



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

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

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter 31.12.2018 RM'000	Preceding Year Quarter N/A RM'000	Current Year To Date 31.12.2018 RM'000	Preceding Year To Date N/A RM'000
Revenue		2,447	-	74,957	-
Cost of sales		(11,706)	-	(56,314)	-
Gross (loss)/profit		(9,259)	-	18,643	-
Other income		9	-	8,021	-
Selling and distribution expenses		-	-	(801)	-
Administrative expenses		(5,990)	-	(28,903)	-
Finance costs		(600)	-	(2,505)	-
Loss before tax		(15,840)	-	(5,545)	-
Income tax expense	B5	640	-	(1,494)	-
Loss after taxation for the financial period		(15,200)	-	(7,039)	-
Other Comprehensive Expense, net of Tax:					
Foreign currency translation		-	-	(572)	-
Total Comprehensive Expense	B12	(15,200)	-	(7,611)	-

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
 (Company No: 440503-K)
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Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For the financial quarter ended 31 December 2018 (Cont'd)

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter 31.12.2018 RM'000	Preceding Year Quarter N/A RM'000	Current Year To Date 31.12.2018 RM'000	Preceding Year To Date N/A RM'000
Loss after taxation attributable to:					
Owners of the Company		(9,706)	-	(7,004)	-
Non-Controlling Interests		(5,494)	-	(35)	-
		<u>(15,200)</u>	<u>-</u>	<u>(7,039)</u>	<u>-</u>
Total Comprehensive Expense attributable to:					
Owners of the Company	B12	(9,706)	-	(7,576)	-
Non-Controlling Interests		(5,494)	-	(35)	-
		<u>(15,200)</u>	<u>-</u>	<u>(7,611)</u>	<u>-</u>
Loss per share ("LPS") (in sen)					
- Basic	B11	(3.32)	-	(2.43)	-
- Diluted	B11	(2.70)	-	(1.25)	-

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
(Company No: 440503-K)
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Condensed Consolidated Statement of Financial Position
As at 31 December 2018

	Note	As at 31.12.2018 (Unaudited) RM'000	As at 31.7.2017 (Unaudited) RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		2,464	16,552
Deferred Tax Asset		757	420
Investment property		1,854	1,912
Inventories		54,495	17,728
Investment in an associate		481	653
Other receivable		13,323	11,442
		<hr/>	<hr/>
		73,374	48,707
Current Assets			
Gross amount due from contract customer		2,019	22,456
Inventories		76,705	38,452
Trade and others receivables		89,109	54,968
Current tax assets		547	345
Cash and cash equivalents		16,343	7,869
		<hr/>	<hr/>
		184,723	124,090
TOTAL ASSETS		<hr/>	<hr/>
		258,097	172,797
EQUITY AND LIABILITIES			
Share capital		88,457	68,745
Irredeemable convertible preference shares		32,187	32,232
Reserves		(7,580)	1,055
		<hr/>	<hr/>
Shareholders' funds		113,064	102,032
Non-controlling interests		(1,432)	(835)
TOTAL EQUITY		<hr/>	<hr/>
		111,632	101,197
Non-Current Liabilities			
Long-term bank borrowings	B8	38,814	9,990
Deferred tax liabilities		90	258
Other payable		30,937	22,220
		<hr/>	<hr/>
		69,841	32,468
Current Liabilities			
Trade and other payables		46,705	27,358
Short-term borrowings	B8	29,316	9,578
Current tax liabilities		603	2,196
		<hr/>	<hr/>
		76,624	39,132
TOTAL LIABILITIES		<hr/>	<hr/>
		146,465	71,600
TOTAL EQUITY AND LIABILITIES		<hr/>	<hr/>
		258,097	172,797
Net assets per share attributable to ordinary equity holders of the Company (RM)		<hr/>	<hr/>
		0.32	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 December 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
Loss after taxation for the period	-	-	-	-	-	(7,004)	(7,004)	(35)	(7,039)
Other comprehensive expense for the period, net of tax									
- Foreign currency Translation	-	-	-	(572)	-	-	(572)	-	(572)
Total comprehensive expense for the period	-	-	-	(572)	-	(7,004)	(7,576)	(35)	(7,611)
Transaction with owners of the company:									
Issuance of ordinary share pursuant to:									
- exercise of	3,636	-	(831)	-	-	-	2,805	-	2,805
- SIS	-	-	-	-	(45)	-	90	-	90
- ICPS	135	-	-	-	-	-	15,941	-	15,941
-Private Placement	15,941	-	-	-	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	-	(580)	(580)
Direct expenses	-	(349)	-	-	-	-	(349)	-	(349)
Balance as at 31 December 2018	88,457	18,126	890	-	32,187	(26,596)	113,064	(1,432)	111,632

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 December 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 December 2018

	Current Year to date 31.12.2018 RM'000	Preceding Year to date N/A RM'000
Cash Flows From Operating Activities		
Loss before tax	(5,545)	-
Adjustments for:		
Non-cash items	(2,564)	-
Non-operating items	2,048	-
<i>Operating profit before working capital changes</i>	(6,061)	-
Net change in current assets	(62,258)	-
Net change in current liabilities	27,007	-
<i>Cash used in operations</i>	(41,312)	-
Tax paid	(3,559)	-
<i>Net cash used in operating activities</i>	(44,871)	-
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(979)	-
Acquisition of subsidiary, net of cash and cash equivalent	880	-
Acquisition of land held for development	(7,321)	-
Interest income	2,009	-
Net cash flows from disposal of subsidiary	10,312	-
<i>Net cash used in investing activities</i>	4,901	-
Cash Flows From Financing Activities		
Interest paid	(2,505)	-
Issuance of shares to non-controlling interests	86	-
Proceeds from issuance of ordinary shares pursuant to:		
-SIS, net of expenses	2,805	-
-Private placement, net of expenses	15,591	-
- conversion of ICPS, net of expenses	90	-
Drawdown of bank borrowings	40,467	-
Repayment of hire purchase	(950)	-
Repayment of term loans	(4,957)	-
Placement of fixed deposit pledged with a licensed bank	(10,929)	-
<i>Net cash generated from financing activities</i>	39,698	-
<i>Net cash decreased in cash and cash equivalents</i>	(272)	-
<i>Effects of exchange rate changes on cash and cash equivalents</i>	(1,000)	-
<i>Cash and cash equivalents at beginning of the financial year</i>	(3,306)	-
<i>Cash and cash equivalents at end of the financial period</i>	(4,578)	-



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

	Current Year To Date 31.12.2018 RM'000	Preceding Year To Date N/A RM'000
Analysis of cash and cash equivalents:		
Fixed deposits with licensed banks	16,057	-
Cash and bank balances	285	-
Bank overdrafts	(4,863)	-
	<hr/>	<hr/>
	11,479	-
Less: Fixed deposit pledged to licensed banks	(16,057)	-
	<hr/>	<hr/>
	(4,578)	-
	<hr/>	<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.

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



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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 Cyclicity of Operations

There were no material seasonal or cyclical factors that have affected the financial performance of the Group.

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 RM0.50 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.

On 8 November 2018, there are total of 70,000 ordinary shares of RM0.50 each have been issued pursuant to the conversion of 700,000 ICPS 70,000 new ordinary shares by the conversion ratio of 10 units ICPS to 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 December 2018: -

31 December 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	-	(53)	1,452	1,048	-	-	2,447
Segment Results (EBITDA)	-	(75)	(252)	(7,760)	(3,039)	-	(15,126)
Finance Cost	-	-	(443)	-	(157)	-	(600)
Depreciation and Amortisation	-	11	(7)	(92)	(26)	-	(114)
Consolidated Loss Before Tax							(15,840)
ASSETS							
Segment Assets	-	22	96,409	123,344	145,534	(107,212)	258,097
LIABILITIES							
Segment Liabilities	-	2,263	83,999	121,019	40,345	(101,060)	146,566
OTHER INFORMATION							
Capital Expenditure	-	-	-	-	-	-	-
Depreciation and Amortisation	-	(11)	7	92	26	-	114
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 Profit 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 December 2018 RM'000	31 July 2017 RM'000	31 December 2018 RM'000	31 July 2017 RM'000	31 December 2018 RM'000	31 July 2017 RM'000
Malaysia	53,951	17,689	258,097	162,847	-	-
Other Asian Countries	19,842	6,358	-	9,950	-	-
European Countries	20	-	-	-	-	-
African Countries	240	207	-	-	-	-
Others	904	355	-	-	-	-
Total	74,957	24,609	258,097	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 20 February 2019, 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 December 2018, except for the following:

- i) On 8 January 2019, there are total of 60,000 ordinary shares of RM0.50 each have been issued pursuant to the conversion of 600,000 ICPS to 60,000 new ordinary shares by the conversion ratio of 10 units ICPS to 1 new ordinary share.
- ii) On 9 January 2019, the Private Placement has been completed following the listing and quotation of 29,239,000 Placement Shares on the Main Market of Bursa Securities.
- iii) On 8 February 2019, there are total of 125,000 ordinary shares of RM0.50 each have been issued pursuant to the conversion of 1,250,000 ICPS to 125,000 new ordinary shares by the conversion ratio of 10 units ICPS to 1 new ordinary share.

11. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter ended 31 December 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 20 February 2019, 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
	31.12.2018	31.10.2018
	RM'000	RM'000
Corporate guarantees extended:		
- to financial institutions for credit facilities granted to subsidiaries	48,710	41,019

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
	31.12.2018	N/A
	RM'000	RM'000
<u>Inter Company Transactions</u>		
Sales by Takaso Rubber Products Sdn Bhd to:-		
Takaso Marketing Sdn Bhd	2,083	-
Sales by Takaso Marketing Sdn Bhd to:-		
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	-
Progress billing to a company which is connected to a director of the company	16,761	-

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	
	31.12.2018	N/A	31.12.2018	N/A
	RM'000	RM'000	RM'000	RM'000
Revenue	2,447	-	74,957	-
Loss before tax	(15,840)	-	(5,545)	-

For the current and cumulative period under review, the Group's revenue was mainly contributed by its property development and construction segments.

The loss before tax in the current quarter were principally due to overall soft property market condition and revision of the budgeted property development costs by the property development segment. Meanwhile, the delay in the commencement of PR1MA and PPA1M projects by the construction segment also contributing lower profit to the Group. The loss before tax of RM5.5 million in the cumulative period was subsequently neutralised with the gain on disposal of subsidiaries during the financial period.

Given the uncertainty surrounding global and local economy, the Group anticipates that the business environment will be challenging for the current and next financial year. Nevertheless, the Group will continue to intensify its effort to replenish its order book by securing new projects.

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 lower revenue and profit before tax in the current and cumulative period were mainly due to completion of major construction project (ie, Flexus at Jalan Kuching) and delaying in the commencement of PR1MA and PPA1M projects.

The construction segment is expected to bring in higher contribution to the Group from the newly secured project, namely 'YOLO at Sunway Mentari' in year 2019.

Property Development Segment

The improved revenue and profit before tax in the cumulative period under review was a result of progressive recognition of revenue contributed by Isola at KLCC project.

The property development segment is expected to bring in higher contribution to the Group from a new project, namely "PRIYA at Kuantan". Besides, the current unbilled sales for the on-going project is amounting to RM116 million and will contribute positively to the Group in 2019.



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

	Individual Quarter	
	31.12.2018 RM'000	31.10.2018 RM'000
Revenue	2,447	4,578
(Loss)/Profit before tax	(15,840)	1,050

The Group recorded loss before tax of RM15.8 million for the current quarter as compared to the immediate preceding quarter profit before tax of RM1.1 million. The loss before tax was mainly due to the overall soft property market condition and revision of the budgeted property development costs by the property development segment.

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

- 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;
- had acquired the Melaka Land to be developed into a mixed development project with estimated gross development value of RM206 million;
- 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;
- 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;



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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 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;
- (f) 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;
- (g) 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”);
- (h) 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;
- (i) 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.
- (j) 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.



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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 20 February 2019, 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. Borrowings and Debt Securities

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

	As at 31.12.2018 RM'000
Secured:	
Current liabilities	
- Bank overdrafts	4,863
- Revolving credit	15,000
- Term loan	5,681
- Trust receipt	3,689
	<hr/> 29,233
Non-current liabilities	
- Term loan	38,605
	<hr/> 38,605
Unsecured:	
Current liabilities	
- Hire purchase payable	83
	<hr/> 83
Non-current liabilities	
- Hire purchase payable	209
	<hr/> 209
Total Borrowings	<hr/> 68,130

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 31.12.2018 RM'000
Ringgit Malaysia	<hr/> 68,130



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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 20 February 2019, 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. Loss Per Share

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31.12.2018 RM'000	Preceding Year Quarter N/A RM'000	Current Year To Date 31.12.2018 RM'000	Preceding Year Period N/A RM'000
(a) Basic loss per share				
Net loss for the period	(9,706)	-	(7,004)	-
Weighted average number of ordinary shares issued('000)	292,395	-	257,128	-
Effects of :-				
Private placement ('000)	-	-	22,464	-
ICPS ('000)	7	-	183	-
SIS ('000)	-	-	8,123	-
Weighted average number of ordinary shares in issue ('000)	292,402	-	287,898	-
Basic loss per share (sen)	(3.32)	-	(2.43)	-



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

10. Loss Per Share (Cont'd)

(b) Diluted loss per share

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31.12.2018 RM'000	Preceding Year Quarter N/A RM'000	Current Year To Date 31.12.2018 RM'000	Preceding Year Period N/A RM'000
Net loss for the period	(9,706)	-	(7,004)	-
Weighted average number of ordinary shares in issue ('000)	292,402	-	287,898	-
Adjustments for assumed conversion of ICPS ('000)	67,108	-	272,568	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	359,510	-	560,466	-
Diluted loss per share (sen)	(2.70)	-	(1.25)	-

The fully diluted loss 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 31.12.2018 RM'000	Current Year to date 31.12.2018 RM'000
Interest income	(219)	(909)
Interest expense	600	2,505
Depreciation and amortisation	72	1,814
Reversal of impairment losses on trade receivables	-	(45)
Bad debts recovered	-	(2)
Bad debts written off	-	79
Rental expenses	90	1,013
Rental income	(20)	(159)
Property, plant and equipment written off	-	707
Gain on disposal of subsidiaries	-	5,487



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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
28 February 2019