



**OCR Group Berhad**  
 (Company No: 440503-K)  
 (Incorporated in Malaysia)

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

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter 31.10.2018 RM'000	Preceding Year Quarter N/A RM'000	Current Year To Date 31.10.2018 RM'000	Preceding Year To Date N/A RM'000
Revenue		4,578	-	72,510	-
Cost of sales		(2,714)	-	(44,608)	-
Gross profit		1,864	-	27,902	-
Other income		1,949	-	8,012	-
Selling and distribution expenses		-	-	(801)	-
Administrative expenses		(2,049)	-	(22,915)	-
Finance costs		(714)	-	(1,905)	-
Profit before tax		1,050	-	10,293	-
Income tax expense	B5	(803)	-	(2,133)	-
<b>Profit after taxation for the financial period</b>		247	-	8,160	-
<b>Other Comprehensive Expense, net of Tax:</b>					
Foreign currency translation		-	-	(572)	-
<b>Total Comprehensive Income</b>	B12	247	-	7,588	-

*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.*

*Due to the change in financial year end from 31 July 2018 to 31 December 2018, there are no comparative figures for this quarter.*



**OCR Group Berhad**  
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*Condensed Consolidated Statement of Comprehensive Income (Unaudited)*  
*For the financial quarter ended 31 October 2018 (Cont'd)*

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter 31.10.2018 RM'000	Preceding Year Quarter N/A RM'000	Current Year To Date 31.10.2018 RM'000	Preceding Year To Date N/A RM'000
<b>Profit after taxation attributable to:</b>					
Owners of the Company		175	-	2,702	-
Non-Controlling Interests		72	-	5,458	-
		247	-	8,160	-
<b>Total Comprehensive Income attributable to:</b>					
Owners of the Company	B12	175	-	2,130	-
Non-Controlling Interests		72	-	5,458	-
		247	-	7,588	-
Earnings per share ("EPS") (in sen)					
- Basic	B11	0.06	-	0.94	-
- Diluted	B11	0.06	-	0.56	-

*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.*

*Due to the change in financial year end from 31 July 2018 to 31 December 2018, there are no comparative figures for this quarter.*



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

	Note	As at 31.10.2018 (Unaudited) RM'000	As at 31.7.2017 (Unaudited) RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		2,543	16,552
Deferred Tax Asset		420	420
Investment property		1,860	1,912
Inventories		53,813	17,728
Investment in an associate		693	653
Other receivable		13,125	11,442
		<hr/>	<hr/>
		72,454	48,707
<b>Current Assets</b>			
Gross amount due from contract customer		18,591	22,456
Inventories		63,712	38,452
Trade and others receivables		82,698	54,968
Current tax assets		684	345
Cash and cash equivalents		16,686	7,869
		<hr/>	<hr/>
		182,371	124,090
<b>TOTAL ASSETS</b>		<hr/>	<hr/>
		254,825	172,797
<b>EQUITY AND LIABILITIES</b>			
Share capital		88,422	68,745
Irredeemable convertible preference shares		32,222	32,232
Reserves		2,302	1,055
		<hr/>	<hr/>
Shareholders' funds		122,946	102,032
Non-controlling interests		4,036	(835)
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		126,982	101,197
<b>Non-Current Liabilities</b>			
Long-term bank borrowings	B8	39,724	9,990
Deferred tax liabilities		90	258
Other payable		22,220	22,220
		<hr/>	<hr/>
		62,034	32,468
<b>Current Liabilities</b>			
Trade and other payables		37,470	27,358
Short-term borrowings	B8	27,422	9,578
Current tax liabilities		917	2,196
		<hr/>	<hr/>
		65,809	39,132
<b>TOTAL LIABILITIES</b>		<hr/>	<hr/>
		127,843	71,600
<b>TOTAL EQUITY AND LIABILITIES</b>		<hr/>	<hr/>
		254,825	172,797
<b>Net assets per share attributable to ordinary equity holders of the Company (RM)</b>		<hr/>	<hr/>
		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 October 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	-	-	-	-	-	2,702	2,702	5,458	8,160
Other comprehensive income for the period, net of tax									
- Foreign currency translation	-	-	-	(572)	-	-	(572)	-	(572)
Total comprehensive income for the period	-	-	-	(572)	-	2,702	2,130	5,458	7,588
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	-	-	-	-	-	-	-	(605)	(605)
Direct expenses	-	(173)	-	-	-	-	(173)	-	(173)
Balance as at 31 October 2018	88,422	18,302	890	-	32,222	(16,890)	122,946	4,036	126,982

*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 Changes in Equity*  
*For the financial period ended 31 October 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 October 2018*

	<b>Current Year to date 31.10.2018 RM'000</b>	<b>Preceding Year to date N/A RM'000</b>
<b>Cash Flows From Operating Activities</b>		
<b>Profit before tax</b>	<b>10,293</b>	-
Adjustments for:		
Non-cash items	2,534	-
Non-operating items	1,241	-
<i>Operating profit before working capital changes</i>	<b>14,068</b>	-
Net change in current assets	(53,407)	-
Net change in current liabilities	(5,886)	-
<i>Cash used in operations</i>	<b>(45,225)</b>	-
Tax paid	(3,752)	-
<i>Net cash used in operating activities</i>	<b>(48,977)</b>	-
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(529)	-
Acquisition of subsidiary, net of cash and cash equivalent	9,250	-
Acquisition of land held for development	(26,735)	-
Interest income	690	-
Net cash flows from disposal of subsidiary	9,146	-
<i>Net cash used in investing activities</i>	<b>(8,178)</b>	-
<b>Cash Flows From Financing Activities</b>		
Interest paid	(1,931)	-
Issuance of shares to non-controlling interests	(606)	-
Proceeds from issuance of ordinary shares pursuant to:		
-SIS, net of expenses	2,805	-
-Private placement, net of expenses	15,767	-
- conversion of ICPS, net of expenses	90	-
Drawdown of bank borrowings	51,383	-
Repayment of hire purchase	117	-
Repayment of term loans	(63)	-
Placement of fixed deposit pledged with a licensed bank	(10,850)	-
<i>Net cash generated from financing activities</i>	<b>56,712</b>	-
<i>Net cash increased/(decreased) in cash and cash equivalents</i>	<b>(443)</b>	-
<i>Effects of exchange rate changes on cash and cash equivalents</i>	<b>(505)</b>	-
<i>Cash and cash equivalents at beginning of the financial year</i>	<b>(3,306)</b>	-
<i>Cash and cash equivalents at end of the financial period</i>	<b>(4,254)</b>	-



**OCR Group Berhad**  
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*For the period ended 31 October 2018 (Cont'd)*

	<b>Current Year To Date 31.10.2018 RM'000</b>	<b>Preceding Year To Date N/A RM'000</b>
<b>Analysis of cash and cash equivalents:</b>		
Fixed deposits with licensed banks	15,978	-
Cash and bank balances	708	-
Bank overdrafts	(4,962)	-
	<hr/>	
	11,724	-
Less: Fixed deposit pledged to licensed banks	(15,978)	-
	<hr/>	
	(4,254)	-
	<hr/>	

*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:

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER**





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## **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 Cyclicity 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.

## **PART A**

### **EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)**



**OCR Group Berhad**  
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**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 October 2018: -

31 October 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	-	-	-	4,578	-	-	4,578
Segment Results (EBITDA)		(4)	(14)	1,280	720	-	1,982
Finance Cost	-	-	(479)	-	(235)	-	(714)
Depreciation and Amortisation	-	-	(10)	(129)	(79)	-	(218)
<b>Consolidated Profit Before Tax</b>							<b>1,050</b>
<b>ASSETS</b>							
Segment Assets	-	22	93,015	114,365	152,546	(105,123)	254,825
<b>LIABILITIES</b>							
Segment Liabilities	-	2,262	75,903	105,079	43,896	(99,297)	127,843
<b>OTHER INFORMATION</b>							
Capital Expenditure	-	-	-	-	-	-	-
Depreciation and Amortisation	-	-	10	129	79	-	218
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)
<b>Consolidated Loss Before Tax</b>							<b>1,784</b>
<b>ASSETS</b>							
Segment Assets	18,473	11,346	48,207	67,608	112,997	(85,834)	172,797
<b>LIABILITIES</b>							
Segment Liabilities	12,403	14,335	33,719	69,402	15,389	(73,648)	71,600
<b>OTHER INFORMATION</b>							
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 October 2018 RM'000	31 July 2017 RM'000	31 October 2018 RM'000	31 July 2017 RM'000	31 October 2018 RM'000	31 July 2017 RM'000
Malaysia	4,578	17,689	254,825	162,847	-	-
Other Asian Countries	-	6,358	-	9,950	-	-
European Countries	-	-	-	-	-	-
African Countries	-	207	-	-	-	-
Others	-	355	-	-	-	-
<b>Total</b>	<b>4,578</b>	<b>24,609</b>	<b>254,825</b>	<b>172,797</b>	-	-

**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 10 December 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 October 2018, except for the following:

- i) On 12 November 2018, the Company had subscribed for an additional 225,000 ordinary shares at par in the capital of its subsidiary, O&C Properties (Kuantan) Sdn. Bhd. (“OPKSB”) for a cash consideration of RM225,000. Following the shares subscription, the issued and paid up share capital of OPKSB has increased from RM250,000 to RM500,000.
- ii) On 14 November 2018, there are total of 70,000 ordinary shares of RM0.25 each have been issued pursuant to the conversion of 700,000 ICPS to 70,000 new ordinary shares by conversion of 10 unit ICPS for 1 new ordinary share.
- iii) On 3 December 2018, the Company announced that its 70% owned subsidiary, O&C Development (Kuantan) Sdn. Bhd. had at the request of SSPP Development Sdn. Bhd. (“SSPP”) vide SSPP solicitors’ letter dated 29 November 2018 agreed to extend the time frame for Conditions Precedent under Section 3 of the JVA dated 1 June 2015 to be extended for another six months period expiring on 31 May 2019 as SSPP’s application to the State Authorities for the conversion of the said land is still in progress.
- iv) On 3 December 2018, the Company proposes to undertake the proposed bonus issue of up to 226,109,938 new OCR warrants (“Warrants D”) on an entitlement basis and entitlement date to be determined and announced later by the Board.

**11. Changes in the Composition of the Group**

There were no changes in the composition of the Group for the current quarter ended 31 October 2018.

**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 10 December 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:-

	<b>Company</b>	
	<b>As at</b>	<b>As at</b>
	<b>31.10.2018</b>	<b>31.7.2018</b>
	<b>RM’000</b>	<b>RM’000</b>
Corporate guarantees extended:		
- to financial institutions for credit facilities granted		
to subsidiaries	41,019	40,899
	<hr/>	<hr/>

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**

	<b>Group</b>	
	<b>Current</b>	<b>Preceding</b>
	<b>Year To Date</b>	<b>Year To Date</b>
	<b>31.10.2018</b>	<b>N/A</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Inter Company Transactions</u></b>		
<b>Sales by Takaso Rubber Products Sdn Bhd to:-</b>		
Takaso Marketing Sdn Bhd	2,083	-
<b>Sales by Takaso Marketing Sdn Bhd to:-</b>		
Purchases from a company in which a director has a substantial financial interest	1,432	-
Sales to a company in which a director has a substantial financial interest	395	-
Project revenue recognised from contracts awarded by companies in which a director has a substantial financial interest	4,635	-

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	
	31.10.2018 RM'000	N/A RM'000	31.10.2018 RM'000	N/A RM'000
Revenue	4,578	-	72,510	-
Profit before tax	1,050	-	10,293	-

For the current quarter and cumulative period under review, the Group's revenue was mainly contributed by its property development segment. The profit before tax was contributed by the progressive revenue recognition by the property development segments and gain on disposal of subsidiaries in the cumulative period under review.

Further Analysis by Segments

Trading and Manufacturing Segments

Following the disposal of Takaso Industries Pte Ltd and Takaso Rubber Products Sdn Bhd in April 2018 and June 2018 respectively, the Group has discontinued its trading and manufacturing divisions, which were previously involved in rubber and plastic products such as condoms and baby products.

Construction Segment

The slowdown in revenue recognition is a result of completion of construction works for construction projects.

Development Segment

The improved financial performance in the cumulative period under review is a result of progressive recognition of revenue contributed from a development project.

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

	Individual Quarter	
	31.10.2018 RM'000	31.7.2018 RM'000
Revenue	4,578	13,082
Profit before tax	1,050	4,294

The Group recorded profit before tax of RM1.1 million for the current quarter as compared to the immediate preceding quarter profit before tax of RM4.3 million. The decrease in profit before tax was due to recognition of gain on disposal of a subsidiary in the immediate preceding quarter.

The profit before tax of RM1.1 million is mainly contributed by revenue recognised from a development project in the current quarter under review.



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## **PART B**

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

#### **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;
- (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;



**OCR Group Berhad**  
(Company No: 440503-K)  
(Incorporated in Malaysia)

## **PART B**

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

#### **3. Current Year Prospects (Cont'd)**

- (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.

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.





**OCR Group Berhad**  
(Company No: 440503-K)  
(Incorporated in Malaysia)

## **PART B**

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

#### **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 10 December 2018, being the last practicable date from the date of the issue of this report.

- i) 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.
- ii) OCR Group Berhad had on 3 December 2018 undertakes a proposed bonus issue of up to 226,109,938 new OCR warrants (“Warrants D”) on an entitlement basis and entitlement date to be determined and announced later by the Board.



**OCR Group Berhad**  
(Company No: 440503-K)  
(Incorporated in Malaysia)

**PART B**

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

**7. Borrowings and Debt Securities**

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

	<b>As at 31.10.2018 RM'000</b>
Secured:	
Current liabilities	
- Bank overdrafts	4,962
- Revolving credit	15,000
- Term loan	5,084
- Trust receipt	2,178
	<hr/> 27,224
Non-current liabilities	
- Term loan	39,618
	<hr/> 39,618
Unsecured:	
Current liabilities	
- Hire purchase payable	198
	<hr/> 198
Non-current liabilities	
- Hire purchase payable	106
	<hr/> 106
Total Borrowings	<hr/> <b>67,146</b> <hr/>

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:

	<b>As at 31.10.2018 RM'000</b>
Ringgit Malaysia	<hr/> 67,146 <hr/>



**OCR Group Berhad**  
 (Company No: 440503-K)  
 (Incorporated in Malaysia)

**PART B**

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

**8. Material Litigation**

Since the date of the last annual statement of financial position, there was no pending material litigation as at 10 December 2018, being the last practicable date from the date of issue of this quarterly report.

**9. Dividend**

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

**10. Profit Per Share**

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31.10.2018 RM'000	Preceding Year Quarter N/A RM'000	Current Year To Date 31.10.2018 RM'000	Preceding Year Period N/A RM'000
<b>(a) Basic earnings per share</b>				
Net profit for the period	175	-	2,702	-
Weighted average number of ordinary shares issued('000)	292,395	-	257,128	-
Effects of :-				
Private placement ('000)	-	-	20,745	-
ICPS ('000)	-	-	165	-
SIS ('000)	-	-	7,964	-
Weighted average number of ordinary shares in issue ('000)	292,395	-	286,002	-
Basic earnings per share (sen)	0.06	-	0.94	-



**OCR Group Berhad**  
(Company No: 440503-K)  
(Incorporated in Malaysia)

**PART B**

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

**10. Profit Per Share (Cont'd)**

(b) Diluted earnings per share

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31.10.2018 RM'000	Preceding Year Quarter N/A RM'000	Current Year To Date 31.10.2018 RM'000	Preceding Year Period N/A RM'000
Net profit for the period	175	-	2,702	-
Weighted average number of ordinary shares in issue ('000)	292,395	-	286,002	-
Adjustments for assumed conversion of ICPS ('000)	-	-	195,170	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	292,395	-	481,172	-
Diluted earnings per share (sen)	0.06	-	0.56	-

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.

**11. Notes to the Statement of Comprehensive Income**

	Group	
	Current Year Quarter 31.10.2018 RM'000	Current Year to date 31.10.2018 RM'000
Interest income	(210)	(690)
Interest expense	714	1,905
Depreciation and amortisation	218	1,742
Reversal of impairment losses on trade receivables	-	(45)
Bad debts recovered	-	(2)
Bad debts written off	-	79
Rental expenses	341	923
Rental income	(31)	(139)
Property, plant and equipment written off	-	707
Gain on disposal of subsidiaries	-	(5,424)



**OCR Group Berhad**  
(Company No: 440503-K)  
(Incorporated in Malaysia)

**PART B**

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

**12. 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  
31 December 2018