

OCK GROUP BERHAD (Company No: 955915 – M)**QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	CURRENT QUARTER ENDED 31-Mar-18 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31-Mar-17 RM'000	CURRENT YEAR TO DATE ENDED 31-Mar-18 RM'000	PRECEDING YEAR TO DATE ENDED 31-Mar-17 RM'000
Revenue	97,516	106,520	97,516	106,520
Cost of sales	(71,662)	(80,895)	(71,662)	(80,895)
Gross profit	25,854	25,625	25,854	25,625
Other income	549	845	549	845
Administrative expenses	(12,652)	(13,366)	(12,652)	(13,366)
Operating profit	13,751	13,104	13,751	13,104
Finance costs	(4,931)	(4,008)	(4,931)	(4,008)
Share of results of associates/ JV	(27)	-	(27)	-
Profit before tax	8,793	9,096	8,793	9,096
Taxation	(1,790)	(2,390)	(1,790)	(2,390)
Profit for the financial period	7,003	6,706	7,003	6,706
Other comprehensive income, net of tax:				
Foreign currency translation	(4,208)	335	(4,208)	335
Total comprehensive income for the financial period	2,795	7,041	2,795	7,041
Profit attributable to:				
Owners of the Company	5,130	4,723	5,130	4,723
Non-controlling interests	1,873	1,983	1,873	1,983
	7,003	6,706	7,003	6,706
Total comprehensive income attributable to:				
Owners of the Company	(2,487)	5,058	(2,487)	5,058
Non-controlling interests	5,282	1,983	5,282	1,983
	2,795	7,041	2,795	7,041

Note:

The Condensed Consolidated Statement of Comprehensive Income for the first quarter ended 31 March 2018 should be read in conjunction with the Audited Financial Statements for the financial year ended (“FYE”) 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

OCK GROUP BERHAD (Company No: 955915 – M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	UNAUDITED As at 31-Mar-18 RM'000	AUDITED As at 31-Dec-17 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	387,118	383,457
Investment properties	16,800	16,800
Deferred tax assets	3,697	633
Intangible assets	154,854	163,986
Investment in joint venture	373	-
Trade and other receivables	20,821	23,333
	583,663	588,209
Current Assets		
Inventories	82,542	70,791
Amount due from contract customers	10,167	12,012
Trade and other receivables	280,801	307,081
Tax recoverable	61	4,421
Fixed deposits placed with licensed banks	20,602	41,207
Cash and bank balances	80,335	77,677
	474,508	513,189
TOTAL ASSETS	1,058,171	1,101,398
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	244,305	244,305
Warrant reserve	84,134	84,134
Revaluation reserve	4,306	4,306
Foreign currency translation reserve	(26,317)	(18,633)
Reserve arising from reverse acquisition	(17,007)	(17,007)
Other reserve	613	546
Retained earnings	120,830	115,700
	410,864	413,351
Non-controlling interests	58,323	53,041
Total Equity	469,187	466,392
Non-Current Liabilities		
Loan and borrowings	177,855	180,134
Deferred tax liabilities	11,925	13,637
Trade payables	1,187	3,699
Provision for liabilities	2,178	2,201
Post employment benefit liabilities	352	368
	193,497	200,039
Current Liabilities		
Amount due to contract customers	-	875
Trade and other payables	110,279	160,351
Loan and borrowings	283,113	268,159
Derivative financial liabilities	6	6
Tax payables	2,089	5,576
	395,487	434,967
TOTAL LIABILITIES	588,983	635,006
TOTAL EQUITY AND LIABILITIES	1,058,171	1,101,398
Net assets per share attributable to owners of the Company (RM)	0.47	0.47

OCK GROUP BERHAD (Company No: 955915 – M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018 (CONT'D)

Note:

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2018

	← Attributable to owners of the Company →							Non-Controlling Interests	Total Equity	
	Non-distributable				Distributable					
	Share Capital	Share Premium	Warrant Reserve	Translation / Revaluation Reserve	Reverse Acquisition Reserve	Other Reserve	Retained Earnings			Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 January 2018	244,305	-	84,134	(14,327)	(17,007)	546	115,700	413,351	53,041	466,392
Foreign currency translation	-	-	-	(7,684)	-	67	-	(7,617)	3,409	(4,208)
Total comprehensive income for the financial period	-	-	-	-	-	-	5,130	5,130	1,873	7,003
At 31 March 2018	244,305	-	84,134	(22,011)	(17,007)	613	120,830	410,864	58,323	469,187
At 1 January 2017	87,147	157,150	84,136	2,818	(17,007)	-	100,619	414,863	49,038	463,901
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	20	20
Subscription of shares by NCI in subsidiaries	-	-	-	-	-	-	-	-	276	276
Foreign currency translation	-	-	-	335	-	-	-	335	-	335
Total comprehensive income for the financial period	-	-	-	-	-	-	4,723	4,723	1,983	6,706
At 31 March 2017	87,147	157,150	84,136	3,153	(17,007)	-	105,342	419,921	51,317	471,238

Note:

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

OCK GROUP BERHAD (Company No: 955915 – M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2018

	Current Year To Date Ended 31-Mar-18 RM'000	Preceding Year To Date Ended 31-Mar-17 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	8,793	9,096
Adjustments for:		
Depreciation	7,764	6,278
Amortisation of intangibles	654	468
Interest expenses	4,931	4,008
Interest income	(201)	(159)
Share of results of an associate	27	-
	<u>21,968</u>	<u>19,691</u>
Changes in working capital:		
Inventories	(11,751)	(53,694)
Receivables	28,792	34,130
Payables	(53,482)	(12,239)
Amount due from customer for contract works	1,845	-
	<u>(12,628)</u>	<u>(12,112)</u>
Tax paid	(5,693)	(4,192)
Interests received	201	159
Net cash flows used in operating activities	<u>(18,120)</u>	<u>(16,145)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary	-	(210,571)
Change in pledged deposits	353	777
Purchase of property, plant and equipment and investment properties	(11,426)	(17,295)
Investment in joint venture	(400)	-
Other investments	-	76
Net cash flows used in investing activities	<u>(11,472)</u>	<u>(227,013)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interests paid	(4,931)	(4,008)
Net drawdown of borrowings	3,295	217,768
Subscription of shares by non-controlling interests in a subsidiary	-	296
Net cash flows used in from financing activities	<u>(1,636)</u>	<u>214,056</u>
Net change in cash and cash equivalents	(31,228)	(29,102)
Effects of exchange rate changes	2,886	335
Cash and cash equivalents:		
At the beginning of the financial period	82,811	84,825
At the end of the financial period	<u>54,469</u>	<u>56,058</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	80,335	68,237
Fixed deposits	20,602	22,023
Bank overdraft	(33,185)	(23,176)
	<u>67,752</u>	<u>67,084</u>
Less: Fixed deposits pledged with licensed banks	(13,283)	(11,026)
	<u>54,469</u>	<u>56,058</u>

OCK GROUP BERHAD (Company No: 955915 – M)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED
31 MARCH 2018 (CONT'D)**

Note:

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with Audited Financial Statements for the FYE 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2018

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED (“FPE”) 31 MARCH 2018

A. NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (MFRS 134):

A1. Basis of Preparation

These condensed consolidated interim financial statements (“interim financial report”) have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

The significant accounting policies and methods adopted for the unaudited condensed financial statements are consistent with those adopted for the audited financial statements for the FYE 31 December 2017.

A2. Summary of Significant Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the FYE 31 December 2017 except for the adoption of the following MFRSs, IC Interpretation and Amendments to MFRSs effective for financial year beginning on or after 1 January 2018.

New MFRSs:

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

Amendments/Improvements to MFRSs:

MFRS 1	First-time adoption of MFRSs
MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 128	Investments in Associates and Joint Ventures
MFRS 140	Investment Property

The adoption of the above did not have any significant effects on the interim financial report upon their initial application.

A3. Auditors’ Report

There was no qualification on the audited financial statements of the Company and its subsidiary companies for the FYE 31 December 2017.

A4. Comments about Seasonal or Cyclical Factors

The Group’s businesses did not experience significant fluctuations due to seasonal or cyclical factors during the current quarter under review.

A5. Items of Unusual Nature and Amount

There were no unusual items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence during the current quarter under review.

A6. Material Changes in Estimates

There were no changes in the estimates of amounts reported in prior year that had a material effect in the current quarter under review.

A7. Issuances, Cancellations, Repurchase, Resale and Repayments of Debts and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period under review.

A8. Dividends Paid

There is no dividend paid in the current quarter under review.

A9. Segmental Information

The segmental results of the Group for the FPE 31 March 2018 based on segment activities are as follows:

Cumulative Quarter 31 March 2018	Telecommunication Network Services RM'000	Green Energy and Power Solution RM'000	Trading RM'000	M&E Engineering Services RM'000	Investment Holding Company RM'000	Elimination RM'000	Group RM'000
Revenue from External customers	83,482	9,869	716	3,449	-	-	97,516
Inter-segment revenue	5,579	-	1,414	200	-	(7,193)	-
Total Revenue	89,061	9,869	2,130	3,649	-	(7,193)	97,516
Profit before tax	9,578	1,544	474	(223)	(1,695)	(885)	8,793
Taxation	(1,495)	(373)	(114)	-	-	192	(1,790)
Profit for the financial period	8,083	1,171	360	(223)	(1,695)	(693)	7,003

Cumulative Quarter 31 March 2017	Telecommunication Network Services RM'000	Green Energy and Power Solution RM'000	Trading RM'000	M&E Engineering Services RM'000	Investment Holding Company RM'000	Elimination RM'000	Group RM'000
Revenue from External customers	94,658	9,587	1,380	895	-	-	106,520
Inter-segment revenue	8,998	10	799	4,297	-	(14,104)	-
Total Revenue	103,656	9,597	2,179	5,192	-	(14,104)	106,520
Profit before tax	8,700	1,342	346	167	(929)	(530)	9,096
Taxation	(1,811)	(297)	(83)	(21)	(178)	-	(2,390)
Profit for the financial period	6,889	1,045	263	147	(1,108)	(530)	6,706

A9. Segmental Information (Cont'd)

The segmental results of the Group for the FPE 31 March 2018 based on geographical segment are as follows:

Cumulative Quarter	Malaysia	Regional	Elimination	Group
31 March 2018	RM'000	RM'000	RM'000	RM'000
Revenue from				
External customers	55,830	41,686	-	97,516
Inter-segment revenue	6,901	292	(7,193)	-
Total Revenue	62,731	41,978	(7,193)	97,516
Profit before tax	1,327	8,351	(885)	8,793
Taxation	(759)	(1,223)	192	(1,790)
Profit for the financial period	568	7,128	(693)	7,003

Cumulative Quarter	Malaysia	Regional	Elimination	Group
31 March 2017	RM'000	RM'000	RM'000	RM'000
Revenue from				
External customers	66,487	40,033	-	106,520
Inter-segment revenue	14,104	-	(14,104)	-
Total Revenue	80,592	40,033	(14,104)	106,520
Profit before tax	4,895	4,731	(530)	9,096
Taxation	(1,481)	(909)	-	(2,390)
Profit for the financial period	3,414	3,822	(530)	6,706

A10. Valuation of property, plant and equipment

There was no valuation of property, plant and equipment in the current quarter under review.

A11. Capital Commitments

As at 31 March 2018, the capital commitments are as follows:

	UNAUDITED	UNAUDITED
	as at	as at
	31-Mar-18	31-Mar-17
	RM'000	RM'000
Capital expenditure approved and contracted for	41,105	93,988

OCK GROUP BERHAD (Company No: 955915 – M)

A12. Material subsequent event

There are no material events subsequent to the end of the current financial quarter under review.

A13. Changes in the Composition of the Group

There are no changes in the composition of the Group in current quarter under review.

A14. Contingent Liabilities and Contingent Assets

As at 31 March 2018, the contingent liabilities are as follows:

	UNAUDITED as at 31-Mar-18 RM'000	UNAUDITED as at 31-Mar-17 RM'000
Financial guarantees given by OCK Group Berhad to licensed banks for facilities granted to subsidiaries	459,662	353,517
Financial guarantees given to a third party for the sales of goods to a subsidiary	14,946	40,443
	<u>14,946</u>	<u>40,443</u>

A15. Significant Related Party Transaction

Save as disclosed below, there was no other significant related party transactions for the current quarter under review:

Nature of Transactions	UNAUDITED as at 31-Mar-18 RM'000	UNAUDITED as at 31-Mar-17 RM'000
Sales	<u>(262)</u>	<u>(4,571)</u>

All the above transactions were carried out on terms and conditions not materially different from those obtainable in transactions with unrelated parties and in the ordinary course of business of the Group.

B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. Review of Performance

Individual Quarter	Telecommunication Network Services RM'000	Green Energy and Power Solution RM'000	Trading RM'000	M&E Engineering Services RM'000	Investment Holding Company RM'000	Elimination RM'000	Group RM'000
31 March 2018							
Total Revenue	89,061	9,869	2,130	3,649	-	(7,193)	97,516
Profit before tax	9,578	1,544	474	(223)	(1,695)	(885)	8,793

Individual Quarter	Telecommunication Network Services RM'000	Green Energy and Power Solution RM'000	Trading RM'000	M&E Engineering Services RM'000	Investment Holding Company RM'000	Elimination RM'000	Group RM'000
31 March 2017							
Total Revenue	103,656	9,597	2,179	5,192	-	(14,104)	106,520
Profit before tax	8,700	1,342	346	167	(929)	(530)	9,096

For the current quarter ended 31 March 2018, the Group reported a lower revenue as compared to the corresponding quarter of previous year, mainly due to lower revenue contribution from telecommunication network services (“TNS”).

B2. Material Changes in the Current Quarter’s results compared to the results of the immediate Preceding Quarter

Individual Quarter	Telecommunication Network Services	Green Energy and Power Solution	Trading	M&E Engineering Services	Investment Holding Company	Elimination	Group
31 March 2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total Revenue	89,061	9,869	2,130	3,649	-	(7,193)	97,516
Profit before tax	9,578	1,544	474	(223)	(1,695)	(885)	8,793

Individual Quarter	Telecommunication Network Services	Green Energy and Power Solution	Trading	M&E Engineering Services	Investment Holding Company	Elimination	Group
31 December 2017	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total Revenue	105,373	7,534	1,841	15,688	3,171	7,561	141,168
Profit before tax	247	(267)	138	971	11,559	(482)	12,166

The total revenue of RM97.5 million recorded for the current quarter was lower as compared to the revenue in the preceding quarter of RM141.2 million mainly due to lower revenue contribution from TNS and M&E Engineering services in current quarter.

B3. Prospects

As the largest Telecommunication Network Services (“TNS”) Provider in Malaysia, the Group is of the view that the telecommunication industry remains positive. The Group’s outlook is in-line with the mobile network operators’ (“MNOs”) (eg. Axiata, Maxis, Digi, etc.) plans to expand and upgrade their long-term evolution (“LTE”) and 4G network coverage. In addition, we expect more fiberisation work orders from MNOs to cater for the increase in demand of data and network speed.

The Group also foresees growth opportunities in Sarawak with the newly formed Sarawak Multimedia Authority (“SMA”) set up by the state government to spearhead the Sarawak Digital Economy Strategy (“SDES”) 2018-2022, a five-year road map to begin the digitalisation transformation of Sarawak that will drive the state economy to achieve high-income status by 2030. It is expected that the state plans to invest RM1 billion for the construction of more telecommunication infrastructure, increasing the number of telecommunication towers from the 1,200 as at April 2017 to over 5,000 towers which is necessary for Sarawak to have adequate network coverage.

In terms of managed services in Malaysia, the Group is observing a new trend as MNOs are beginning to outsource its internal managed services to third party companies such as ourselves. We view this positively as the Group currently manages more than 28,000 telecommunication sites in Malaysia and Indonesia. Moving forward, the Group expects this figure to grow.

B3. Prospects (Cont'd)

In Myanmar, to date the Group has completed and handed over 820 telecommunication tower sites and is continuing to roll out its current orderbook of telecommunication tower sites. Since our first venture into Myanmar, our current orderbook has continued to grow with towers contracts and co-location orders from MNOs. The Group has successfully built a strong clientele base with all MNOs in Myanmar which includes Telenor Myanmar Limited (“Telenor”), Myanma Posts and Telecommunications (“MPT”), Telecom International Myanmar Company Limited (“Mytel”) and Ooredoo Myanmar Limited (“Ooredoo”). Moving forward, the Group expects to build more sites aggressively to cater to the growing demand of daily data usage in this greenfield telecommunication market.

In Vietnam, the Group is currently the largest independent tower company (“Towerco”) as the Group owns more than 2,100 tower. As the Towerco ecosystem is fragmented, the Group foresees opportunities for consolidation in the Towerco industry of which the Group has identified a few opportunities to acquire smaller Towercos. In addition, the Group will continue to work with MNOs to build new tower sites as MNOs are gearing up for their 4G LTE roll-out.

The Group views that the ASEAN telecommunication industry will continue to grow. With an established presence in ASEAN and with our vast experience in building telecommunication infrastructure, telecommunication site maintenance and as a full turnkey telecommunication network solutions provider, the Group will continue to grow our income via build-own-and-lease, acquiring existing tower sites from MNOs as well as construction and maintenance of telecommunication sites.

B4. Profit forecast

No profit forecast has been issued by the Group previously in any public document.

B5. Taxation

	Quarter Ended		Year-To-Date Ended	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
	RM'000	RM'000	RM'000	RM'000
Taxation for the period	6,566	2,434	6,566	2,434
Deferred Tax	(4,776)	(44)	(4,776)	(44)
Total taxation	<u>1,790</u>	<u>2,390</u>	<u>1,790</u>	<u>2,390</u>

The Group’s effective tax rate for the current quarter is slightly lower than statutory tax rate 24%.

B6. Status of Corporate Proposal

There was no corporate proposal announced but not completed as at the date of this announcement.

B7. Group borrowings and debt securities

The Group's borrowings as at 31 March 2018 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Long term borrowings:-			
Hire purchase	6,732	-	6,732
Term loans	171,123	-	171,123
	<u>177,855</u>	<u>-</u>	<u>177,855</u>
Short term borrowings:-			
Overdraft	33,185	-	33,185
Bankers' acceptance	12,283	-	12,283
Bonds	-	1,306	1,306
Revolving project loan	44,230	-	44,230
Hire purchase payables	5,945	-	5,945
Term loans	186,164	-	186,164
	<u>281,807</u>	<u>1,306</u>	<u>283,113</u>

The above borrowings are denominated in Ringgit Malaysia, except for term loans amounting to RM275.3 million and RM1.7 million which are denominated in USD and IDR, respectively.

B8. Material Litigation

Since the preceding FYE 31 December 2017, there is no change in material litigation as at the date of this announcement.

B9. Earnings Per Share

The basic and diluted earnings per share is calculated based on the Group's profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares as follows:

	Quarter Ended		Year-To-Date Ended	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Group's profit attributable to equity holders of the Company (RM'000)	5,130	4,723	5,130	4,723
Weighted average number of ordinary shares ('000)	871,473	871,465	871,473	871,465
Upon conversion of warrants ('000)	32,602	60,279	32,602	60,279
Adjusted weighted average number of ordinary shares ('000)	<u>904,075</u>	<u>931,744</u>	<u>904,075</u>	<u>931,744</u>
Earnings per share (sen):				
- Basic ^	0.59	0.54	0.59	0.54
- Diluted *	<u>0.57</u>	<u>0.51</u>	<u>0.57</u>	<u>0.51</u>

OCK GROUP BERHAD (Company No: 955915 – M)

Notes:

- ^ Basic earnings per share are based on the profit attributable to owners of the Company and weighted average number of ordinary shares outstanding during the quarter/period.
- * Diluted earnings per share are based on the profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the quarter/period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

B10. Profit for the year

	Quarter Ended		Year-To-Date Ended	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):	8,793	9,096	8,793	9,096
- depreciation and amortisation	8,418	6,746	8,418	6,746
- interest expenses	4,931	4,008	4,931	4,008
- interest income	(201)	(159)	(201)	(159)
- (gain)/loss on foreign exchange	(2,205)	8	(2,205)	8
- other income	(347)	(686)	(347)	(686)

B11. Dividend

No interim dividend has been proposed or declared for the current financial period ended 31 March 2018

By Order of the Board

Wong Youn Kim (MAICSA 7018778)
Company Secretary
Kuala Lumpur
Date: 30 May 2018