

OCC GROUP BERHAD (Company No: 955915 – M)**QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	CURRENT QUARTER ENDED 30-Sep-18 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30-Sep-17 RM'000	CURRENT YEAR TO DATE ENDED 30-Sep-18 RM'000	PRECEDING YEAR TO DATE ENDED 30-Sep-17 RM'000
Revenue	109,783	125,238	322,847	351,021
Cost of sales	(76,034)	(92,152)	(232,726)	(261,927)
Gross profit	33,749	33,086	90,121	89,094
Other income	994	599	2,485	2,074
Administrative expenses	(15,367)	(17,242)	(45,417)	(44,473)
Unrealised FOREX gain/ (loss)	(348)	215	(331)	425
Operating profit	19,028	16,658	46,858	47,120
Finance costs	(3,929)	(4,368)	(14,224)	(14,284)
Share of results of associates/ JV	-	-	-	-
Profit before tax	15,099	12,290	32,634	32,836
Taxation	(5,456)	(3,566)	(8,853)	(9,339)
Profit for the financial period	9,643	8,724	23,781	23,497
Other comprehensive income, net of tax:				
Foreign currency translation	(10,527)	854	(16,716)	509
Total comprehensive income for the financial period	(884)	9,578	7,065	24,006
Profit attributable to:				
Owners of the Company	7,790	6,891	17,141	17,595
Non-controlling interests	1,853	1,833	6,640	5,902
	9,643	8,724	23,781	23,497
Total comprehensive income attributable to:				
Owners of the Company	(1,633)	6,844	(1,483)	17,154
Non-controlling interests	749	2,734	8,548	6,852
	(884)	9,578	7,065	24,006

Note:

The Condensed Consolidated Statement of Comprehensive Income for the third quarter ended 30 September 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 30 SEPTEMBER 2018

	UNAUDITED As at 30-Sep-18 RM'000	AUDITED As at 31-Dec-17 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	450,329	383,457
Investment properties	16,861	16,800
Deferred tax assets	3,698	633
Intangible assets	163,002	163,986
Investment in joint ventures / associates	420	-
Trade and other receivables	20,045	23,333
	654,355	588,209
Current Assets		
Inventories	88,519	70,791
Amount due from contract customers	9,089	12,012
Trade and other receivables	273,312	307,081
Tax recoverable	871	4,421
Fixed deposits placed with licensed banks	20,700	41,207
Cash and bank balances	70,387	77,677
	462,878	513,189
TOTAL ASSETS	1,117,233	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	(37,595)	(18,633)
Reserve arising from reverse acquisition	(17,007)	(17,007)
Other reserve	884	546
Retained earnings	132,841	115,700
	411,868	413,351
Non-controlling interests	60,462	53,041
Total Equity	472,330	466,392
Non-Current Liabilities		
Loan and borrowings	351,727	180,134
Deferred tax liabilities	11,882	13,637
Trade payables	411	3,699
Provision for liabilities	3,540	2,201
Post employment benefit liabilities	357	368
	367,917	200,039
Current Liabilities		
Amount due to contract customers	-	875
Trade and other payables	119,795	160,351
Loan and borrowings	155,953	268,159
Derivative financial liabilities	6	6
Tax payables	1,232	5,576
	276,986	434,967
TOTAL LIABILITIES	644,903	635,006
TOTAL EQUITY AND LIABILITIES	1,117,233	1,101,398
Net assets per share attributable to owners of the Company (RM)	0.47	0.47

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30
SEPTEMBER 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 30 SEPTEMBER 2018

	← Attributable to owners of the Company →									
	Non-distributable						Distributable		Non-Controlling Interests	Total Equity
	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
Dividend paid	-	-	-	-	-	-	-	-	(1,127)	(1,127)
Foreign currency translation	-	-	-	(18,962)	-	338	-	(18,624)	1,908	(16,716)
Total comprehensive income for the financial period	-	-	-	-	-	-	17,141	17,141	6,640	23,781
At 30 September 2018	244,305	-	84,134	(33,289)	(17,007)	884	132,841	411,868	60,462	472,330
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	-	-	-	-	-	-	-	-	32	32
Subscription of shares by NCI in subsidiaries	-	-	-	-	-	-	-	-	1,971	1,971
Dividend paid	-	-	-	-	-	-	-	-	(720)	(720)
Bonus Issue in a subsidiary	-	-	-	-	-	208	(400)	(192)	192	-
Exercise of Warrants	7	-	(2)	-	-	-	-	5	-	5
Foreign currency translation	-	-	-	(441)	-	-	-	(441)	950	509
Total comprehensive income for the financial period	-	-	-	-	-	-	17,595	17,595	5,902	23,497
At 30 September 2017	87,154	157,150	84,134	2,377	(17,007)	208	117,814	431,830	57,365	489,195

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 30 SEPTEMBER 2018

	Current Year To Date Ended 30-Sep-18 RM'000	Preceding Year To Date Ended 30-Sep-17 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	32,634	32,836
Adjustments for:		
Depreciation	24,674	21,852
Amortisation of intangibles	1,972	1,370
Interest expenses	14,224	14,284
Interest income	(395)	(349)
	<u>73,109</u>	<u>69,993</u>
Changes in working capital:		
Inventories	(17,728)	(22,276)
Receivables	37,057	(7,315)
Payables	(43,382)	(57,484)
Amount due from customer for contract works	2,923	-
	<u>51,979</u>	<u>(17,082)</u>
Tax paid	(14,466)	(13,162)
Interests received	395	349
Net cash flows used in operating activities	<u>37,908</u>	<u>(29,895)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary	-	(216,090)
Change in pledged deposits	259	838
Purchase of property, plant and equipment and investment properties	(91,607)	(68,658)
Investment in an associate	(20)	-
Investment in joint venture	(400)	(400)
Other investments	-	142
Net cash flows used in investing activities	<u>(91,768)</u>	<u>(284,168)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interests paid	(14,224)	(14,284)
Net drawdown of borrowings	28,572	295,705
Proceeds from exercise of warrants	-	5
Subscription of shares by non-controlling interests in a subsidiary	-	1,971
Dividends paid to:		
- owners of the Company	-	-
- non-controlling interests	(1,127)	(720)
Net cash flows used in/ from financing activities	<u>13,221</u>	<u>282,677</u>
Net change in cash and cash equivalents	(40,639)	(31,386)
Effects of exchange rate changes	(19,354)	489
Cash and cash equivalents:		
At the beginning of the financial period	<u>82,811</u>	<u>84,825</u>
At the end of the financial period	<u>22,818</u>	<u>53,928</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	70,387	67,617
Fixed deposits	20,700	20,847
Bank overdraft	(54,620)	(23,571)
	<u>36,467</u>	<u>64,893</u>
Less: Fixed deposits pledged with licensed banks	<u>(13,649)</u>	<u>(10,965)</u>
	<u>22,818</u>	<u>53,928</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED
30 SEPTEMBER 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 30 SEPTEMBER 2018

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED (“FPE”) 30 SEPTEMBER 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.

The Group has decided to change the functional currency of OCC Yangon Pte Ltd from Myanmar Kyat to United States Dollar from 1 January 2018 onwards. Hence the financial results were prepared and adjusted based on the new currency accordingly.

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 30 September 2018 based on segment activities are as follows:

Cumulative Quarter 30 September 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	279,970	26,371	6,375	10,131	-	-	322,847
Inter-segment revenue	13,316	898	5,173	308	-	(19,695)	-
Total Revenue	293,286	27,269	11,548	10,439	-	(19,695)	322,847
Profit before tax	33,241	2,204	1,538	(399)	2,395	(6,345)	32,634
Taxation	(7,691)	(555)	(417)	96	(865)	579	(8,853)
Profit for the financial period	25,550	1,649	1,121	(303)	1,530	(5,766)	23,781

Cumulative Quarter 30 September 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	306,262	30,791	3,567	10,401	-	-	351,021
Inter-segment revenue	45,490	2,521	2,987	4,756	-	(55,754)	-
Total Revenue	351,752	33,312	6,554	15,157	-	(55,754)	351,021
Profit before tax	32,606	4,031	1,145	115	(1,107)	(3,954)	32,836
Taxation	(6,975)	(990)	(267)	(188)	(1,245)	326	(9,339)
Profit for the financial period	25,631	3,041	878	(73)	(2,352)	(3,628)	23,497

A9. Segmental Information (Cont'd)

The segmental results of the Group for the FPE 30 September 2018 based on geographical segment are as follows:

Cumulative Quarter 30 September 2018	Malaysia RM'000	Regional RM'000	Elimination RM'000	Group RM'000
Revenue from				
External customers	191,603	131,244	-	322,847
Inter-segment revenue	18,797	898	(19,695)	-
Total Revenue	210,400	132,142	(19,695)	322,847
Profit before tax	16,073	22,906	(6,345)	32,634
Taxation	(3,950)	(5,482)	579	(8,853)
Profit for the financial period	12,123	17,424	(5,766)	23,781

Cumulative Quarter 30 September 2017	Malaysia RM'000	Regional RM'000	Elimination RM'000	Group RM'000
Revenue from				
External customers	227,070	123,951	-	351,021
Inter-segment revenue	53,987	1,767	(55,754)	-
Total Revenue	281,057	125,718	(55,754)	351,021
Profit before tax	17,263	19,527	(3,954)	32,836
Taxation	(5,814)	(3,851)	326	(9,339)
Profit for the financial period	11,449	15,676	(3,628)	23,497

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 30 September 2018, the capital commitments are as follows:

	UNAUDITED as at 30-Sep-18 RM'000	UNAUDITED as at 30-Sep-17 RM'000
Capital expenditure approved and contracted for	20,751	77,284

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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 30 September 2018, the contingent liabilities are as follows:

	UNAUDITED as at 30-Sep-18 RM'000	UNAUDITED as at 30-Sep-17 RM'000
Financial guarantees given by OCK Group Berhad to licensed banks for facilities granted to subsidiaries	506,625	432,106
Financial guarantees given to a third party for the sales of goods to a subsidiary	<u>3,890</u>	<u>24,796</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 30-Sep-18 RM'000	UNAUDITED as at 30-Sep-17 RM'000
Sales	<u>(1,955)</u>	<u>(6,712)</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
30 September 2018							
Total Revenue	96,259	9,629	5,645	4,859	-	(6,609)	109,783
Profit before tax	14,329	394	762	109	3,301	(3,796)	15,099

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
30 September 2017							
Total Revenue	138,000	11,440	2,077	5,016	-	(31,295)	125,238
Profit before tax	14,040	1,208	347	(72)	(322)	(2,911)	12,290

For the current quarter ended 30 September 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”), green energy and power solution, and M&E engineering services.

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
30 September 2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total Revenue	96,259	9,629	5,645	4,859	-	(6,609)	109,783
Profit before tax	14,329	394	762	109	3,301	(3,796)	15,099

Individual Quarter	Telecommunication Network Services	Green Energy and Power Solution	Trading	M&E Engineering Services	Investment Holding Company	Elimination	Group
30 June 2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total Revenue	107,966	7,771	3,773	1,931	-	(5,893)	115,548
Profit before tax	9,334	267	302	(285)	788	(1,664)	8,742

The total revenue of RM109.8 million recorded for the current quarter was lower as compared to the revenue in the preceding quarter of RM115.5 million mainly due to lower revenue contribution from TNS in current quarter.

B3. Prospects

To date, OCK is the largest Telecommunication Network Services (“TNS”) provider in Malaysia and a rapidly-growing regional independent Tower Company (“TowerCo”). Despite a competitive telecommunication (“telco”) industry landscape, OCK is expecting a positive growth trajectory for the Group going forward.

OCK’s outlook on the industry in Malaysia is in line with the rest of the Mobile Network Operators (“MNOs”) and that is to expand and upgrade their 4G long-term evolution (“LTE”) network coverage. The Group is also optimistic about the new direction taken by the Government with regards to the implementation of the National Fiber Optic and Connectivity Plan outlined in Budget 2019, as well as opportunities to build and own telecommunication sites in various states. In addition, OCK sees prospects from an aggressive geographical expansion from one of the MNOs in Malaysia, which will allow the Group to build its tower portfolio.

Where managed services are concerned, the Group has identified a new trend in Malaysia, where MNOs are starting to outsource internal managed services to third parties in the industry. This is positive for the Group since we currently manage more than 28,000 telco sites in Malaysia and Indonesia. As such, the prospects going forward seems positive, as we strive to maintain our leadership position as the largest TNS provider in Malaysia.

B3. Prospects (Cont'd)

In Myanmar, to date, the Group has completed and handed over 870 telecommunication sites and is still rolling out its current outstanding orderbook of more than 500 telecommunication sites. The Group has achieved a milestone of securing built-to-suit and co-location contracts with all four MNOs, namely Telenor Myanmar Limited, Myanmar Posts and Telecommunications, Telecom International Myanmar Company Limited and Ooredoo Myanmar Limited. That said, the Group will be aggressive in its initiatives to build more sites to cater to the growing demand of daily data usage in this greenfield telecommunication market.

In Vietnam, the Group is currently the largest independent TowerCo, owning more than 2,400 sites. As the Towerco ecosystem is fragmented, the Group foresees consolidation opportunities. The focus in this country will be on both brown and greenfield opportunities as the market gears up for the rolling out of 4G LTE network.

To date, The Group has built a tower portfolio of more than 3,500. Upon the completion of the outstanding order book, the Group will own a tower portfolio of more than 4,000 sites across Myanmar, Vietnam and Malaysia. In our aspirations to build an Asean TowerCo, the Group will continue to venture into the Asean region to secure more valuable telco sites.

As for the Group's Green Energy business segment, the Group is optimistic with the recent announcement from the Government to open tender in 2019 for the third round of the 500MW large-scale solar projects worth an estimated value of RM2 billion.

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	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
Taxation for the period	5,551	5,776	13,672	9,108
Deferred Tax	(95)	(2,210)	(4,819)	231
Total taxation	<u>5,456</u>	<u>3,566</u>	<u>8,853</u>	<u>9,339</u>

The Group's effective tax rate for the current quarter and financial year to date is higher 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 30 September 2018 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Long term borrowings:-			
Hire purchase	5,263	-	5,263
Term loans	346,464	-	346,464
	<u>351,727</u>	<u>-</u>	<u>351,727</u>
Short term borrowings:-			
Overdraft	54,620	-	54,620
Bankers' acceptance	4,969	-	4,969
Bonds	-	1,055	1,055
Revolving project loan	50,573	-	50,573
Hire purchase payables	4,874	-	4,874
Term loans	39,862	-	39,862
	<u>154,898</u>	<u>1,055</u>	<u>155,953</u>

The above borrowings are denominated in Ringgit Malaysia, except for term loans amounting to RM311.3 million and RM6.4 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, except as follows:

The Board of Directors of the Company announced that an Application for Arbitration dated 19 November 2018 was filed to the China International Economic and Trade Arbitration Commission ("CIETAC") in Shanghai, China against Nokia Shanghai Bell Co., Ltd (formerly known as Alcatel-Lucent Shanghai Bell Co., Ltd) and Branch of Alcatel-Lucent Shanghai Bell Co.,Ltd (collectively, the "Respondents"). The Company vide its subsidiary, OCC Phnom Penh Pte. Ltd ("OCC Phnom Penh") has commenced arbitration against the Respondents for breach of the Subcontract Agreement entered between OCC Phnom Penh and the Respondents in April 2014 (the "Agreement").

OCC Phnom Penh had in April 2014 entered into the Agreement with the Respondents, pursuant to which the Respondents subcontracted the works and/or supply of materials or services in relation to Greater Mekong Telecommunication Backbone Network Project located in Cambodia. Pursuant to the Agreement, the total agreement price was estimated to be USD6,301,345.85 which shall be payable by the Respondents to OCC Phnom Penh for the works done subject to the terms and conditions of the Agreement.

B8. Material Litigation (Cont'd)

During the course of the performance of the Agreement, the parties have made adjustment to the quantities of the works and subsequently entered into a GMTBNP Project Contract Extension Proposal in March 2016 and the final agreement price has been adjusted to USD3,687,568.14. The total sum of USD1,801,299.33 being the variable quantities for the actual works done has been incurred by OCK Phnom Penh in accordance to the Respondents' on-site instructions and other related written instructions ("Variance Amount"). Therefore, the total sum for the works done that is due and payable by the Respondents shall be USD5,488,867.47.

To date, the Respondents have only made a partial payment of USD2,558,743.12 and the Respondents still failed to pay the outstanding progressive payment of USD1,128,825.02 and the Variance Amount of USD1,801,299.33 to OCK Phnom Penh.

Following the Respondents' breach of the Agreement, OCK Phnom Penh had, on 24 April 2018, issued a notice for good faith negotiation to the Respondents to demand for the outstanding sum in accordance to the terms of the Agreement, however, the Respondents have not made payment of the outstanding progressive payment of USD1,128,825.02 and the Variance Amount of USD1,801,299.33 that presently due and owing to OCK Phnom Penh, excluding interest and costs.

Given the Respondents' failure to make payment of the said outstanding progressive payment of USD1,128,825.02 and the Variance Amount of USD1,801,299.33 excluding interest and costs, the Company has commenced arbitration proceedings in China to claim the amount stated above in full, plus late payment interest at the rate of 4.75% per annum from the date on which the amount became due until payment is made. The amount is USD186,142.00 as at 9 November 2018 and other costs, damages, interest and reliefs.

The arbitration proceeding is not expected to have any business, financial and operational impact on the Company.

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	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
Group's profit attributable to equity holders of the Company (RM'000)	7,790	6,891	17,141	17,595
Weighted average number of ordinary shares ('000)	871,473	871,473	871,473	871,470
Upon conversion of warrants ('000)	-	56,900	-	56,900
Adjusted weighted average number of ordinary shares ('000)	871,473	928,373	871,473	928,370
Earnings per share (sen):				
- Basic ^	0.89	0.79	1.97	2.02
- Diluted *	0.89	0.74	1.97	1.90

B9. Earnings Per Share (Cont'd)

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	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):	15,099	12,290	32,634	32,836
- depreciation and amortisation	9,334	6,909	26,646	23,222
- interest expenses	3,929	4,368	14,224	14,284
- interest income	(59)	(129)	(395)	(349)
- (gain)/loss on foreign exchange	878	(96)	875	(459)
- other income	(935)	(470)	(2,090)	(1,725)

B11. Dividend

No interim dividend has been proposed or declared for the current financial period ended 30 September 2018

By Order of the Board

Wong Youn Kim (MAICSA 7018778)

Company Secretary

Kuala Lumpur

Date: 28 November 2018