

QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CURRENT QUARTER ENDED 30-Jun-21 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30-Jun-20 RM'000	CURRENT YEAR TO DATE ENDED 30-Jun-21 RM'000	PRECEDING YEAR TO DATE ENDED 30-Jun-20 RM'000
Revenue	116,455	108,007	229,810	217,193
Cost of sales	(86,372)	(80,299)	(169,731)	(159,769)
Gross profit	30,083	27,708	60,079	57,424
Other income	1,677	573	2,459	902
Administrative expenses	(15,675)	(12,916)	(30,485)	(27,011)
Operating profit	16,085	15,365	32,053	31,315
Finance costs	(6,367)	(7,964)	(12,530)	(15,524)
Share of results of associates/ JV	-	266	-	266
Profit before tax	9,718	7,667	19,523	16,057
Taxation	(1,916)	(888)	(3,336)	(2,261)
Profit for the financial period	7,802	6,779	16,187	13,796
Other comprehensive income, net of tax:				
Foreign currency translation	(1,504)	(20,411)	10,360	20,976
Total comprehensive income for the financial period	6,298	(13,632)	26,547	34,772
Profit attributable to:				
Owners of the Company	6,930	6,401	14,099	12,979
Non-controlling interests	872	378	2,088	817
	7,802	6,779	16,187	13,796
Total comprehensive income attributable to:				
Owners of the Company	5,127	(7,003)	18,437	30,079
Non-controlling interests	1,171	(6,629)	8,110	4,693
	6,298	(13,632)	26,547	34,772

Note:

The Condensed Consolidated Statement of Comprehensive Income for the second quarter ended 30 June 2020 should be read in conjunction with the Audited Financial Statements for the financial year ended (“FYE”) 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	UNAUDITED As at 30-Jun-21 RM'000	AUDITED As at 31-Dec-20 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	630,984	597,036
Investment properties	19,780	17,761
Right-of-use assets	168,259	173,420
Deferred tax assets	1,486	1,496
Intangible assets	185,777	180,251
Investment in joint ventures / associates	199	201
Trade and other receivables	17,782	20,438
	1,024,267	990,603
Current Assets		
Inventories	66,003	63,414
Contract assets	59,656	76,585
Other Investments	198	582
Trade and other receivables	186,102	189,160
Tax recoverable	3,914	3,620
Fixed deposits placed with licensed banks	4,924	11,944
Cash and bank balances	75,589	66,994
	396,386	412,299
TOTAL ASSETS	1,420,653	1,402,902
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	303,681	295,526
Warrant reserve	10,112	-
Share option reserve	420	-
Revaluation reserve	7,188	7,188
Foreign currency translation reserve	(23,932)	(29,146)
Reserve arising from reverse acquisition	(17,007)	(17,007)
Other reserve	232	252
Retained earnings	295,090	279,585
	575,784	536,398
Non-controlling interests	79,347	85,073
Total Equity	655,131	621,471
Non-Current Liabilities		
Loan and borrowings	208,410	229,190
Deferred tax liabilities	21,651	19,845
Deferred income	1,439	1,936
Provision for liabilities	10,314	9,522
Post employment benefit liabilities	851	738
Lease liabilities	147,038	135,481
	389,703	396,712
Current Liabilities		
Contract liabilities	1,275	2,394
Trade and other payables	161,394	144,706
Loan and borrowings	189,812	204,437
Lease liabilities	21,170	29,510
Tax payables	2,168	3,672
	375,819	384,719
TOTAL LIABILITIES	765,522	781,431
TOTAL EQUITY AND LIABILITIES	1,420,653	1,402,902
Net assets per share attributable to owners of the Company (RM)	0.55	0.56

OCK GROUP BERHAD

Company No: 201101027780 (955915 – M)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021
(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 2020 and the accompanying explanatory notes attached to the interim financial statements.

OCK GROUP BERHAD

Company No: 201101027780 (955915 – M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2021

	← Attributable to owners of the Company →						Retained Earnings	Total	Non-Controlling Interests	Total Equity
	Non-distributable			Distributable						
	Share Capital	Warrant Reserve	Share Option Reserve	Translation / Revaluation Reserve	Reverse Acquisition Reserve	Other Reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	295,526	-	-	(21,958)	(17,007)	252	279,585	536,398	85,073	621,471
Effect on PPA adjustments* (Note A16)	-	-	-	-	-	-	1,404	1,404	-	1,404
At 1 January 2021, restated	295,526	-	-	(21,958)	(17,007)	252	280,989	537,802	85,073	622,875
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(1,134)	(1,134)
Redemption of shares by NCI in a subsidiary	-	-	-	-	-	-	2	2	(10,923)	(10,921)
Dividend paid	-	-	-	-	-	-	-	-	(1,779)	(1,779)
Employee share option	-	-	420	-	-	-	-	420	-	420
Right issue	19,171	-	-	-	-	-	-	19,171	-	19,171
Warrant Issues	(10,112)	10,112	-	-	-	-	-	-	-	-
Exercise of ESOS	8	-	-	-	-	-	-	8	-	8
Share issuance expenses	(916)	-	-	-	-	-	-	(916)	-	(916)
Foreign currency translation	-	-	-	5,214	-	(20)	-	5,194	6,022	11,216
Transfer to warrant reserve	4	-	-	-	-	-	-	4	-	4
Total comprehensive income for the financial period	-	-	-	-	-	-	14,099	14,099	2,088	16,187
At 30 June 2021	303,681	10,112	420	(16,744)	(17,007)	232	295,090	575,784	79,347	655,131
At 1 January 2020	295,525	-	84,134	(10,548)	(17,007)	236	169,159	521,499	62,998	584,497
Subscription of shares by NCI in a subsidiary	-	-	-	-	-	-	-	-	18,284	18,284
Dividends paid on shares	-	-	-	-	-	-	-	-	(1,215)	(1,215)
Foreign currency translation reserve	-	-	-	9,919	-	(3)	-	9,916	3,876	13,792
Total comprehensive income for the financial period	-	-	-	-	-	-	12,979	12,979	817	13,796
At 30 June 2020	295,525	-	84,134	(629)	(17,007)	233	182,138	544,394	84,760	629,154

Note:

*Retrospective adjustment to reflect the effects of purchase price allocation (“PPA”) of Solar System & Power Sdn. Bhd. completed in February 2021. Please refer to Note A16 for more details.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2021

	Current Year To Date Ended 30-Jun-21 RM'000	Preceding Year To Date Ended 30-Jun-20 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	19,523	16,057
Adjustments for:		
Bad debts written off	3	-
Depreciation	41,432	39,631
Amortisation of intangibles	2,345	1,469
Fair value loss/(gain) on investment properties	211	-
Gain on disposal of a subsidiary	(950)	-
Employee share option expense	420	-
Impairment losses on receivables	357	-
Interest expenses	12,530	15,524
Interest income	(274)	(1,336)
Share of results of an associate		(266)
	75,597	71,079
Changes in working capital:		
Inventories	(2,590)	(4,035)
Receivables	5,405	18,547
Payables	15,864	(16,693)
Amount due from customer for contract works	16,929	(971)
	111,205	67,927
Tax paid	(4,947)	(4,051)
Tax refunded	-	-
Interests received	274	1,336
Net cash flows from operating activities	106,532	65,212
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries	(50)	-
Change in pledged deposits	209	9,737
Purchase of property, plant and equipment and investment properties	(59,077)	(92,887)
Other investments	384	37,580
Net cash flows used in investing activities	(58,534)	(45,570)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interests paid	(8,432)	(15,524)
Net drawdown of borrowings	(37,712)	(38,532)
Proceed from issuance of shares	19,183	-
Share issuance expenses	(916)	-
Subscription of shares by non-controlling interests in a subsidiary	(10,920)	18,284
Dividends paid to:		
- non-controlling interests	(1,779)	(1,215)
Payment of lease liabilities	(14,254)	16,936
Net cash flows used in financing activities	(54,830)	(20,051)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2021 (CONT'D)

	Current Year To Date Ended 30-Jun-21 RM'000	Preceding Year To Date Ended 30-Jun-20 RM'000
Net change in cash and cash equivalents	(6,831)	(409)
Effects of exchange rate changes	6,308	7,025
Cash and cash equivalents:		
At the beginning of the financial period	46,644	38,718
At the end of the financial period	<u>46,121</u>	<u>45,334</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	75,589	97,832
Fixed deposits	4,924	5,191
Bank overdraft	<u>(29,468)</u>	<u>(52,498)</u>
	51,045	50,525
Less: Fixed deposits pledged with licensed banks	<u>(4,924)</u>	<u>(5,191)</u>
	<u>46,121</u>	<u>45,334</u>

Note:

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with Audited Financial Statements for the FYE 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

QUARTERLY REPORT FOR THE QUARTER ENDED 30 JUNE 2021

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED (“FPE”) 30 JUNE 2021

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 2020 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 2020.

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 2020 except for the adoption of the following MFRSs, IC Interpretation and Amendments to MFRSs effective for financial year beginning on or after 1 January 2021:

Amendments/Improvements to MFRSs:

MFRS 4	Insurance Contracts
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 139	Financial Instruments: Recognition and Measurement

The adoption of the above did not have any significant effects on the interim financial report of the Group.

A3. Auditors’ Report

There was no qualification on the audited financial statements of the Company and its subsidiary companies for the FYE 31 December 2020.

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.

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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

During the financial period ended 30 June 2021, a total of 12,000 new ordinary shares were issued pursuant to the exercise of the Employees' Share Option Scheme (ESOS). Detail of the issued and paid up capital of the Company as at 30 June 2021 are as follows:

	No. of Shares Unit'000	RM'000
As at 31 March 2021	1,054,440	303,668
Ordinary shares issued pursuant to the ESOS	12	13
As at 30 June 2021	1,054,452	303,681

Other than the above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the current quarter and financial period ended 30 June 2021.

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 June 2021 based on segment activities are as follows:

Cumulative Quarter 30 June 2021	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	208,031	17,863	2,771	1,145	-	-	229,810
Inter-segment revenue	10,311	1,528	97	-	-	(11,936)	-
Total Revenue	218,342	19,391	2,868	1,145	-	(11,936)	229,810
Profit before tax	20,617	1,402	1,495	(2,268)	10,679	(12,403)	19,523
Taxation	(4,452)	(121)	(359)	-	(64)	1,660	(3,336)
Profit for the financial period	16,165	1,281	1,136	(2,268)	10,615	(10,743)	16,187

Cumulative Quarter 30 June 2020	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	201,087	11,139	709	4,258	-	-	217,193
Inter-segment revenue	8,940	1,401	2,131	3,630	-	(16,102)	-
Total Revenue	210,027	12,540	2,840	7,888	-	(16,102)	217,193
Profit before tax	18,005	170	1,301	(550)	12,646	(15,515)	16,057
Taxation	(2,056)	(13)	(312)	-	(308)	428	(2,261)
Profit for the financial period	15,949	157	989	(550)	12,338	(15,087)	13,796

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A9. Segmental Information (Cont'd)

The segmental results of the Group for the FPE 30 June 2021 based on geographical segment are as follows:

Cumulative Quarter 30-Jun-21	Malaysia RM'000	Regional RM'000	Elimination RM'000	Group RM'000
Revenue from				
External customers	104,402	125,408	-	229,810
Inter-segment revenue	11,321	615	(11,936)	-
Total Revenue	115,723	126,023	(11,936)	229,810
Profit before tax	19,439	12,486	(12,402)	19,523
Taxation	(2,244)	(2,752)	1,660	(3,336)
Profit for the financial period	17,195	9,734	(10,742)	16,187

Cumulative Quarter 30 June 2020	Malaysia RM'000	Regional RM'000	Elimination RM'000	Group RM'000
Revenue from				
External customers	95,976	121,217	-	217,193
Inter-segment revenue	15,463	639	(16,102)	-
Total Revenue	111,439	121,856	(16,102)	217,193
Profit before tax	14,650	16,922	(15,515)	16,057
Taxation	(1,174)	(1,515)	428	(2,261)
Profit for the financial period	13,476	15,407	(15,087)	13,796

A10. Valuation of property, plant and equipment

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

A11. Capital Commitments

As at 30 June 2021, the capital commitments are as follows:

	UNAUDITED as at 30-Jun-21 RM'000	UNAUDITED as at 30-Jun-20 RM'000
In respect of capital expenditure:		
Property, plant and equipment		
- approved and contracted for	169,193	107,468
- approved but not contracted for	207,365	124,270
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In respect of acquisition of a subsidiary		
- approved and contracted for	-	36,194
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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

- (a) On 18 June 2021, Milab Marketing Sdn. Bhd., a wholly-owned subsidiary company of the Group completed the acquisition of a 100% equity interest in Sinar Lebar Sdn. Bhd. for a cash consideration of RM50,000. As a result, Sinar Lebar Sdn. Bhd. became an indirect wholly-owned subsidiary company of the Group.
- (b) On 30 June 2021, OCC International Sdn. Bhd. had disposed of its entire 51% equity interest, representing 1,208,000 ordinary shares of Chinese Yuan Renminbi ("RMB") 1.00 each in Fuzhou 1-Net Solution Co., Ltd. ("Fuzhou"), for a total consideration of RMB 2,687,000 (approximately RM1,700,000). With the said disposal, Fuzhou has ceased to be a subsidiary of the Company.

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

A14. Contingent Liabilities and Contingent Assets

As at 30 June 2021, the contingent liabilities are as follows:

	UNAUDITED as at 30-Jun-21 RM'000	UNAUDITED as at 30-Jun-20 RM'000
Financial guarantees given by OCC Group Berhad to licensed banks for facilities granted to subsidiaries	401,618	458,352
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A15. Significant Related Party Transaction

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

Nature of Transactions	UNAUDITED as at 30-Jun-21 RM'000	UNAUDITED as at 30-Jun-20 RM'000
Consultancy fee	144	-
Interest expense	253	-
Purchases	219	52
Sales	(7)	(193)

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.

A16. Completion of Purchase Price Allocation

During the current financial period, the Group has completed the purchase price allocation (“PPA”) exercise to determine the fair values of the net assets of Solar System & Power Sdn. Bhd. (“SSP”), an indirect wholly-owned subsidiary company within the stipulated time period, i.e. twelve (12) months from the respective acquisition date of 12 February 2020, in accordance with MFRS 3 “Business Combinations”. Below are the effects of the final PPA adjustments in accordance with MFRS 3:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
As at 31 December 2020			
Consolidated Statement of Financial Position			
<u>Non-Current Assets</u>			
Intangible Assets	40,604	6,791	47,395
Goodwill on consolidation	139,647	(3,757)	135,890
<u>Non-Current Liabilities</u>			
Deferred tax liabilities	-	(1,630)	1,630
Consolidated Statement of Changes in Equity			
Retained earnings	169,159	(1,404)	170,563

OCK GROUP BERHAD**Company No: 201101027780 (955915 – M)****A17. Employees' Share Option Scheme ("ESOS")**

The Company has implemented an ESOS scheme to attract and retain qualified and experienced employees. The shareholders approved the scheme at an Extraordinary General Meeting held on 11 November 2020 and shall be in force for five years until 12 November 2025. Accordingly, in compliance with Malaysia Financial Reporting Standard, MFRS 2 on Share-based payment, a total ESOS cost for share options that amounted to RM1,541,100 was charged to income statements for the current financial period of RM422,046.

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 June 2021							
Total Revenue	109,158	11,426	1,339	139	-	(5,607)	116,455
Profit before tax	9,426	841	751	(1,186)	164	(279)	9,718

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 June 2020							
Total Revenue	107,322	6,290	1,257	2,243	-	(9,105)	108,007
Profit before tax	7,705	115	532	(739)	(150)	204	7,667

For the current quarter ended 30 June 2021, the Group reported a higher revenue as compared to the corresponding quarter of the previous year, mainly due to higher revenue contribution from Telecommunication Network Services, Green Energy and Power Solution and Trading.

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

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 June 2021							
Total Revenue	109,158	11,426	1,339	139	-	(5,607)	116,455
Profit before tax	9,426	841	751	(1,186)	164	(279)	9,718

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 2021							
Total Revenue	109,184	7,966	1,528	1,006	-	(6,329)	113,355
Profit before tax	11,191	561	744	(1,082)	10,515	(12,124)	9,805

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B2. Material Changes in the Current Quarter's results compared to the results of the immediate Preceding Quarter (Cont'd)

The total revenue of RM116.4 million recorded for the current quarter was higher as compared to the revenue in the preceding quarter of RM113.3 million mainly due to higher revenue contribution from Telecommunication Network Services, Green Energy and Power Solution.

B3. Prospects

The COVID-19 pandemic has in ways accelerated the adoption of new technologies. With this view, OCK is optimistic about the telecommunication industry's outlook where new technologies will require increased telecommunication infrastructures and speed such as 5G.

5G

As Malaysia continues to strive in the transition to 5G, infrastructures have to be prepared. The government has announced plans such as the national digital infrastructure plan or more commonly referred to by its abbreviation in Malay, *JENDELA*; with an expected RM21 billion budget to lay the foundation for the transition to 5G, as well as investing a total of RM15 billion over 10 years for 5G implementation nationwide. As reported by The Edge Markets, Digital Nasional Bhd (DNB) in turn has appointed Ericsson (Malaysia) Sdn. Bhd. to design and build the National 5G Network at a total cost of RM11 billion. As the implementation of 5G makes further inroad, the demand for telecommunication sites will increase by 3-4 times as compared to the number of 4G sites. The functionality for 5G is vast which includes smart solutions for various industries such as smart city, smart agriculture, smart traffic solutions and many more.

Under DNB, OCK has begun preliminary works in site survey and identification activities for Phase 1 in KL Central and Putrajaya areas.

Given these mega developments and implementation of the 5G infrastructure, OCK, as one of Malaysia's largest telecommunication network services providers, is confident it will be a major beneficiary of the 5G related projects. In fact, not only has OCK been deploying projects under this JENDELA programme, the Group has already in hand new orders pipeline in excess of RM60 million. With that said, implementation works have been decreased over the past few months due to the restrictions imposed by the government (MCO) as a result of the current pandemic situation.

To date, OCK has developed a smart pole proven to be able to support the large scale rollout of the 5G network. The Group has demo telecommunication sites erected in Langkawi and Sarawak as part of Malaysia's 5G trials. With such expertise in terms of technical know-how and equipment solutions to support this next wave of technological expansion, OCK is in a prime position to further secure more projects in the near future.

The Group has also positioned itself to capture future opportunities through the partnership with China United Network Communications Group Co Ltd as the latter has proven track record in implementing smart city platforms and applications in a few cities in China which can be tailored to meet the Malaysian market's needs.

B3. Prospects (Cont'd)

TOWERCO

OCK is poised to adopt a two-prong strategy to expand its telecommunication tower business both locally and regionally through organic and inorganic growth.

To date OCK has a telecommunication tower portfolio of more than 4,330 towers across Myanmar, Vietnam and Malaysia. Its towerco recurring revenue stream provides a commendable contribution to the Group. With that said, the Group's recurring income from this segment will continue to grow as OCK continues to increase its tower portfolio across the region.

In Vietnam, OCK is the largest independent telecommunication towerco with over 2,700 telecommunication sites. The Group has a pipeline of targeted telecommunication sites to be acquired in 2021 as part of its brownfield expansion plans in Vietnam. The progress in Vietnam has been encouraging, to date, OCK has acquire approximately 300 telecommunication sites and will continue to work towards meeting the Group's internal targets for 2021.

In Myanmar, OCK provides telecommunication infrastructure and resource supply services to its clients with a track record of completing and owning more than 1,100 telecommunication sites. The Group is aggressively building and acquiring more sites in this greenfield telecommunication market. The current situation in Myanmar has normalised, with significant reductions of protests and OCK is focusing on the delivery of all orders on hand.

In Malaysia, OCK owns close to 530 telecommunication sites to date. OCK will still continue its growth plans thru greenfield constructions and acquisitions to add additional towers into its local portfolio.

MANAGED SERVICES

Majority of OCK's managed services business for telecommunication towers are located in Indonesia with a portion of the portfolio being located in Malaysia. To date, OCK has made significant advancements in Indonesia by increasing the Group's managed services tower portfolio in managed services thru new wins of small contracts there.

GREEN ENERGY SOLUTIONS

In line with the government's initiatives for the green renewable energy sector, the Group is enhancing its solar renewable energy segment via acquisition of solar farms to fortify its secondary recurring income stream. OCK is actively participating in the government's initiatives on large scale solar projects. We will continue to grow our Green Energy Business segment through acquisitions and also look into proposed joint ventures with state governments to expand our renewable energy footprint. As a turnkey solutions provider in the solar business, OCK is well equipped with engineering, procurement and construction capabilities to build as well as own solar farms.

One of OCK's aspirations is to reduce the carbon footprint as it continues to expand its businesses. The solar renewable energy segment provides OCK with the platform to do so, as well as build a secondary recurring income base via our solar farms through greenfield and brownfield opportunities.

To date, OCK owns 17 solar farms in Malaysia with a total capacity of 11.3MW.

B3. Prospects (Cont'd)

M&E

In this segment, OCK will continue to focus on completing existing contracts and will no be tendering for new contracts in this business segment for the time being.

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-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
	RM'000	RM'000	RM'000	RM'000
Taxation for the period	2,332	1,840	4,686	1,840
Deferred Tax	(416)	(952)	(1,350)	421
Total taxation	1,916	888	3,336	2,261

The Group's effective tax rate for the current quarter is lower than the 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 June 2021 are as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Long term borrowings:-			
Term loans	215,720	-	215,720
Short term borrowings:-			
Overdraft	29,468	-	29,468
Bankers' acceptance	8,348	-	8,348
Revolving credit	12,974	-	12,974
Revolving project loan	48,506	-	48,506
Term loans	83,207	-	83,207
	182,502	-	182,502

The above borrowings are denominated in Ringgit Malaysia, except for term loans amounting to RM237.1 million and RM1.9 million which are denominated in USD and IDR respectively.

B8. Material Litigation

As at the date of this report, the Group was not engaged in any material litigation.

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-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
Group's profit attributable to equity holders of the Company (RM'000)	6,930	6,401	14,099	12,979
Weighted average number of ordinary shares ('000)	1,054,452	958,573	1,054,452	958,573
Upon conversion of warrants ('000)	-	-	-	-
Adjusted weighted average number of ordinary shares ('000)	1,054,452	958,573	1,054,452	958,573
Earnings per share (sen):				
- Basic [^]	0.66	0.67	1.34	1.35
- Diluted *	0.66	0.67	1.34	1.35

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.

*

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 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 period

	Quarter Ended		Year-To-Date Ended	
	30-Jun-21 RM'000	30-Jun-20 RM'000	30-Jun-21 RM'000	30-Jun-20 RM'000
Profit before tax is arrived at after charging/(crediting):	9,718	7,667	19,523	16,057
- depreciation and amortisation	22,539	21,372	43,777	41,100
- interest expenses	6,367	7,964	12,530	15,524
- interest income	(99)	(980)	(274)	(1,336)
- (gain)/loss on foreign exchange	(98)	(303)	(761)	(1,252)
- other income	(628)	407	(1,235)	434
- net gain on disposal of subsidiary company	(950)	-	(950)	-

OCK GROUP BERHAD

Company No: 201101027780 (955915 – M)

B11. Dividend

No interim dividend has been proposed or declared for the current financial period ended 30 June 2021.

By Order of the Board

Wong Youn Kim (MAICSA 7018778)

Company Secretary

Kuala Lumpur

Date: