which in turn is a subsidiary of the Company, had been struck off from the registrar upon the publication of the notice of striking off pursuant to Section 551(1) of the CA2016 in the Gazette. The striking off of OCCM did not have any material financial impact to the Group.

(ii) On 29 March 2022, PJDC International Sdn. Bhd. ("PJDCI"), a dormant company and wholly-owned subsidiary of PJDH, which in turn is a subsidiary of the Company, had been struck off from the registrar upon the publication of the notice of striking off pursuant to Section 551(1) of the CA2016 in the Gazette. The striking off of PJDCI did not have any material financial impact to the Group.

(c) Newly incorporated subsidiary

On 23 May 2022, OSK Fintech Sdn. Bhd., a subsidiary of the Company incorporated a wholly-owned subsidiary, OSK eCapital Sdn. Bhd. with an issued and paid up capital of RM1 comprising of one (1) ordinary share. The principal activity of this company is to operate financing platform to provide Earned Wage Access ("EWA") solution.

(d) Subscription of ordinary shares in Damai Laut Golf Resort Sdn. Bhd. ("DLGR") by PJD Hotels Sdn. Bhd. ("PJD Hotels")

On 26 April 2022, PJD Hotels, a wholly-owned subsidiary of PJDH, which in turn is a subsidiary of the Company, subscribed for 54,448,969 new ordinary shares at RM1 each in DLGR. Accordingly, the issued and paid up ordinary share capital of DLGR increased from RM82,217,900 to RM136,666,869. Accordingly, PJD Hotels's equity interests in DLGR increased from 99.39% to 99.63%.

The subscription of shares has the following effects to the Group:

	RM'000
Net liabilities acquired from non-controlling interests	322
Loss on consolidation recognised in statement of changes in equity	(322)
Cash in/(out) flow on subscription of ordinary shares in DLGR	<u>-</u>

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2022

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

(e) Increase of equity interests in RHB Bank Berhad ("RHB") via Dividend Reinvestment Plan ("DRP")

On 16 June 2022, RHB issued and allotted 69,158,646 new RHB shares at the issue price of RM5.17 per share which was applied to the final dividend in respect of financial year ended 31 December 2021. The dividend entitlement based on shareholdings in RHB was RM105.4 million and the Company had elected partly to receive the dividend in the form of RHB shares through the DRP. As a result, the Company received 8,156,976 new RHB shares and cash of RM63.3 million from RHB.

Accordingly, the Company's equity interests in RHB increased to 10.21% from 10.18%.

(f) Changes in equity interests in PJDH

On 22 June 2022, the Company acquired 3,000 ordinary shares in PJDH from non-controlling interests of PJDH for cash of RM3,600. Accordingly, the Company's equity interest in PJDH remained at 97.22%.

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	(8)
Gain on consolidation recognised in statement of changes in equity	4
Cash outflow on acquisitions of additional ordinary shares in PJDH	<u>(4)</u>

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

Acquisition of additional equity interests in PJDH after 30 June 2022

From 1 July 2022 to 16 August 2022, the Company acquired 398,800 shares in PJDH from non-controlling interests of PJDH for cash of RM591,960. The Company's interest in PJDH increased further to 97.30% from 97.22% since 30 June 2022.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2022

A10. Commitments

	As at 30.6.2022	As at 31.12.2021
	RM'000	RM'000
(a) Significant unrecognised contractual commitments		
Contracted but not provided for:		
- Acquisition of office equipment, factory equipment and software licences	19,107	2,193
- Acquisition of properties	630	-
- Professional fee	-	37
- Renovation costs	8,570	21,575
	28,307	23,805
(b) Operating lease commitments - the Group as lessor		
Not later than one year	17,830	18,761
Later than one year and not later than five years	27,788	28,461
Later than five years	76,706	78,833
	122,324	126,055

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 30.6.2022 RM'000
(a) Associates:		
RHB Asset Management Sdn. Bhd.	- Funds distribution income	2,113
RHB Bank Berhad	- Office rental income	454
	- Interest expense	(7,842)
RHB Islamic Bank Berhad	- Interest expense	(3,301)
(b) Other related parties:		
Acolia Sdn. Bhd.	- Building material expense	(989)
Acotiles Sdn. Bhd.	- Building material expense	(735)
Dindings Consolidated Sdn. Bhd.	- Office rental income	324
Dindings Consolidated Sdn. Bhd.	- Office rental expense	(240)
Raslan Loong, Shen & Eow	- Legal fees expense	(1,494)
Sincere Source Sdn. Bhd.	- Insurance premium expense	(1,309)
Wong Enterprise	- Sale of fresh fruit bunch	1,020

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2022

A13. Fair value measurement

Fair value hierarchy pursuant to MFRS 13

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 where 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 30.6.2022				
Non-financial assets				
Biological assets	-	-	816	816
Investment properties	-	14,921	428,146	443,067
Financial assets				
Securities at fair value through profit or loss	199	-	-	199
Short-term funds	458,944	-	-	458,944
	459,143	14,921	428,962	903,026
As at 31.12.2021				
Non-financial assets				
Biological assets	-	-	524	524
Investment properties	-	14,921	427,646	442,567
Financial assets				
Securities at fair value through profit or loss	227	-	-	227
Short-term funds	512,545	-	-	512,545
	512,772	14,921	428,170	955,863

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

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2022

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 June 2022

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

	Current quarter ended 30.6.2022 2Q22 RM'000	Comparative quarter ended 30.6.2021 2Q21 RM'000	change %	Current year to date ended 30.6.2022 6M22 RM'000	Preceding year to date ended 30.6.2021 6M21 RM'000	change %
Revenue						
1. Property	192,052	173,493	11%	367,099	394,876	(7%)
<i>Construction revenue</i>	28,536	26,783	7%	57,595	69,286	(17%)
<i>Inter-segment revenue</i>	(28,536)	(26,782)	(7%)	(57,595)	(67,960)	15%
2. Construction	-	1	(100%)	-	1,326	(100%)
3. Industries	75,601	47,654	59%	141,365	101,091	40%
4. Hospitality	20,985	6,501	>100%	38,317	14,624	>100%
5. Financial Services & Investment Holding	46,023	39,562	16%	94,337	80,255	18%
Revenue	334,661	267,211	25%	641,118	592,172	8%
Pre-tax profit/(loss)						
1. Property	41,224	42,528	(3%)	67,727	101,551	(33%)
2. Construction	(106)	1,232	(>100%)	(1,161)	1,654	(>100%)
3. Industries	5,391	1,130	>100%	10,561	3,003	>100%
4. Hospitality	2,053	(5,788)	>100%	1,478	(10,475)	>100%
5. Financial Services & Investment Holding	74,778	80,306	(7%)	143,294	151,330	(5%)
Pre-tax profit	123,340	119,408	3%	221,899	247,063	(10%)
Comprised of:						
Pre-tax profit from the business	56,545	27,862	>100%	97,022	76,369	27%
Share of results of associates and a joint venture	66,795	91,546	(27%)	124,877	170,694	(27%)
Pre-tax profit	123,340	119,408	3%	221,899	247,063	(10%)

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2022

B1. Performance analysis of the Group for the current quarter and current year to date ended 30 June 2022 (Cont'd)

(a) Current Quarter ("2Q22") compared with Comparative Quarter of Preceding Year ("2Q21")

The Group posted a 3% increase in pre-tax profit for the 2Q22 to RM123.3 million from RM119.4 million in 2Q21, on the back of a 25% increase in revenue to RM334.7 million from RM267.2 million in 2Q21. Property Segment and Capital Financing Division continued to be major profit contributors for the Group. Notably, the Hotels and Resorts Division under Hospitality Segment rebounded to a profitable position and the Industries Segment recorded significantly higher revenue and pre-tax profit during the quarter under review. The significant improvement of the Hospitality and Industries Segment were in part due to the full reopening of all economic activities as most COVID-19 movement restrictions were lifted.

The Property Development Division's pre-tax profit for the 2Q22 declined slightly by 4% to RM40.4 million from RM42.2 million a year ago, as the joint venture projects, Melbourne Square ("MSQ") and Agile-Mont Kiara contributed share of profits of RM4.7 million in 2Q22 as compared to RM23.4 million in 2Q21 (as MSQ recognised the gain on a disposal of the retail podium in 2Q21). The Division's revenue for the 2Q22 increased 11% to RM184.7 million from RM166.0 million, underpinned by the high take-up rate of the on-going projects including Mira, YouCity III, Bandar Puteri Jaya and Iringan Bayu as well as a higher progress billings to the purchasers in line with the construction progress during the quarter under review.

The Property Investment Division contributed a steady revenue of over RM7.3 million during the quarter under review as the occupancy rate stabilised across all investment assets and the Division's pre-tax profit for 2Q22 up 2.6 times to RM0.8 million mainly due to write back of doubtful debts.

The Construction Segment recorded revenue of RM28.5 million and pre-tax loss of RM0.1 million in 2Q22 compared with revenue of RM26.8 million and pre-tax profit of RM1.2 million in 2Q21. As the Construction Segment carries out internal projects for the Property Development Division, the profit recognition is in line with the progress billings to the purchasers of Property Development Division. Some of the projects undertaken, e.g. LEA by the Hills and Mira are at its initial stage of construction. The pre-tax profit for the 2Q21 was mainly attributed to the finalisation of completed project accounts.

The Industries Segment's pre-tax profit increased five folds to RM5.4 million in 2Q22 compared with RM1.1 million in 2Q21, underpinned by stronger sales performance from both Cables and IBS Divisions and the factories were fully operational due to relaxation of the movement control in 2022. The significant improvement was mainly due to higher production and deliveries to customers, and profit margins improvement as a result of the favourable material prices movement during the quarter under review.

Under Hospitality Segment, the Hotels and Resorts Division rebounded to pre-tax profit in 2Q22 of RM1.3 million instead of a pre-tax loss of RM7.2 million in 2Q21. Revenue for the 2Q22 increased substantially to RM15.9 million from RM1.7 million a year ago. The full reopening of economic activities with almost full relaxation of COVID-19 restrictions whilst some countries' borders remained closed have benefitted the local tourism. Arising from the foregoing, the occupancy and room rates across all hotels under the Group have shown significant improvement. In addition, the Hotels and Resorts Division booked a gain of RM0.9 million on disposal of Swiss-Inn Sungai Petani in 2Q22.

The Capital Financing Division's pre-tax profit for 2Q22 rose 16% to RM16.3 million from RM14.1 million a year earlier, underpinned by a 6% increase in revenue to RM26.2 million in 2Q22 compared to RM24.8 million recorded in 2Q21. The increase in revenue and pre-tax profit were mainly due to higher average loan portfolio during the period under review.

The Investment Holding Division contributed a pre-tax profit of RM58.4 million in 2Q22 compared with RM66.2 million in 2Q21. The lower pre-tax profit was mainly due to lower share of profit from RHB Group of RM62.4 million in 2Q22 compared with RM68.4 million in 2Q21.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2022

B1. Performance analysis of the Group for the current quarter and current year to date ended 30 June 2022 (Cont'd)

(b) Current Year To Date ("6M22") compared with Preceding Year To Date ("6M21")

The Group registered revenue of RM641.1 million and pre-tax profit of RM221.9 million in 6M22 compared with revenue of RM592.2 million and pre-tax profit of RM247.1 million in 6M21. Industries Segment, Hotels and Resorts and Capital Financing Divisions showed improvement in results while Property Segment recorded a lower pre-tax profit.

The Property Development Division's revenue reduced by 7% to RM352.4 million and pre-tax profit declined by 34% to RM65.6 million in 6M22 compared with preceding year, 6M21. The decline in revenue was mainly due to the composition of projects and their progress in the 6M22, of which some projects are at initial stages compared to 6M21 where most projects progress were at advance stages. Despite the foregoing, this Division recorded high take-up rate for its newly launched projects including Mira, and various phases of the landed houses in Iringan Bayu and Bandar Puteri Jaya. In addition, the joint venture projects, MSQ and Agile-Mont Kiara reported a reduction in the share of profits to RM4.2 million in 6M22 compared to RM39.5 million recorded in 6M21 mainly due to additional profit recognised from the sale of the retail podium in MSQ in 6M21. In addition, the Property Investment Division continue to generate stable rental income and pre-tax profit from its office buildings and retail shopping gallery.

The Construction Segment generated revenue of RM57.6 million and pre-tax loss of RM1.2 million in 6M22 compared with revenue of RM69.3 million and pre-tax profit of RM1.7 million in 6M21. The performance of the Construction Segment is dependent on the sales and progress billings to purchasers of the Property Development Division as its construction order book was solely from the Property Development Division.

The Industries Segment saw its pre-tax profits rose about three-fold to RM10.6 million in 6M22 from RM3.0 million a year ago on the back of stronger sales, both domestic and export markets and relaxation of the movement control in 2022 where the factories were allowed to operate.

The Hospitality Segment rebounded to a pre-tax profit of RM1.5 million in 6M22 from a pre-tax loss of RM10.5 million last year. Revenue in 6M22 rose 2.6 times to RM38.3 million from RM14.6 million in 6M21. The significant improvement was underpinned by a pent-up demand for rooms as tourism, meeting and convention activities picked-up upon almost full relaxation of COVID-19 movement restrictions late last year. In addition, the Hotels and Resorts Division booked a gain of RM0.9 million on disposal of Swiss-Inn Sungai Petani in 6M22.

The Capital Financing Division registered an increase of 11% in pre-tax profit for the 6M22, to RM31.3 million from RM28.1 million a year ago, contributed by its higher average outstanding loan portfolio over the period despite a drop as at 30 June 2022. The outstanding loan book stood at RM932.7 million as at 30 June 2022 compared with RM945.7 million as at 30 June 2021.

The Investment Holding Division reported pre-tax profit of RM112.0 million in 6M22 compared with RM123.2 million in 6M21, representing a decline of RM11.2 million or 9% in pre-tax profit. The lower pre-tax profit in 6M22 was mainly due to lower profit recorded by RHB Group, partly due to the effect of additional 9% tax expenses incurred by RHB Group under the "Cukai Makmur" scheme.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2022

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

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

	Current quarter ended 30.6.2022 2Q22 RM'000	Immediate preceding quarter ended 31.3.2022 1Q22 RM'000	change %
<u>Revenue</u>			
1. Property	192,052	175,047	10%
<i>Construction revenue</i>	28,536	29,059	(2%)
<i>Inter-segment revenue</i>	(28,536)	(29,059)	2%
2. Construction	-	-	
3. Industries	75,601	65,764	15%
4. Hospitality	20,985	17,332	21%
5. Financial Services & Investment Holding	46,023	48,314	(5%)
Revenue	334,661	306,457	9%
<u>Pre-tax profit/(loss)</u>			
1. Property	41,224	26,503	56%
2. Construction	(106)	(1,055)	90%
3. Industries	5,391	5,170	4%
4. Hospitality	2,053	(575)	>100%
5. Financial Services & Investment Holding	74,778	68,516	9%
Pre-tax profit	123,340	98,559	25%
Comprised of:			
Pre-tax profit from the business	56,545	40,477	40%
Share of results of associates and a joint venture	66,795	58,082	15%
Pre-tax profit	123,340	98,559	25%

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2022

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

Current Quarter ("2Q22") compared with Immediate Preceding Quarter ("1Q22")

The Group reported a higher revenue of RM334.7 million in 2Q22 from RM306.5 million in 1Q22. Correspondingly, the pre-tax profit for the 2Q22 increased 25% to RM123.3 million from RM98.6 million in 1Q22. All business Segments have shown improvement in performance during the quarter under review.

The Property Development Division's pre-tax profit increased 60% to RM40.4 million in 2Q22 from RM25.2 million in 1Q22. The Division's revenue rose 10% to RM184.7 million in 2Q22 from RM167.7 million in 1Q22, attributed by higher progress billings to the purchasers. All the on-going projects undertaken by the Division enjoyed high take-up rate. The Property Investment Division contributed a steady revenue and pre-tax profit as activities especially in the Atria Shopping Gallery were back to business as usual.

The Construction Segment posted revenue of RM28.5 million and a pre-tax loss of RM0.1 million in 2Q22 compared with revenue of RM29.1 million and pre-tax loss of RM1.1 million in 1Q22, representing a slight reduction of RM0.6 million or 2% in revenue and improvement of RM1.0 million in pre-tax performance. The improvement of pre-tax performance was mainly due to profit recognised from completed project.

The Industries Segment's revenue increased by 15% to RM75.6 million from RM65.8 million resulted in pre-tax profit rose 4% to RM5.4 million in 2Q22 compared with a quarter earlier. The improvement was mainly due to higher production and deliveries to customers and lower provision of doubtful debts during the quarter under review.

The Hospitality Segment recorded revenue of RM21.0 million representing an increase of 21% from RM17.3 million in 1Q22. Correspondingly, it recorded pre-tax profit of RM2.1 million in 2Q22 as opposed to a pre-tax loss of RM0.6 million in 1Q22. The significant improvement in profitability was due to high occupancy rates and increase in average room rates with the reopening of economic activities and school holidays period. In addition, the Hotels and Resorts Division booked a gain of RM0.9 million on disposal of Swiss-Inn Sungai Petani in 2Q22.

The Capital Financing Division's pre-tax profit for 2Q22 increased by 9% to RM16.3 million from RM15.0 million in 1Q22. The better performance was mainly due to income generated from the larger average portfolio during the quarter under review.

The Investment Holding Division's profit for 2Q22 increased by 9% to RM58.4 million from RM53.5 million in 1Q22 mainly attributed to improved performance of RHB Group.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2022

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

(a) Prospects for the remaining year 2022 ("FY22")

Similar to many countries, the fading COVID-19 risks and easing of restrictions have set the basis for Malaysia's return to normalcy. Malaysian Gross Domestic Product ("GDP") grew 6.9% in 1H22 and recorded a strong 8.9% in 2Q22, driven by consumption activities. Bank Negara Malaysia ("BNM") maintains the GDP growth at 5.3% to 6.3% for FY22, subject to risks related to weaker-than-expected global growth, heightened geopolitical tensions, global financial market volatility and supply chain disruptions. The BNM has increased the Overnight Policy Rate ("OPR") by 0.50% to 2.25% since January 2022.

In Australia, inflation is expected to hit 7.75% later in FY22. Australia economy is expected to slow with Reserve Bank of Australia ("RBA") predicting GDP growth of 3.25% over FY22. The RBA has also increased the cash rate by 1.75% to 1.85% since the beginning of the year to counter inflation.

The Group's businesses are expected to be impacted by the foregoing to a certain extent including higher cost of doing business due to higher material prices, wages and interest cost. Various actions have been taken to improve productivity and reduce wastages to cushion the increasing cost and protect our profitability. We will continue to monitor the economic outlook and implement new strategies, when necessary.

The performance of the Property Development Division will continue to be supported by the recognition of revenue from progress billings of those properties sold including YouCity III, Mira and various phases in our township, Iringan Bayu and Bandar Puteri Jaya. These projects will provide a sustainable revenue stream for the Division for the remaining year and in the near future.

As for our overseas joint venture project in Melbourne, Australia, we will continue to focus on selling the balance of the completed residential units in Melbourne Square ("MSQ") in the following quarters in FY22. The opening of Australia's borders will have a positive impact in attracting potential overseas buyers for the project. The rise in interest rates by 1.75% since January 2022 to the date of this report may continue to pose challenges to the sales and its impact will be monitored closely. In 2Q22, the joint venture company completed the acquisition of a property, comprising an office building with net lettable area of 9,100 sqm (97,952 sqft) on a 6,200 sqm land (1.5 acres) in Southbank, Melbourne, creating additional landbank which have future development potential.

As at 30 June 2022, the Group's effective unbilled sales stood at RM1.0 billion with minimal unsold completed stocks. The Group has land bank measured at 1,936 acres with an estimated effective GDV of RM14.3 billion that are strategically located in the Klang Valley, Sungai Petani, Butterworth, Kuantan, Seremban and Melbourne, Australia. Property Development Division will remain one of the key contributors to the performance of the Group for the remaining FY22.

The Construction Segment will focus to deliver its current outstanding order book of RM378.4 million as at 30 June 2022 and secure new orders from the internal projects. The Division will support the Property Development Division in building high quality homes for our customers by adopting the property-construction partnership approach using the "Prop-Con" model.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2022

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

(a) Prospects for the remaining year 2022 ("FY22") (Cont'd)

The implementation of investment projects by both private and public sectors will continue to lend support to the growth of the Industries Segment, in addition to leveraging on growth of its existing customers. It will also explore new market demand for other low and medium voltage cables. The IBS Division's revenue is expected to expand as it embraces new ways to manufacture lighter weight products to ensure that our products are of good quality, less labour intensive and facilitate smoother and faster construction cycle.

The easing of containment measures and reopening of international borders provide strong support to the recovery path of the Hospitality Segment. The Hotels and Resorts Division has experienced a surge in the room occupancy and bookings for event space for meeting and convention activities. We target to reopen the "DoubleTree by Hilton Damai Laut Resort" (formerly known as Swiss-Garden Beach Resort Damai Laut), which currently is still undergoing refurbishment, in September 2022. Its opening is expected to contribute positively to the Group in the longer term. The Vacation Club Division will remain resilient in FY22 as we focus on selling the long-term membership programmes.

In addition to the conventional capital financing in corporate and equity financing, Capital Financing Division has expanded its financing portfolio in Islamic financing businesses in Malaysia. The fintech business under Lyte has gained momentum with more than 850 disbursements. The Capital Financing in Malaysia continues to expand its business as planned to focus on widening clients' coverage including revenue-based financing in both retail and corporate sectors. Over in Australia, the Division will focus on expanding the portfolio by tapping into the right sectors.

Barring any unforeseen economic development, based on the assessment of the respective businesses, the Group is confident to deliver satisfactory results for the remaining part of 2022.

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

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

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2022

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 30.6.2022 RM'000	Current year to date ended 30.6.2022 RM'000
In respect of the current year income tax	(18,787)	(31,360)
Deferred income tax	2,289	2,932
Income tax expense	<u>(16,498)</u>	<u>(28,428)</u>

Excluding share of results of associates 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 subsidiaries that are not available to offset against taxable profits in other subsidiaries within the Group.

B7. Status of corporate proposals and utilisation of proceeds

As at 22 August 2022 (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 SECOND QUARTER ENDED 30 JUNE 2022

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

(a) The Group's borrowings and debt securities at end of the current year to date

	Non-current		Current		Total
	'000	RM'000	'000	RM'000	RM'000
As at 30.6.2022					
Secured					
Bankers' acceptances - MYR	-	-	-	14,600	14,600
Medium term notes and Sukuk - MYR *	-	1,575,928	-	41,322	1,617,250
Revolving credits - MYR	-	-	-	70,116	70,116
Revolving credits - AUD (1: 3.0361)	-	-	18,780	56,838 @	56,838
Term/Bridging - MYR	-	53,181	-	12,022	65,203
Term loan - USD (1 : 4.4055) #	-	-	32,400	142,738	142,738
		<u>1,629,109</u>		<u>337,636</u>	<u>1,966,745</u>
Unsecured					
Revolving credits - MYR	-	-	-	567,654	567,654
				<u>567,654</u>	<u>567,654</u>
Total		<u>1,629,109</u>		<u>905,290</u>	<u>2,534,399</u>
As at 31.12.2021					
Secured					
Medium term notes and Sukuk - MYR *	-	1,604,258	-	36,820	1,641,078
Revolving credits - MYR	-	-	-	133,010	133,010
Revolving credits - AUD (1: 3.0289)	-	-	12,000	36,084 @	36,084
Term/Bridging - MYR	-	130,488	-	5,850	136,338
Term loan - USD (1 : 4.1760) #	32,480	135,634	3,520	14,702	150,336
		<u>1,870,380</u>		<u>226,466</u>	<u>2,096,846</u>
Unsecured					
Revolving credits - MYR	-	-	-	654,271	654,271
				<u>654,271</u>	<u>654,271</u>
Total		<u>1,870,380</u>		<u>880,737</u>	<u>2,751,117</u>

* The details of MTNs and Sukuk are disclosed in Note A5(b) to (d).

@ Unamortised borrowing expenses are included therein.

As disclosed in Note B14, a cross-currency interest rate swap is formalised to hedge the forex exchange, changes in forex is accounted for in Statement of Comprehensive Income. Upon expiring of such CCIRS, such changes will be reversed accordingly.

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2022

B8. Borrowings and debt securities as at 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 MTNs and Sukuk are disclosed in Note A5(b) to (d).
- (ii) The decrease in the borrowings was mainly due to repayment of revolving credits, term/bridging borrowings and Sukuk.
- (iii) Borrowing of USD32.4 million has been hedged to MYR via USD/MYR cross currency interest rate swap transaction and the contracted USD/MYR forex rate was 4.0840.

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

- (a) The Board of Directors has approved to declare a single-tier interim dividend of 2.0 sen (6M21: 1.0 sen) per share for the year ending 31 December 2022.
- (b) Total dividend declared for the current year to date is 2.0 sen (6M21: 1.0 sen) per ordinary share.

B11. Earnings Per Share ("EPS")

	Current quarter ended	Comparative quarter ended	Current year to date ended	Preceding year to date ended
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
Profit attributable to Owners of the Company (RM'000)	106,231	103,613	192,497	220,023
Weighted average number of ordinary shares outstanding ('000)	2,062,104	2,062,104	2,062,104	2,062,104
Basic / Diluted EPS (sen)	5.15	5.02	9.33	10.67

There are no potential issuance of ordinary shares or instruments that are dilutive in nature at the end of the current year to date.

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 SECOND QUARTER ENDED 30 JUNE 2022

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

	Current quarter ended 30.6.2022	Comparative quarter ended 30.6.2021	Current year to date ended 30.6.2022	Preceding year to date ended 30.6.2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
(i) <u>Revenue</u>				
Interest income	22,357	22,105	44,552	41,477
Rental income	7,841	7,960	15,695	17,096
(ii) <u>Cost of sales</u>				
Funding costs	(5,965)	(7,046)	(11,989)	(12,743)
(iii) <u>Other income</u>				
Dividend income	9	-	9	-
Funds distribution income	1,878	2,298	2,315	3,506
Gain on disposals of property, plant and equipment	1,003	40	1,014	37
Gain on fair valuation of:				
- biological assets	-	136	293	439
- short-term funds	43	319	1,090	55
Gain on redemption of short-term funds	415	1,029	415	1,034
Foreign currency transactions gains	-	153	2	66
Foreign currency translations gains	126	-	24	-
Interest income	1,506	320	2,169	641
Recovery of bad debts of:				
- capital financing	31	213	31	213
- trade and other receivables	-	24	-	24
Rental concession received	-	26	-	55
Write back of allowance for impairment losses on:				
- capital financing:				
- collective assessment	850	-	383	-
- individual assessment	-	-	7	-
- trade and other receivables:				
- collective assessment	327	10	1,055	32
- individual assessment	303	686	871	3,780
(iv) <u>Administrative expenses</u>				
Depreciation and amortisation	(9,080)	(8,914)	(18,195)	(17,901)
Selling and marketing expenses	(4,673)	(3,882)	(9,444)	(7,116)
Personnel expenses	(21,343)	(19,880)	(42,783)	(35,518)
(v) <u>Other items of expense</u>				
Impairment loss on:				
- capital financing:				
- collective assessment	-	-	(217)	-
- individual assessment	(652)	(714)	(680)	(714)
- trade and other receivables:				
- collective assessment	(343)	(156)	(893)	(672)
- individual assessment	(116)	(771)	(1,683)	(2,373)
Loss on disposals of plant and equipment	(18)	-	(124)	-

QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2022

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

	Current quarter ended 30.6.2022	Comparative quarter ended 30.6.2021	Current year to date ended 30.6.2022	Preceding year to date ended 30.6.2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging): (Cont'd)				
(v) <u>Other items of expense (Cont'd)</u>				
Loss on fair valuation of:				
- biological assets	(14)	-	-	-
- securities at fair value through profit or loss	(33)	(42)	(28)	(21)
- short-term funds	(2,404)	(8)	(2,633)	(3,531)
Foreign currency transactions loss	(194)	-	(18)	-
Foreign currency translations loss	-	(44)	(11)	-
Write off of:				
- bad debts on trade and other receivables	(31)	-	(31)	(38)
- plant and equipment	(140)	(808)	(140)	(809)
(vi) <u>Finance costs</u>				
Interest expense	(10,012)	(10,971)	(20,010)	(19,537)

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	Note	Contract / Notional Amount RM'000	Carrying Amount at Fair Value RM'000	Cash Flow Hedge Reserve RM'000
As at 30.6.2022				
Cross-currency interest rate swap ("CCIRS") contract - 1 year to 3 years	B8(a)	147,024	10,279	(137)

The cross-currency interest rate swap has been entered into in order to operationally hedge the borrowings 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 Statement of Comprehensive Income and the ineffective portion is recognised in profit or loss. Upon expiring of such CCIRS, the changes accounted for in Other Comprehensive Income will be reversed accordingly.

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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 30 June 2022.

By Order of the Board

Tan Sri Ong Leong Huat
Executive Chairman
Kuala Lumpur
29 August 2022