



OCR Group Berhad
(formerly known as O&C Resources Berhad)
 (Company No: 440503-K)
 (Incorporated in Malaysia)

Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For the financial quarter ended 31 July 2018

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter 31.7.2018 RM'000	Preceding Year Quarter 31.7.2017 RM'000	Current Year To Date 31.7.2018 RM'000	Preceding Year To Date 31.7.2017 RM'000
Revenue		13,082	24,609	67,932	88,773
Cost of sales		(7,094)	(15,260)	(41,894)	(61,015)
Gross profit		5,988	9,349	26,038	27,758
Other income		2,936	603	6,063	995
Selling and distribution expenses		(107)	(295)	(801)	(1,066)
Administrative expenses		(4,000)	(7,708)	(20,865)	(20,730)
Finance costs		(523)	(165)	(1,191)	(326)
Profit before tax		4,294	1,784	9,244	6,631
Income tax expense	B5	(1,223)	(1,413)	(1,331)	(3,927)
Profit after taxation for the financial period		3,071	371	7,913	2,704
Other Comprehensive Expense, net of Tax:					
Foreign currency translation		-	15	(572)	149
Total Comprehensive Income	B12	3,071	386	7,341	2,853

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2017 and the accompanying explanatory notes attached to the interim financial statements.



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Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For the financial quarter ended 31 July 2018 (Cont'd)

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter 31.7.2018 RM'000	Preceding Year Quarter 31.7.2017 RM'000	Current Year To Date 31.7.2018 RM'000	Preceding Year To Date 31.7.2017 RM'000
Profit after taxation attributable to:					
Owners of the Company		1,064	1,378	2,526	3,728
Non-Controlling Interests		2,007	(1,007)	5,387	(1,024)
		3,071	371	7,913	2,704
Total Comprehensive Income attributable to:					
Owners of the Company	B12	1,064	1,393	1,954	3,877
Non-Controlling Interests		2,007	(1,007)	5,387	(1,024)
		3,071	386	7,341	2,853
Earnings per share ("EPS") (in sen)					
- Basic	B11	0.36	0.57	0.88	1.56
- Diluted	B11	0.36	0.48	0.52	1.32

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2017 and the accompanying explanatory notes attached to the interim financial statements.



OCR Group Berhad
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Condensed Consolidated Statement of Financial Position
As at 31 July 2018

	Note	As at 31.7.2018 (Unaudited) RM'000	As at 31.7.2017 (Unaudited) RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		2,611	16,552
Deferred Tax Asset		420	420
Investment property		1,871	1,912
Inventories		52,413	17,728
Investment in an associate		693	653
Goodwill		611	-
Other receivable		12,564	11,442
		71,183	48,707
Current Assets			
Gross amount due from contract customer		20,533	22,456
Inventories		48,573	38,452
Trade and others receivables		77,375	54,968
Current tax assets		680	345
Cash and cash equivalents		18,941	7,869
		166,102	124,090
TOTAL ASSETS		237,285	172,797
EQUITY AND LIABILITIES			
Share capital		88,422	68,745
Irredeemable convertible preference shares		32,222	32,232
Reserves		2,214	1,055
Shareholders' funds		122,858	102,032
Non-controlling interests		4,083	(835)
TOTAL EQUITY		126,941	101,197
Non-Current Liabilities			
Long-term bank borrowings	B8	41,495	9,990
Deferred tax liabilities		-	258
Other payable		22,220	22,220
		63,715	32,468
Current Liabilities			
Trade and other payables		26,042	27,358
Short-term borrowings	B8	20,473	9,578
Current tax liabilities		114	2,196
		46,629	39,132
TOTAL LIABILITIES		110,344	71,600
TOTAL EQUITY AND LIABILITIES		237,285	172,797
Net assets per share attributable to ordinary equity holders of the Company (RM)		0.35	0.37

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



OCR Group Berhad
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Condensed Consolidated Statement of Changes in Equity
For the financial period ended 31 July 2018

	<-----Attributable to owners of the company----->								
	<-----Non-Distributable----->				Distributable				
	Share Capital RM'000	Share Premium RM'000	Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Irredeemable Convertible Preference Shares RM'000	Accumulated Losses RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance as at 1 August 2017	68,745	18,475	1,721	572	32,232	(19,592)	102,153	(817)	101,336
Profit after taxation for the period	-	-	-	-	-	2,526	2,526	5,387	7,913
Other comprehensive income for the period, net of tax									
- Foreign currency translation	-	-	-	(572)	-	-	(572)	-	(572)
Total comprehensive income for the period	-	-	-	(572)	-	2,526	1,954	4,570	7,341
Transaction with owners of the company:									
Issuance of ordinary share pursuant to:									
- exercise of SIS	3,636	-	(831)	-	-	-	2,805	-	2,805
- ICPS	100	-	-	-	(10)	-	90	-	90
-Private Placement	15,941	-	-	-	-	-	15,941	-	15,941
Acquisition of subsidiary	-	-	-	-	-	-	-	(487)	(487)
Direct expenses	-	(85)	-	-	-	-	(85)	-	(85)
Balance as at 31 July 2018	88,422	18,390	890	-	32,222	(17,066)	122,858	4,083	126,941

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



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Condensed Consolidated Statement of Changes in Equity
For the financial period ended 31 July 2018 (Cont'd)

<-----Attributable to owners of the company----->
 <-----Non Distributable-----> Distributable

	Share Capital RM'000	Share Premium RM'000	Warrants Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Irredeemable Convertible Preference Shares RM'000	Accumulated Losses RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance as at 1 August 2016	57,120	16,745	2,232	423	33,071	(24,027)	85,564	(31)	85,533
Loss after taxation for the period	-	-	-	-	-	3,728	3,728	(1,024)	2,704
Other comprehensive Income for the period, net of tax									
- Foreign currency translation	-	-	-	149	-	-	149	-	149
Total comprehensive expense for the period	-	-	-	149	-	3,728	3,877	(1,024)	2,853
Issuance of									
- exercise of Warrant B	2,330	1,687	(1,342)	-	-	586	3,261	-	3,261
- exercise of SIS	762	84	1,081	-	-	-	1,927	-	1,927
- exercise of ICPS	8,384	-	-	-	(839)	-	7,545	-	7,545
Direct expenses	-	(142)	-	-	-	-	(142)	-	(142)
Acquisition of subsidiary	-	-	-	-	-	-	-	220	220
Reversal of SIS reserve	149	101	(250)	-	-	-	-	-	-
Balance as at 31 July 2017	68,745	18,475	1,721	572	32,232	(19,713)	102,032	(835)	101,097

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



OCR Group Berhad
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Condensed Consolidated Statement of Cash Flows
For the financial period ended 31 July 2018

	Current Year to date 31.7.2018 RM'000	Preceding Year to date 31.7.2017 RM'000
Cash Flows From Operating Activities		
Profit before tax	9,244	6,631
Adjustments for:		
Non-cash items	2,305	3,871
Non-operating items	125	167
<i>Operating profit before working capital changes</i>	11,674	10,669
Net change in current assets	(36,772)	(65,702)
Net change in current liabilities	(15,416)	15,286
<i>Cash used in operations</i>	(40,514)	(39,747)
Tax paid	(3,747)	(2,539)
<i>Net cash used in operating activities</i>	(44,261)	(42,286)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(529)	(2,342)
Acquisition of subsidiary, net of cash and cash equivalent	9,250	220
Acquisition of land held for development	(25,335)	-
Interest income	(480)	80
Proceeds from disposal of property, plant and equipment	-	155
Acquisition of an associate	-	(490)
Net cash flows from disposal of subsidiary	9,207	-
<i>Net cash used in investing activities</i>	(7,887)	(2,377)
Cash Flows From Financing Activities		
Interest paid	(1,191)	(326)
Issuance of shares to non-controlling interests	487	-
Proceeds from issuance of ordinary shares pursuant to:		
-SIS, net of expenses	2,805	1,677
-Private placement, net of expenses	15,856	-
- conversion of ICPS, net of expenses	90	7,403
- exercised of warrants	-	3,261
Drawdown of bank borrowings	46,325	1,665
Repayment of hire purchase	117	(305)
Repayment of term loans	(63)	-
Placement of fixed deposit pledged with a licensed bank	(11,317)	(5,000)
<i>Net cash generated from financing activities</i>	53,109	8,375
<i>Net cash increased/(decreased) in cash and cash equivalents</i>	961	(36,288)
<i>Effects of exchange rate changes on cash and cash equivalents</i>	-	398
<i>Cash and cash equivalents at beginning of the financial year</i>	(3,306)	32,584
<i>Cash and cash equivalents at end of the financial period</i>	(2,345)	(3,306)



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Condensed Consolidated Statement of Cash Flows
For the period ended 31 July 2018 (Cont'd)

	Current Year To Date 31.7.2018 RM'000	Preceding Year To Date 31.7.2017 RM'000
Analysis of cash and cash equivalents:		
Fixed deposits with licensed banks	16,445	5,128
Cash and bank balances	2,496	2,741
Bank overdrafts	(4,841)	(6,047)
	<hr/>	<hr/>
	14,100	1,822
Less: Fixed deposit pledged to licensed banks	(16,445)	(5,128)
	<hr/>	<hr/>
	(2,345)	(3,306)
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The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2017 and the accompanying explanatory notes attached to the interim financial statements.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER

PART A
EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation

The interim financial report is unaudited and has 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 report should be read in conjunction with the annual audited financial statements of the Group for the year ended 31 July 2017.

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted in the latest audited financial statements for the financial year ended 31 July 2017.

The adoption of the MFRSs and Amendments to MFRSs that came into effect after 1 August 2016 did not have any significant impact on the interim financial statements upon their initial application.

The following standards were issued by the Malaysian Accounting Standards Board but are not yet effective and have not been applied by the Group:

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 12: Clarification of the Scope of the Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER

PART A
EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)

1. Basis of Preparation (Cont'd)

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. The Group is currently assessing the financial impact of adopting MFRS 9.

The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application. However, additional disclosure notes on the statements of cash flows may be required.

2. Status of Audit Qualifications

The audited financial statements of the Group for the financial year ended 31 July 2017 was not subject to any audit qualification.

3. Seasonality or Cyclically of Operations

There were no material seasonal or cyclical factors that have affected the financial performance of the Group. However, the demand of the Group's products is generally dependent on consumer demand of baby products and medical contraceptive condoms.

4. Unusual Items

Save for the information disclosed in this interim financial report, there are no unusual items affecting assets, liabilities, equity, net income, or cash flows.

5. Changes in Estimates

There were no significant changes in the estimates of amounts reported during this quarter and in prior quarters or prior financial year that have a material effect in the current quarter.



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PART A
EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

6. Issuances, Cancellation, Repurchases, Resale & Repayments of Debts And Equity Securities

On 28 August 2017, 26 September 2017 and 26 October 2017, there are total of 200,000 ordinary shares of RM0.25 each have been issued pursuant to the conversion of 200,000 ICPS to 200,000 new ordinary shares by conversion of 1 unit ICPS and payment of RM0.45 in cash for 1 new ordinary share.

Save for the above, there were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities during the financial period-to-date.

7. Dividend

There were no dividends paid during the current quarter.

8. Segment Information

The following is an analysis of the revenue and consolidated result of the Group by segment of its operating activities for the current quarter ended 31 July 2018: -

31 July 2018	Manufacturing RM'000	Trading RM'000	Construction RM'000	Property Development RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
External Sales	2,110	288	-	10,929	-	(245)	13,082
Segment Results (EBITDA)	492	(90)	(1,246)	4,977	960	-	5,093
Finance Cost	(16)	-	(273)	-	(234)	-	(523)
Depreciation and Amortisation	(79)	-	(12)	(121)	(64)	-	(276)
Consolidated Profit Before Tax							4,294
ASSETS							
Segment Assets	-	22	86,969	98,542	148,141	(96,389)	237,285
LIABILITIES							
Segment Liabilities	-	2,258	69,115	89,604	42,317	(92,950)	110,344
OTHER INFORMATION							
Capital Expenditure	-	-	-	-	-	-	-
Depreciation and Amortisation	79	-	12	121	64	-	276
Other Non Cash Expenses/(Income)	-	-	-	-	-	-	-



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PART A
EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

8. Segment Information (Cont'd)

31 July 2017	Manufacturing RM'000	Trading RM'000	Construction RM'000	Property Development RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
External Sales	2,262	6,743	16,389	-	-	(785)	24,609
Segment Results (EBITDA)	(669)	(371)	7,756	(2,097)	(2,124)	(38)	2,457
Finance Cost	(27)	(28)	(89)	-	(21)	-	(165)
Depreciation and Amortisation	(201)	(86)	-	(147)	(74)	-	(508)
Consolidated Loss Before Tax							1,784
ASSETS							
Segment Assets	18,473	11,346	48,207	67,608	112,997	(85,834)	172,797
LIABILITIES							
Segment Liabilities	12,403	14,335	33,719	69,402	15,389	(73,648)	71,600
OTHER INFORMATION							
Capital Expenditure	-	-	-	-	-	-	-
Depreciation and Amortisation	201	86	-	147	74	-	508
Other Non Cash Expenses/(Income)	-	-	-	-	-	-	-

GEOGRAPHICAL SEGMENT

The following table provides an analysis of the Group's revenue, segment assets and capital expenditure by geographical segments:

	Revenue by location of customers		Segments assets by location of assets		Capital expenditure by location of assets	
	31 July 2018 RM'000	31 July 2017 RM'000	31 July 2018 RM'000	31 July 2017 RM'000	31 July 2018 RM'000	31 July 2017 RM'000
Malaysia	11,819	17,689	237,285	162,847	-	-
Other Asian Countries	878	6,358	-	9,950	-	-
European Countries	-	-	-	-	-	-
African Countries	8	207	-	-	-	-
Others	377	355	-	-	-	-
Total	13,082	24,609	237,285	172,797	-	-

9. Valuation of Property, Plant and Equipment

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



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PART A
EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

10. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the reporting period up to 21 September 2018, being the latest practicable date, which is not earlier than 7 days from the date of issue of this quarterly report, that have not been reflected in the financial statements for the current quarter ended 31 July 2018.

11. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter ended 31 July 2018 except for on 12 June 2018, the Company had entered into a Share Sale Agreement with Mr. Ooi Joul Sion for the disposal of its 100% equity interest comprising of 8,000,000 ordinary shares in Takaso Rubber Products Sdn Bhd (“TRPSB”) for a cash consideration of RM8 million. Upon completion of the disposal, TRPSB and its wholly-owned subsidiary, Takaso Marketing Sdn Bhd will cease to be subsidiary companies of OCR.

12. Changes in Contingent Liabilities or Contingent Assets since the Last Annual Balance Sheet Date

Since the last annual balance sheet date, there were no material changes in contingent liabilities for the Group as at 21 September 2018, being the last practicable date from the date of issue of this quarterly report that are expected to have an operational or financial impact on the Group.

The changes in contingent liabilities of the Company are as follows:-

	Company	
	As at	As at
	31.7.2018	30.4.2018
	RM'000	RM'000
Corporate guarantees extended:		
- to financial institutions for credit facilities granted to subsidiaries	40,899	23,777

There were no contingent assets since the last annual balance sheet as at 31 July 2017.



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PART A
EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

13. Capital Commitments

There were no capital commitments in the current quarter under review:

14. Significant Inter Company and Related Party Transactions

	Group	
	Current	Preceding
	Year To Date	Year To Date
	31.7.2018	31.7.2017
	RM'000	RM'000
<u>Inter Company Transactions</u>		
Sales by Takaso Rubber Products Sdn Bhd to:-		
Takaso Marketing Sdn Bhd	2,083	2,774
Sales by Takaso Marketing Sdn Bhd to:-		
Japlo Healthcare Sdn Bhd	-	10
Purchases from a company in which a director has a substantial financial interest	1,432	1,260
Sales to a company in which a director has a substantial financial interest	395	210
Project revenue recognised from contracts awarded by companies in which a director has a substantial financial interest	4,635	28,197
	4,635	28,197

The Directors are of the opinion that all inter-segment transactions have been entered into the normal courses of business and are based on negotiated terms.



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PART B

EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE BURSA MAIN MARKET LISTING REQUIREMENTS

1. Detailed Analysis of the Performance of all Operating Segments

	Individual Quarter		Cumulative Period	
	31.7.2018	31.7.2017	31.7.2018	31.7.2017
	RM'000	RM'000	RM'000	RM'000
Revenue	13,082	24,609	67,932	88,773
Profit before tax	4,294	1,784	9,244	6,631

For the current quarter under review, the Group's revenue decreased by 46.84% as compared to the corresponding quarter period ended 31 July 2017. For the cumulative period under review, the Group's revenue decreased by 23.48% as compared to the corresponding cumulative period ended 31 July 2017. The decrease in current quarter and cumulative revenue was mainly due to completion of the construction projects.

For the current quarter and cumulative period under review, the Group registered profit before tax of RM4.3 million and RM9.2 million respectively as compared to profit before tax of RM1.8 million and RM6.6 million respectively in the corresponding quarter and cumulative period ended 31 July 2017. The increase in profit before tax was mainly contributed by the development segment in the cumulative period under review.

Further Analysis by Segments

Manufacturing Segment

The revenue has increased by approximately RM0.4 million in the current quarter under review as compared to the previous corresponding quarter ended 31 July 2017. The slight increase in revenue is mainly due to increase in demand of rubber products and baby products.

Trading Segment

The revenue has decreased by approximately RM6.5 million in the current quarter under review as compared to the previous corresponding quarter ended 31 July 2017. The decrease in revenue is mainly due to disposal of a trading subsidiary in the last quarter.

Construction Segment

The revenue has decreased by approximately RM16.5 million in the current quarter under review as compared to the previous corresponding quarter ended 31 July 2017. The decrease in revenue is a result of completion of construction works for construction projects.

Development Segment

The revenue has increased by approximately RM11.1 million in the current quarter under review as compared to the previous corresponding quarter ended 31 July 2017. The increase in revenue is a result of progressive recognition of revenue contributed from a development project.



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PART B

EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE BURSA MAIN MARKET LISTING REQUIREMENTS (CONT'D)

2. Comments on Material Changes in the Profit Before Tax for the Quarter Reported as Compared with the Preceding Quarter

	Individual Quarter	
	31.7.2018 RM'000	30.4.2018 RM'000
Revenue	13,082	11,970
Profit before tax	4,294	896

The Group recorded profit before tax of RM4.3 million for the current quarter as compared to the immediate preceding quarter profit before tax of RM0.9 million.

The profit before tax of RM4.3 million is mainly contributed by revenue recognised from a development project and gain on disposal of subsidiaries in the current quarter under review.

3. Current Year Prospects

The Group has been facing challenges in its core business of manufacturing and marketing of condoms and baby products, in view of rising raw material prices and operational costs for the past few years. Taking cognisance of this, the Group has made efforts to improve our financial performance and position which include, among others, the Group's acceptance of a construction contract which led to our Group's diversification of business to include the construction business. At the same time of maintaining on the existing business undertakings, the Group has also expanded its initial foray in the construction business to include the property development business as well.

The following are the plans to be undertaken by the Group to strengthen our financial performance and position in the medium and long term, the Group

- (a) had entered into a conditional joint venture agreement to undertake a proposed mixed development project in Kuantan with estimated gross development value of RM330 million;
- (b) had undertaken a proposed residential or mixed development project at Jalan Yap Kwan Seng, Kuala Lumpur with estimated gross development value of RM202 million;
- (c) had acquired the Melaka Land to be developed into a mixed development project with estimated gross development value of RM206 million;
- (d) had received a letter of award for its appointment as project management consultant ("PMC") from Yayasan Pahang of Komplek Yayasan Pahang, Tanjung Lumpur, 26060 Kuantan, Pahang for its project, Affordable Housing Development Scheme, in the state of Pahang which consist of approximately 25,000 units of residential properties over the 7 years construction period;



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EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE BURSA MAIN MARKET LISTING REQUIREMENTS (CONT'D)

3. Current Year Prospects (Cont'd)

- (e) had through its associate company, AES Builders Sdn. Bhd., has entered into a Master En-Block Purchase Agreement with PR1MA and Mampan ESA (Melaka) Sdn. Bhd. to build and develop “PR1MA @ Sri Gading” at Alor Gajah, Melaka, comprising of 554 residential units with 5 apartment blocks of 11 storey each and 1 block of 12 storey at a total contract value of approximately RM101million for the duration of 3 years;
- (f) had entered into a new Joint Venture Agreement with Arra Inovasi Sdn. Bhd. to undertake the construction and development of a proposed housing project on a piece of 8.7 acres land situated in Teras Jernang, Bangi , Selangor Darul Ehsan into residential properties (“Project”). The gross development value of the said Project are estimated to be RM90 million;
- (g) had through its associate company, AES Builders Sdn. Bhd., appointed by Perbadanan PR1MA Malaysia to carry out the design, planning, procurement, construction and completion of a Project located at Lot 37827 Jalan Alam Sutera Utama, Mukim Petaling, Bukit Jalil, Wilayah Persekutuan Kuala Lumpur at a total contract value of approximately RM155 million;
- (h) had signed a Memorandum of Understanding (“MOU”) with Universiti Sains Islam Malaysia (“USIM”) to establish a basis of co-operation and collaboration between both parties in the following areas:
 - i) In-Campus Students’ accommodations (Kolej Kediaman Kedua) by way of a Build-Operate-Transfer concept for 3,000 students (“C1”); and
 - ii) In-Campus Students’ accommodations (Kolej Kediaman Pelajar Perubatan) by way of Build-Operate-Transfer concept for 1,200 students (“C2”);
- (i) had received a Letter of Award from Damansara Realty (Johor) Sdn. Bhd. (“DRJ”) to develop its project known as Perumahan Penjawat Awam 1Malaysia (“PPA1M”) on all that piece of land in the state of Putrajaya measuring approximately 11.898 acres. This Turnkey Construction Contract between DRJ and OCR for the PPA1M portion is estimated at RM324 million;
- (j) had entered into a Joint Venture Agreement with Yayasan Pahang in relation to the development of a piece of leasehold land into a mixed development which includes commercial development and an affordable housing scheme known as “PRIYA Scheme”. The estimated gross development value is estimated to be RM166 million.
- (k) had entered into a Joint Venture Agreement with Casa Bangsar Sdn. Bhd. to jointly undertake, implement, develop and complete the construction of an integrated mixed development to be erected on all those parts of land held under Lot 428 and Lot 745 located in Mukim of Tebrau, District of Johor Bahru, Johor, measuring approximately 47.87 acres in accordance with the provisions of the Privatisation cum Development Agreement dated 4 June 2015. The estimated gross development value is estimated to be RM700 million.



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3. Current Year Prospects (Cont'd)

Through efforts such as brand building and business development activities in future, we hope the market will be aware of the existence of a new niche construction and property player making waves in the Klang Valley.

Notwithstanding the secured construction works and those announced proposals in relate to development projects, the Group is also aggressively taking steps to source and negotiate for more new business opportunities for the future construction and property development sector.

With those efforts undertaken by the Group, our management is of the opinion that the prospects of the Group will improve in the future.

4. Variances Between Actual Profit and Forecast Profit

There was no profit forecast or guarantee made public for the financial period under review.

5. Tax Expense

The effective tax rate of the Group for the current quarter and financial year-to-date under review is lower than statutory tax rate due to tax payable is only applicable for certain profitable subsidiaries.

6. Status of Corporate Proposals

Save from the following, there were no corporate proposals announced but not completed as at 21 September 2018, being the last practicable date from the date of the issue of this report.

O&C Development (Kuantan) Sdn. Bhd. had on 1 June 2015 entered into a joint venture agreement with SSPP Development Sdn Bhd to undertake a proposed mixed development project in Kuantan.



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EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE BURSA MAIN MARKET LISTING REQUIREMENTS (CONT'D)

7. Utilisation Of Proceeds

Private Placement

The Proposed Private Placement has been completed on 23 October 2017 following the listing of and quotation for 26,567,700 new OCR shares on the Main Market of Bursa Securities and the proceeds raised from the private placement is utilised as follows:

Description	Proposed/ Revised Utilisation RM'000	Actual Utilisation as at 31.7.2018 RM'000	Timeframe for Utilisation	Remaining balance		Explanation
				RM'000	%	
Property development	8,720	8,720	Within 24 months	-	-	
Project Management Fee	6,380	6,380	Within 12 months	-	-	
Staff costs	680	680	Within 6 months	-	-	
Expenses in relation to the Proposals	161	161	Within 2 weeks	-	-	
	15,941	15,941		-	-	



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8. Borrowings and Debt Securities

The Group's borrowings as at the end of the reporting period are as follows: -

	As at 31.7.2018 RM'000
Secured:	
Current liabilities	
- Bank overdrafts	4,841
- Revolving credit	15,000
- Term loan	79
- Trust receipt	348
	20,268
Non-current liabilities	
- Term loan	41,377
	41,377
Unsecured:	
Current liabilities	
- Hire purchase payable	205
	205
Non-current liabilities	
- Hire purchase payable	118
	118
Total Borrowings	61,968

The portion of borrowings that is repayable within one year is included in current liabilities. Whereas, the portion that is repayable after the next 12 months is included in long-term liabilities.

The currency exposure profile of the Group's borrowings and other facilities are as follows:

	As at 31.7.2018 RM'000
Ringgit Malaysia	61,968



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9. Material Litigation

Since the date of the last annual statement of financial position, there was no pending material litigation as at 21 September 2018, being the last practicable date from the date of issue of this quarterly report.

10. Dividend

No dividend has been proposed for the financial period under review.

11. Profit Per Share

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31.7.2018 RM'000	Preceding Year Quarter 31.7.2017 RM'000	Current Year To Date 31.7.2018 RM'000	Preceding Year Period 31.7.2017 RM'000
(a) Basic earnings per share				
Net profit for the period	1,064	1,378	2,526	3,728
Weighted average number of ordinary shares issued('000)	292,395	239,864	257,128	228,481
Effects of :-				
Private placement ('000)	-	-	20,745	-
ICPS ('000)	-	1,127	165	1,127
SIS ('000)	-	66	7,964	1,074
Warrant B ('000)	-	-	-	8,646
Weighted average number of ordinary shares in issue ('000)	292,395	241,057	286,002	239,328
Basic earnings per share (sen)	0.36	0.57	0.88	1.56



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11. Profit Per Share (Cont'd)

(b) Diluted earnings per share

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31.7.2018 RM'000	Preceding Year Quarter 31.7.2017 RM'000	Current Year To Date 31.7.2018 RM'000	Preceding Year Period 31.7.2017 RM'000
Net profit for the period	1,064	1,378	2,526	3,728
Weighted average number of ordinary shares in issue ('000)	292,395	239,845	286,002	238,545
Adjustment for SIS ('000)	-	38	-	-
Adjustments for assumed conversion of ICPS ('000)	-	48,718	195,170	44,007
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	292,395	288,601	481,172	282,552
Diluted earnings per share (sen)	0.36	0.48	0.52	1.32

The fully diluted profit per share for the preceding year corresponding quarter ended 31 July 2017 is not disclosed as the effects on the assumed exercised of the share options under ICPS, warrants and SIS are anti-dilutive.

12. Notes to the Statement of Comprehensive Income

	Group	
	Current Year Quarter 31.7.2018 RM'000	Current Year to date 31.7.2018 RM'000
Interest income	(170)	(480)
Other income	-	(5)
Interest expense	523	1,191
Depreciation and amortisation	276	1,524
Reversal of impairment losses on trade receivables	-	(45)
Bad debts recovered	-	(2)
Bad debts written off	-	79
Rental expenses	241	583
Rental income	(35)	(108)
Property, plant and equipment written off	-	707
Gain on disposal of subsidiaries	(2,574)	(4,992)



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EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE BURSA MAIN MARKET LISTING REQUIREMENTS (CONT'D)

13. Fair Value Changes for Financial Liabilities

There were no gains/losses arising from fair value changes for financial liabilities for the current quarter and financial year-to-date under review.

By order of the Board
OCR Group Berhad

Ong Kah Hoe
Group Managing Director
28 September 2018