OCR Group Berhad (440503-K)

ANNUAL REPORT
2018

OCR

CONTENT

Building Strength in Adversity

We are confident that with our knowledge, experience and expertise, we shall thrive in adversity and emerge stronger than before.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman/Independent Non-Executive Director
YAM Tunku Azudinshah Ibni Tunku Annuar

Group Managing Director
Ong Kah Hoe

Executive Director
Tee Tze Chern

Independent Non-Executive Directors
Hj. Abdullah Bin Abdul Rahman
Dato' Lim Heng Ee
Yap Sing Khon
Admiral (Retired) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Hj Ahmad Badaruddin

Non-Independent Non-Executive Directors
Lee Chin Cheh
Lim Teck Seng

AUDIT COMMITTEE
Yap Sing Khon (Chairman)
YAM Tunku Azudinshah Ibni Tunku Annuar
Hj. Abdullah Bin Abdul Rahman

NOMINATING COMMITTEE
YAM Tunku Azudinshah Ibni Tunku Annuar (Chairman)
Hj. Abdullah Bin Abdul Rahman
Lee Chin Cheh

REMUNERATION COMMITTEE
YAM Tunku Azudinshah Ibni Tunku Annuar (Chairman)
Ong Kah Hoe
Tee Tze Chern, JP
Hj. Abdullah Bin Abdul Rahman
Lim Teck Seng

OPTION COMMITTEE
Dato' Lim Heng Ee (Chairman)
Tan Ban Tatt
Lily Tee

RISK MANAGEMENT COMMITTEE
Ong Kah Hoe (Chairman)
Tan Ban Tatt
Tang Hang Lee

COMPANY SECRETARY
Ng Bee Lian (MAICSA 7041392)

REGISTERED OFFICE
49-B, Jalan Melaka Raya 8
Taman Melaka Raya
75000 Melaka
Tel: +6 06 281 5300
Fax: +6 06 281 5332

CORPORATE OFFICE
8.01, 8th Floor, Persoft Tower
6B, Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya, Selangor
Tel: +6 03 7806 3003
Fax: +6 03 7880 4003

SHARE REGISTRAR
Boardroom Share Registrars Sdn. Bhd.
(F.K.A Symphony Share Registrars Sdn. Bhd.)
Level 6 Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya, Selangor
Tel: +6 03 7841 8358
Fax: +6 03 7841 8151

AUDITORS
Crowe Malaysia PLT (LLP0018817-LCA & AF1018)
Chartered Accountants
Level 16 Tower C, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel: +6 03 2788 9999
Fax: +6 03 2788 9998

PRINCIPAL BANKERS
Public Bank Berhad
United Overseas Bank (Malaysia) Berhad
AmBank (M) Berhad

STOCK EXCHANGE LISTING
Main Market – Construction
Bursa Malaysia Securities Berhad
Stock Name and Stock Code:
- OCR (7071)
- OCR-PA (7071PA)
- OCR-WC (7071WC)
- OCR-WD (7071WD)

(Listed on Bursa Malaysia Securities Berhad since 1999)

Corporate website: www.ocrbhd.com
Corporate email: corporate@ocrbhd.com

CORPORATE STRUCTURE

OCR Group Berhad (440503-K)

engages in the construction of residential and commercial properties; and property development and investment activities since January 2018 after successfully diversified its business from Consumer Products.

Wholly-Owned Subsidiaries of OCR Group Berhad:

1) **Japlo Healthcare Sdn. Bhd.** (Co. No. 499674-H)
   - Dormant.

2) **O&C Commerce Sdn. Bhd.** (Co. No. 961749-X)
   - Dormant.

3) **O&C Construction Sdn. Bhd.** (Co. No. 1119151-W)
   - Construction of residential and commercial properties and property development.

4) **Tristar City Sdn. Bhd.** (Co. No. 1147394-P)
   - Property development and property investment.

5) **Grand Superland Sdn. Bhd.** (Co. No. 1148185-D)
   - Dormant.

6) **Sunrise Meadow Sdn. Bhd.** (Co. No. 1185159-H)
   - Property development and property investment.

7) **Kirana Masyhur Sdn. Bhd.** (Co. No. 1208642-U)
   - Dormant.

8) **YP O&C Development Sdn. Bhd.** (Co. No. 1209403-K)
   - Dormant.

9) **Fajar Simfoni Sdn. Bhd.** (Co. No. 1263524-X)
   - Dormant.

10) **Junjung Simfoni Sdn. Bhd.** (Co. No. 1266701-X)
   - Dormant.

11) **OCR Land Development Sdn. Bhd.(f.k.a. Nova Avenue Sdn. Bhd.)** (Co. No. 1274584-H)
   - Dormant.

12) **Amazing Symphony Sdn. Bhd.** (Co. No. 1274546-D)
   - Dormant.

90% | Owned Subsidiary of OCR Group Berhad:

1) **O&C Properties (Kuantan) Sdn. Bhd.** (Co. No. 1226161-P)
   - Property development and property investment.

Wholly-Owned Subsidiaries of Grand Superland Sdn. Bhd.:

1) **Greatway Capital Sdn. Bhd.** (Co. No. 1219794-H)
   - Dormant.

2) **Serba Simfoni Sdn. Bhd.** (Co. No. 1262855-H)
   - Dormant.

80% | Owned Subsidiary of Grand Superland Sdn. Bhd.:

1) **Visi Anggun Properties Sdn. Bhd.** (Co. No. 1200146-T)
   - Dormant.

70% | Owned Subsidiary of OCR Group Berhad:

1) **O&C Development (Kuantan) Sdn. Bhd.** (Co. No. 1142088-K)
   - Property development and construction of residential and commercial properties.

1) **Pangkal Teguh Sdn. Bhd.** (Co. No. 940148-A)
   - Construction of residential and commercial properties project management and real estate.

2) **Kita Mampan Sdn. Bhd.** (Co. No. 1058804-X)
   - Construction of residential and commercial properties and real estate.

50.01% | Owned Subsidiary of OCR Group Berhad:

1) **O&C Makok Isola Sdn. Bhd.** (Co. No. 937755-H)
   - Property development and property investment.

50.0005% | Owned Subsidiary of Kirana Masyhur Sdn. Bhd.:

1) **Mampan Esa (Melaka) Sdn. Bhd.** (Co. No. 1063513-P)
   - Dormant.

49% | Owned Associate through Kita Mampan Sdn. Bhd.:

1) **AES Builders Sdn. Bhd.** (Co. No. 246369-T)
   - Construction of residential and commercial properties.

Building livable spaces for a better tomorrow

Our vision is to provide roof over the heads of every Malaysian, touching lives around the community, as the jewel of the crown in the nation.

BOARD OF DIRECTORS

YAM TUNKU AZUDINSHAH IBNI TUNKU ANNUAR

Age 49, Male, Malaysian
Chairman/Independent Non-Executive Director
Member of Audit Committee, Chairman of Nominating Committee and Chairman of Remuneration Committee

YAM Tunku Azudinshah Ibni Tunku Annuar was appointed to the Board as an Independent Non-Executive Director cum Chairman of the Board of Directors on 14 August 2015. He is a member of the Audit Committee and is Chairman of both the Nominating Committee and the Remuneration Committee of the Company since 28 October 2015.

YAM Tunku Azudinshah started his professional career in advertising with the International Agency AP: Foote, Cone and Belding where he managed numerous multinational accounts. He co-founded PRS Corporate Images and Orbitel.net, media companies and produced television programmes focusing on the “Halal Industry”. Amongst its clients are Nestle, Sime Darby, Mentri Besar Inc (Terengganu), Formis and Inti Group. Premised on his experience with media and communications, YAM Tunku Azudinshah was elected to the board of the International Association of Business Communicators for a period of two years from 2001 - 2002.

YAM Tunku Azudinshah Ibni Tunku Annuar does not hold any directorships in other public companies but sits on the board of several private limited companies.

Board of Directors (Cont'd)

Age 44, Male, Malaysian
Group Managing Director
Member of Remuneration Committee and
Chairman of Risk Management Committee

Mr. Ong Kah Hoe was appointed to the Board as a Non-Independent Non-Executive Director on 14 November 2014 and was re-designated as Executive Director on 2 April 2015. He was appointed as Group Managing Director of the Company on 19 August 2016. Mr. Ong is a member of the Remuneration Committee since 14 November 2015 and Chairman of the Risk Management Committee of the Company.

Mr. Ong graduated from the University of Coventry, U.K. in 1997 with a Bachelor Degree (Honours) in Business Administration.

Mr. Ong has over 15 years of property development and construction experience and has successfully led and completed numerous construction projects including residential and hotels. He is presently the Managing Director of OCR Land Holdings Group of Companies.

As Group Managing Director of OCR, he oversees the construction activities of the OCR Group as well as its property development segment.

Mr. Ong Kah Hoe does not hold any directorships in other public companies but sits on the board of several private limited companies.

Board of Directors (Cont'd)

TEE TZE CHERN, JP

Age 54, Male, Malaysian
Executive Director
Member of Remuneration Committee

Mr. Tee Tze Chern, JP, was appointed to the Board as the Managing Director on 22 December 1998 and was re-designated as Executive Chairman on 27 December 2010, a post he held until his re-designation to Executive Director of the Company on 14 August 2015. Mr. Tee was re-designated from Chairman to member of the Remuneration Committee of the Company on 14 August 2015.

Mr. Tee graduated from the Rubber Research Institute with a Diploma in 1992. He has been a member of the Association of Overseas Technical Scholarship Malaysia since 1990 and a member of the Malaysian Institute of Management since 1992. He has over 25 years of experience in the baby products and condom industry. He has previously been invited to sit on SIRIM's Technical Committee on "Standard Specifications" under the ISO division in mechanical contraceptive in 1990.

Mr. Tee Tze Chern, JP, does not hold any directorships in other public companies but sits on the board of several private limited companies. Mr. Tee Tze Chern, JP, and Ms. Lily Tee are siblings. Ms. Lily Tee sits on the Board of Japlo Healthcare Sdn. Bhd., a wholly-owned subsidiary of the Company alongside with Mr. Tee Tze Chern, JP.

DATO' LIM HENG EE

Age 44, Male, Malaysian
Independent Non-Executive Director
Chairman of Option Committee

Dato' Lim Heng Ee was appointed to the Board as an Independent Non-Executive Director on 23 June 2016 and as Chairman of the Option Committee of the Company since 15 August 2016.

Dato' Lim graduated from the Honolulu University U.S.A. with an Executive Master of Business Administration and holds a Higher Diploma in London Chamber of Commerce & Industry.

Dato' Lim as a supporter of environmental protection, he has established Global Green Synergy Sdn. Bhd., a leading company in Malaysia provide solution for the treatment and processing of oil palm biomass to produce value-added biomass products. He is also actively involved in dialogues with the Malaysian Government in the development of Malaysia's National Biomass Strategy 2020.

Dato' Lim is the Vice President of Malaysia-China Chamber of Commerce and Deputy President of China-ASEAN (Malaysia) Entrepreneurs Association. He has been awarded as Honorary Professor of City University Malaysia in 2016 and Honorary Professor of LuoYang Normal University in 2017.

Dato' Lim has also won few prestigious entrepreneur awards like the Malaysia winner of ASEAN Green Award, the world champion for Creative Young Entrepreneur Award in 2011 (World's first Chinese young entrepreneur winner of the award), as well as the Global Chinese Outstanding Youth Award in year 2018.

Dato' Lim Heng Ee does not hold any directorships in other public companies but sits on the board of several private limited companies.

Board of Directors (Cont'd)

LEE CHIN CHEH

Age 47, Male, Malaysian
Non-Independent Non-Executive Director
Member of Nominating Committee

Mr. Lee Chin Cheh was appointed to the Board as an Independent Non-Executive Director on 23 June 2016 and was re-designated as Non-Independent Non-Executive Director on 21 November 2017. He is also a member of the Nominating Committee of the Company since 15 August 2016.

Mr. Lee graduated from the University of Wolverhampton, United Kingdom, with a Bachelor of Laws LL.B.(Hons), and received his Certificate in Legal Practice from the Malaysia Legal Profession Qualifying Board in 1995. He was admitted to the roll of Advocate and Solicitor of the High Court of Malaysia in 1996.

Mr. Lee established Messrs. Lee, Ong & Partners, a firm of advocates and solicitors, in 1997 and is the Managing Partner of the firm.

He serves as a legal and business advisor to corporate entities in Malaysia and Singapore and also as legal advisor on local non-governmental organisations such as the Petaling Trade and Industry Association; the Petaling Jaya Coffee Shop and Restaurant Association; the Selangor and Kuala Lumpur Kwangsi Association; Petaling Hawkers Association; the Selangor Lee Clan's Association, etc. He currently serves as Council Member of Malaysia-Guangdong Investment Promotion Council.

Besides OCR, Mr. Lee also sits on the board of Pan Asia Corporation Limited, listed on the Australia Securities Exchange, as well as several private limited companies.

LIM TECK SENG

Age 49, Male, Malaysian
Non-Independent Non-Executive Director
Member of Remuneration Committee

Mr. Lim Teck Seng was appointed to the Board as an Independent Non-Executive Director on 15 December 2016 and was re-designated as Non-Independent Non-Executive Director on 21 November 2017. He is a member of Remuneration Committee of the Company since 15 December 2016.

He graduated from University of Nebraska in Lincoln, the United States of America with a Degree in Bachelor of Science of Business Administration (Major in Finance).

He was formerly the Chairman of JF Apex Securities Berhad and Group Executive Director of Apex Equity Holdings Berhad before he left the group on 31 March 2018. He was with Apex Group of Companies for 9 years.

Before he joined Apex Group, he worked as Manager of Business Development of MIDF Sisma Securities Sdn. Bhd. in 2000 and promoted as General Manager (Dealing & Business Development) in 2005. He was appointed as the Vice President (Dealing-Equity Market) of MIDF Amanah Investment Bank Berhad in 2007.

Presently, he sits on the Board of Asia Poly Holdings Berhad, Lay Hong Berhad, D'nonce Technology Berhad and YFG Berhad, as well as several private limited companies.

Board of Directors (Cont'd)

YAP SING KHON

Age 52, Male, Malaysian
Independent Non-Executive Director
Chairman of Audit Committee

Mr. Yap Sing Khon was appointed to the Board as an Independent Non-Executive Director on 13 March 2017. He is the Chairman of the Audit Committee of the Company since 13 March 2017.

Mr. Yap graduated with a Bachelor of Business (Accountancy) Degree with Distinction from the Royal Melbourne Institute of Technology, Melbourne, Australia. He is a Chartered Accountant of Malaysian Institute of Accountants, Certified Practising Accountant of CPA Australia and Certified Financial Planner of Financial Planning Association of Malaysia.

He started his career as an auditor with Messrs. Ernst & Young and subsequently joined PWE Industries Berhad and Clipsal Manufacturing (M) Sdn. Bhd. as Financial Controller/Finance Manager from 1993 to 2002. Currently, he is a Practitioner of a Chartered Accounting firm.

Mr. Yap Sing Khon does not hold any directorships in other public companies but sits on the board of several private limited companies.

HJ. ABDULLAH BIN ABDUL RAHMAN

Age 61, Male, Malaysian
Independent Non-Executive Director
Member of Audit Committee, Nominating Committee and Remuneration Committee

Hj Abdullah Bin Abdul Rahman was appointed to the Board as an Independent Non-Executive Director on 14 August 2015. He is a member of the Audit Committee, a member of the Nominating Committee and a member of the Remuneration Committee of the Company since 14 August 2015.

He graduated with a Bachelor Degree in Business in Business Administration from the Universiti Kebangsaan Malaysia ("UKM").

Hj. Abdullah had a long career path in management with Malayan Banking Berhad ("Maybank"). He has served in various capacities in banking operations and strategic innovation activities at branches, regionals and head office level of Maybank until his retirement from Maybank in 2012 after 30 years. As Head of Mortgage at Maybank, he was responsible for strategic and operational activities related to mortgage and property under Consumer Banking. His last appointment at Maybank was as the Head of Business Banking (EVP) in charge of small and medium enterprises, commercial and corporate units.

Presently, he sits on the Board of Lambo Group Berhad as well as several private limited companies.

Board of Directors (Cont'd)

ADMIRAL (RETIRED) TAN SRI DATO' SERI PANGLIMA AHMAD KAMARULZAMAN HJ AHMAD BADARUDDIN

Age 60, Male, Malaysian
Independent Non-Executive Director

Admiral (Retired) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Hj Ahmad Badaruddin was appointed to the Board as an Independent Non-Executive Director on 13 March 2019.

He graduated with MBA from University of Strathclyde Business School, Scotland and MA in Defense Studies and International Relations from the National University of Malaysia. He completed the Executive Program in Business Management at Kenan-Flagler Business School, University of North Carolina, USA. He is a Distinguished Graduate of the Fu Hshing Kang College, Republic of China in Political Warfare as well as the US Naval War College, Newport, Rhode Island.

Admiral Kamarulzaman has served the King and country for 42 years. Held numerous positions in the Navy and Joint Services including Chief of Staff Malaysian Armed Forces Headquarters and Joint Force Commander of the Malaysian Armed Forces. He has achieved a peak in his career as he assumed command of the 16th Royal Malaysian Navy Chief on 18 November 2015. During his tenure, he has been managing over 20,000 sailors with the annual operating and development expenditure of about RM3 billion. He has also established strong strategic networking with Government and corporate organisations, at national and regional levels. Currently, he is involving in consulting work and advise companies in business management.

Presently, he sits on the Board of T7 Global Berhad as well as several private limited companies.

Notes:

1. **Shareholdings in the Company and Subsidiaries of the Company**

   The direct and indirect interests of each Director in securities and warrants of the Company are set out on page 183 to page 184 of this Annual Report.

2. **Conflict of Interest**

   Save for the related party transactions involving Mr. Ong Kah Hoe, the Group Managing Director of the Company, as disclosed on Circular/Statement to Shareholders dated 30 April 2019, none of the other Directors of the Company has any personal interest in any business arrangements involving the Company.

3. **Conviction of Offences**

   None of the Directors of the Company have been convicted of any offences within the past five (5) years other than traffic offences, if any.

4. **Board Meeting Attendances**

   The attendance record of the Directors at Board of Directors' meetings for the financial period ended 31 December 2018 is found on page 35 of this Annual Report.

5. **Training Programmes, Seminars and Conference Attendances**

   The attendance record of the Directors at the training programmes, seminars and conferences for the financial period ended 31 December 2018 is found on page 33 of this Annual Report.

KEY SENIOR MANAGEMENT

The management team is headed by the Group Managing Director, Mr. Ong Kah Hoe and his profile could be found under the Profile of Directors on page 6 of the Annual Report. The profiles of other key senior management are as follows:-

TAN BAN TATT

Age 41, Male, Malaysian
Chief Financial Officer
Member of Option Committee and Risk Management Committee

Mr. Tan Ban Tatt was employed by the Company as Chief Financial Officer on 16 May 2016. He is a member of the Option Committee of the Company since 15 August 2016 and a member of Risk Management Committee.

He graduated with a Bachelor Degree in Accountancy from the Universiti Putra Malaysia. He is a Chartered Accountant of the Malaysia Institute of Accountants and a fellow member of the Association of Chartered Certified Accountants.

Mr. Tan began his career in a Big 4 accounting firm as Assistant Manager before his appointment for 2 years, as Group Finance Manager in a public company listed in Malaysia. Mr. Tan joined a mid-size accounting firm in 2006 and was a Partner since 2014 till his departure in May 2016 to join the OCR Group.

Mr. Tan sits on the board of Asia Poly Holdings Berhad as an Independent Non-Executive Director.

Mr. Tan does not have family relationship with any directors and/or other substantial shareholders of the Company. He has not been convicted of any offences within the past five (5) years nor was there any public sanction or penalty imposed on him by any relevant regulatory bodies during the financial period. He is not a substantial shareholder in the Company and does not have any conflict of interest with the Company.

LOKE WEI FENG

Age 46, Male, Malaysian
Chief Operation Officer

Mr. Loke Wei Feng was employed by the Company as Chief Operating Officer on 3 July 2017.

He graduated with a Bachelor of Civil Engineering from University Technology of Malaysia.

Mr. Loke began his career as Civil & Structural Design Engineer in year 1996. In year 2000, he was offered a position as Assistant Project Manager with MK Project Management Sdn. Bhd. before he joined Sunrise Berhad as Project cum Development Manager in year 2002.

Mr. Loke left Sunrise Berhad in year 2007 and joined Capitaland Commercial Limited to take on overseas project in Vietnam. He left Capitaland in December 2010 and assumed the position of Senior General Manager with UEM Sunrise Berhad in Jan 2011. After 5 years with UEM Sunrise Berhad, he joined MCT Berhad as Senior Project Director in year 2016 till June 2017.

Mr. Loke sits on the board of Serba Simfoni Sdn. Bhd., Fajar Simfoni Sdn. Bhd., Junjung Simfoni Sdn. Bhd., OCR Land Development Sdn. Bhd.(formerly known as Nova Avenue Sdn. Bhd.) and Amazing Symphony Sdn. Bhd., the subsidiaries of OCR.

Mr. Loke does not have family relationship with any directors and/or other substantial shareholders of the Company. He has not been convicted of any offences within the past five (5) years nor was there any public sanction or penalty imposed on him by any relevant regulatory bodies during the financial period. He is not a substantial shareholder in the Company and does not have any conflict of interest with the Company.

Key Senior Management (Cont'd)

ONG YEW MING

Age 43, Female, Malaysian
Chief Marketing Officer

Ms. Ong Yew Ming, graduated from the University of Western Illinois, United States of America, attained the Bachelor Degree in Business Studies.

In year 2004, she was appointed as Executive Director of Sales & Marketing in OCR Land Holdings Sdn. Bhd. During her tenure with the company, she has involved in the acquisition of new land banks & product design development by conducting comprehensive feasibility study. She also involves in formulating and implementing effective marketing strategies and activities as well as product positioning and pricing strategies to ensure a premium product and optimal return on the investments.

Throughout her fourteen (14) years career, she has successfully launched more than 20 projects ranging from residential to mix-development. Today, Ms. Ong is overseeing Corporate Development Division includes sales & marketing, credit & leasing, digital marketing, corporate affair & branding.

Capitalizing her marketing competence, coupled with a strong personality, she is always dynamic in search of market opportunities, proving each time her leadership capabilities to lead her team in achieving remarkable performances over the 14 years in property industry.

Ms. Ong sits on the board of O&C Commerce Sdn. Bhd., Pangkal Teguh Sdn. Bhd., Visi Anggun Properties Sdn. Bhd. and O&C Makok Isola Sdn. Bhd., the subsidiaries of OCR.

Ms. Ong Yew Ming and Mr. Ong Kah Hoe are siblings. She has not been convicted of any offences within the past five (5) years nor was there any public sanction or penalty imposed on her by any relevant regulatory bodies during the financial period. The direct and indirect interests of Ms. Ong in securities and warrants of the Company are set out on page 183 to page 184 of this Annual Report and she does not have any conflict of interest with the Company.

CHAIRMAN'S **STATEMENT**

On behalf of the Board of Directors ("Board"), I am privileged to present to you the Annual Report and Audited Financial Statements of OCR Group Berhad ("OCR" or the "Group") for the 17-month financial period ended 31 December 2018 ("FY18").

(Due to change in financial year end to 31 December 2018 from 31 July 2018, FY18 refers to financial period commencing from 1 August 2017 to 31 December 2018 and hence, this is a cumulative 17-month results. As such, there are no direct comparative figures available for the preceding year corresponding period.)

Chairman's Statement (Cont'd)

ECONOMIC & INDUSTRY OVERVIEW

In 2018, the global economy experienced high levels of volatility stemming from several geopolitical issues. The on-going trade war between the United States ("US") and China affected and heightened the volatility in the global environment, which inevitably caused adverse spill-over effect in the commodity and financial markets. The resultant wariness and uncertainties further burdened the existing challenging business operating environment.

On the local front, we underwent an unprecedented peaceful transition of power that paved way for a new Government for Malaysia in May 2018. During the initial period while the nation was waiting for further clarity on the new Government's direction and strategy, the overall local market remained soft as all stakeholders were undertaking a wait-and-see approach. The Government has subsequently introduced several initiatives that aim to address our nation's key issues, which will set the country on a long-term dynamic growth path.

In 2018, the Malaysian economy registered a growth of 4.7%[1] which was mainly contributed by the services and manufacturing sector. Despite the commendable growth, Malaysia's Gross Domestic Product ("GDP") was weaker compared to the year before (Malaysia's 2017 GDP: 5.9%). Nevertheless, the GDP growth in 2018 was in line with the World Bank's growth expectation for Malaysia.

During the year, the Malaysian property market conditions remained challenging with the overhang of residential properties hovering at concerning levels. As of 30 September 2018, the volume of unsold residential properties grew by 48.4% to 30,115 units from 20,304 a year ago based on the latest data from the Valuation and Property Services Department ("JPPH"). The total value of the unsold completed residential units stood at RM19.5 billion versus RM12.5 billion a year ago.

According to the Department of Statistics Malaysia, the construction sector expanded 5.1% year-on-year ("YoY") in 2018. The growth, measured in terms of the value of construction work done, was RM145.5 billion in 2018 as compared to RM138.5 billion in 2017. Under the new Government's directives, various large-scale infrastructure projects are either deferred, downsized, cancelled or placed under review as our country consolidates its fiscal position. Despite this, the construction sector remains integral to Malaysia's economy and is expected to continue to be a key economic driver.

FINANCIAL HIGHLIGHTS

FY18 was a consolidation year for OCR as we disposed off our loss-making manufacturing and trading divisions. We believe that this would allow us to concentrate on our core expertise, which are, construction and property development activities and over time, improve the Group's financial performance and position.

OCR posted a revenue of RM70.3 million in FY18 mainly driven by our property development segment which contributed RM30.5 million or 43.4% to the top-line. A large portion of that contribution stemmed from the 'Isola at KLCC' project. Despite this, the Group registered a loss before tax of RM5.8 million in FY18 primarily due to the softer property market condition and the revision of the budgeted property development costs. Moreover, the delay in commencement of the affordable housing projects also hindered OCR's bottom-line with lower profit contribution from the construction segment.

MARKET OUTLOOK

After two years of solid expansion, the global economy is forecasted to grow at a rate of 3.5% in 2019, down from the 3.7% registered in 2018[2]. The lower GDP growth expected is largely owing to the on-going geopolitical factors as well as the volatility in commodity prices. On the other hand, the International Monetary Fund ("IMF") projects the emerging-markets to slow marginally to 4.5% in 2019 from 4.6% in 2018.

Looking at our domestic economy, the Government forecasts the nation's GDP to expand by 4.9% in 2019, indicating a minute growth of 0.2%[3]. This is still slightly higher than the growth expected for the emerging-markets. The domestic growth will be mainly driven by the private sector despite the subdued business sentiment and cost pressure.

The Malaysian property market is expected to improve gradually from 2019 as the Government is looking to tackle the issue of affordable housing[4]. The Ministry of Housing and Local Government ("KPKT") unveiled the National Housing Policy 2018-2025 in January 2019. This is the first policy articulated by the new Government and is mainly focused on Malaysia's bottom 40 percent income group ("B40"). It also introduced several innovative schemes such as rent-to-own scheme and DepositKu – which aims to ease the burden for first-time homebuyers.

Chairman's Statement (Cont'd)

Additionally, the National Affordable Housing Council ("MPMMN") has also announced the One Million Affordable Homes ("RMN") 2018-2028 plan. The initiative targets to build 100,000 affordable homes every year for the next 10 years, which amounts to a million affordable homes for Malaysians by 2028. This is a win-win initiative as it tackles the housing affordability issue and at the same time, spurs growth for the property sector[5].

The outlook for the construction sector in Malaysia is expected to be dull according to the Ministry of Finance ("MoF"). This is mainly because of the deferment, downsizing, cancellation or reviewing of mega infrastructure projects such as the Light Rail Transit line 3 ("LRT3"), the Mass Rapid Transit line 2 ("MRT2") and 3 ("MRT3"), the Kuala Lumpur-Singapore high-speed rail ("HSR"), and the East Coast Rail Link ("ECRL"). Nonetheless, the construction sector is still expected to be a key component of the GDP and is forecasted to expand 4.7% with the civil engineering sub-sector to be the main driver of the sector.

STRATEGIC REVIEW

Against such a challenging backdrop, OCR has been consolidating its businesses to further strengthen the Group. Therefore, it was a strategic and deliberate move for the Group to dispose off its loss-making manufacturing and trading business to focus on its construction and property segments.

In March 2019, Damansara Realty (Johor) Sdn. Bhd. ("DRJ"), a subsidiary of Damansara Realty Berhad has terminated the Letter of Award with OCR as the Turnkey Contractor for Pembangunan Perumahan Penjawat Awam 1Malaysia ("PPA1M") Project. This was, in turn, a result of the termination of the Development Agreement ("DA") between DRJ from Perbadanan Putrajaya ("PJC") as part of the unification of the development of affordable homes under KPKT.

As we await further clarity, the Group will continue to intensify its effort to secure new projects. OCR is aggressively taking initiatives to source and negotiate for more new business opportunities for both segments. We have recently secured a new construction project, 'YOLO at Sunway Mentari'. We hope that this project will be the first of many that the Group could obtain this year. As for our property development business, we will concentrate on the commercial and affordable housing development in Pahang known as 'PRIYA at Kuantan'.

As our country embarks on the journey to provide more affordable homes, we believe that given our expertise and experience, OCR could play a key role. We look forward to playing our part in delivering one million affordable homes to Malaysians over the next 10 years.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our management team and staff at OCR for their continuous dedication and hard work that has transformed OCR to where it is today.

I would also like to thank all our other stakeholders, including our valued shareholders and customers, business partners, bankers, and suppliers for their unwavering support to OCR.

We are pleased to welcome Admiral (R) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Hj Ahmad Badaruddin to the Board in March 2019 as our Independent and Non-Executive Director. Given his vast experience, we are confident that he will contribute positively to the Group as a member of the Board.

Additionally, I would like to offer our appreciation to Datuk Azrulnizam bin Abdul Aziz and Mr. Tee Tze Chern, JP, who have relinquished their roles as Executive Directors, for their years of service and contribution to the Group.

Finally, I would like to extend my heartfelt appreciation to my fellow Board members for your commitment, valuable advice, and service to the Board. I trust that the stewardship of our Board will guide us through these challenging times ahead.

We are continuously seeking new opportunities for the Group to grow our existing business in order to create long-term sustainable value to our shareholders.

1. *Department of Statistic Malaysia*
2. *International Monetary Fund*
3. *Budget 2019, Minister of Finance Malaysia*
4. *Valuation and Property Service Department, Minister of Finance Malaysia*
5. *Economic Outlook 2019, Minister of Finance Malaysia*

Building Trust and Satisfaction

Our mission is to delivering impressive, innovative and high quality yet affordable homes with excellent workmanships, meeting requirements, on time, every time.

MANAGEMENT DISCUSSION AND ANALYSIS

(1) OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

Group Profile

OCR Group Berhad ("OCR" or the "Group") is a public listed investment holding company involved in the property development and construction business. It was incorporated in Malaysia on 28 July 1997 as an investment holding company and is currently listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

OCR, formerly known as Takaso Resources Berhad, was initially involved in the manufacturing of rubber and baby products, trading of baby apparels, toiletries, and electrical & mechanical products. The Group diversified into construction and property development in 2015 and 2016 respectively. It was renamed O&C Resources Berhad in October 2015 before it was subsequently rebranded to OCR Group Berhad in December 2017.

Since the Group's venture into the construction and property development business, the Group has undertaken various construction and property development projects. In January 2018, OCR was reclassified to the construction sector from the consumer products sector on Bursa Malaysia.

In 2018, OCR disposed off its manufacturing and trading business via the sale of its two wholly-owned subsidiaries, Takaso Industries Pte Ltd ("TIPL") and Takaso Rubber Products Sdn. Bhd. ("TRPSB"). The disposals were undertaken to hive off loss-making businesses, thus enabling OCR to fully concentrate on its core activities in order to enhance its financial performance and position.

OCR's vision is to provide a roof over the head of every Malaysian, touching lives around the community and emerge as the jewel in the crown of property development. The Group's mission is to be a world-class property developer, delivering impressive, innovative and high-quality affordable homes with excellent workmanship, meeting all the requirements with on-time delivery, every time, making us worthy of our valued customers' trust and satisfaction.

Corporate Developments

On 9 January 2019, OCR completed a 10% private placement exercise that raised approximately RM8.18 million, following the listing and quotation of 29.2 million placement shares. The proceeds would be used to fund the Group's construction and property development projects.

In the following month, the Group also concluded a bonus issue of warrants on the basis of 2 warrants for every 7 existing ordinary shares held in OCR ("Bonus Issue of Warrants") on 22 February 2019. This exercise was a way for us to express our gratitude to our shareholders for their continued support and patience especially during our transformation journey into being a construction and property development entity. Additionally, the Bonus Issue of Warrants provides our shareholders the opportunity to increase their equity participation in OCR, allowing them to further participate in our future growth.

Management Discussion and Analysis (Cont'd)

(1) OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS (cont'd)

FIVE YEARS FINANCIAL HIGHLIGHTS

		FY2014 1 Aug 2013 to 31 July 2014	FY2015 1 Aug 2014 to 31 July 2015	FY2016 1 Ayg 2015 to 31 July 2016	FY2017 1 Aug 2016 to 31 July 2017	FY2018 1 Aug 2017 to 31 Dec 2018
Revenue	RM'000	37,563	36,763	38,451	88,773	70,252
(Loss)/Profit before taxation	RM'000	(5,735)	(7,960)	(4,022)	6,770	(5,836)
(Loss)/Profit after taxation	RM'000	(5,947)	(7,992)	(4,085)	2,843	(7,330)
(Loss)/Profit after taxation attributable to owners of the Company	RM'000	(5,947)	(7,991)	(4,092)	3,850	(7,037)
Non-Controlling Interests	RM'000	-	(1)	8	(1,007)	(293)
Total assets	RM'000	50,410	59,358	141,619	172,940	269,865
Shareholders' equity	RM'000	39,085	48,522	85,564	102,154	113,032
Net tangible asset per share	**RM**	**0.24**	**0.24**	**0.37**	**0.37**	**0.32**
Net (loss)/earning per share	RM (sen)	(3.77)	(4.20)	(1.94)	1.61	(2.44)
Return on Total assets		0.75	0.62	0.27	0.51	0.27
Return on equity		0.96	0.76	0.45	0.87	0.64

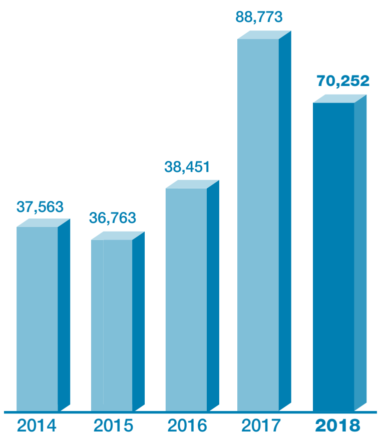
(Due to change in financial year end to 31 December 2018 from 31 July 2018, FY18 refers to financial period commencing from 1 August 2017 to 31 December 2018 and hence, this is a cumulative 17-month results. As such, there are no direct comparative figures available for the preceding year corresponding period.)

Management Discussion and Analysis (Cont'd)

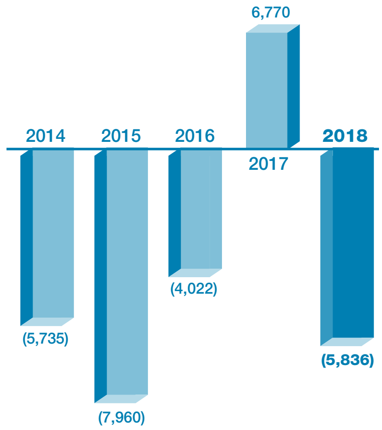
(1) OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS (cont'd)

FIVE YEARS FINANCIAL HIGHLIGHTS (cont'd)

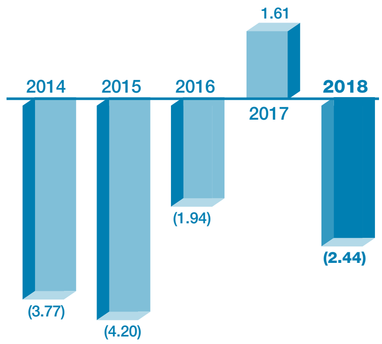
Revenue
(RM'000)



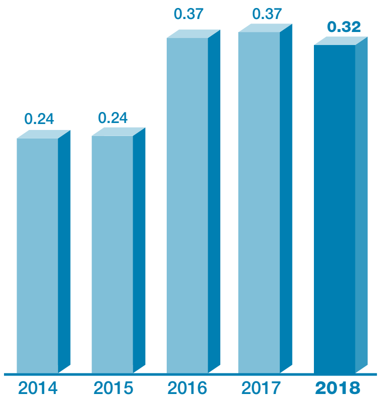
(Loss)/Profit Before Taxation
(RM'000)



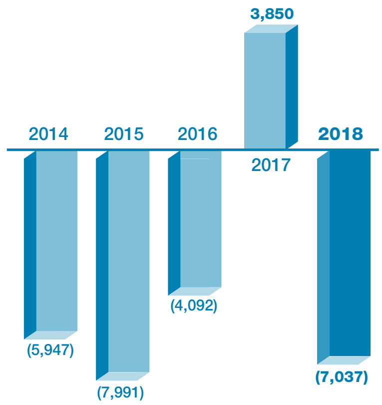
Net (Loss)/Earning Per Share
(RM'000)



Net Tangible Asset Per Share
(RM)



(Loss)/Profit After Taxation Attributable to Owners of the Company
(RM'000)



Against the backdrop of challenging economic and operating environment, OCR posted a revenue of RM70.3 million for the financial period under review, which was mainly derived from the property development segment. The Group slipped into loss with a Loss Before Tax ("LBT") of RM5.8 million due to the soft property market conditions, lower contribution from our construction division as well as higher operating expenses.

On a brighter note, the Group has recently secured a new construction project, 'YOLO at Sunway Mentari'. This brings our outstanding orderbook for the construction division to RM352.4 million as of February 2019. OCR is currently involved in 3 projects located in the Klang Valley and Melaka. As for our property development segment, we will be focusing on 'PRIYA at Kuantan' – an affordable housing development in Pahang. As of February 2019, we have 7 projects (both ongoing and in the pipeline) located in Kuala Lumpur, Pahang, Johor, and Melaka with a combined Gross Development Value ("GDV") of RM1.825 billion.

Management Discussion and Analysis (Cont'd)

(2) FINANCIAL RESULT AND FINANCIAL CONDITION

Financial Performance Review

For FY18, the Group posted a total revenue of RM70.3 million. Property development division was the largest revenue contributor, accounting for 43.4% or RM30.5 million to total turnover. This was the maiden contribution from our property development business, largely coming from our 'Isola at KLCC' project. Meanwhile, the trading, construction, and manufacturing segments contributed 24.9%, 19.9%, and 11.8% respectively to the Group's revenue in FY18.

In terms of geographical revenue breakdown, Malaysia remained our primary revenue driver, accounting for RM49.2 million or 70% of FY18 revenue. Turnover from other Asian countries stood at RM19.8 million, taking up 28% of top-line, with the balance coming from the rest of the world. Overall, the revenue composition in FY18 was similar to that of FY17 in terms of geographical locations. It is noteworthy to mention that all overseas sales were related to our manufacturing and trading businesses. Following the disposals, overseas sales have ceased and Malaysia is now our sole revenue contributor going forward.

We posted a LBT of RM5.8 million in the current financial period under review. The loss was mainly due to weaker contribution from our construction business, in addition to increase in administration cost. The hike in administration expenses were in relation to the increase in staff costs as we gear up our construction and property development divisions as well as fees incurred for the corporate exercises undertaken in FY18 namely, the Private Placement and the Bonus Issue of Warrants. On the other hand, we recorded a RM5.5 million gain from the disposals which partially offset the increase in costs.

		Revenue Breakdown by Business Segments		
		1 August 2017 to 31 December 2018	1 August 2016 to 31 July 2017	1 August 2015 to 31 July 2016
Construction	RM'000	13,965	53,772	5,675
Trading	RM'000	17,518	27,582	23,752
Manufacturing	RM'000	8,265	7,419	9,023
Property development	RM'000	30,504	-	-

(Note: This review compares the Group's financial positions as at 31 December 2018 against 31 July 2017 audited figures.)

Financial Performance Review

OCR's total assets as at 31 December 2018 increased to RM269.9 million from RM172.9 million as at 31 July 2017, representing an increase of RM97.0 million. Here are the key changes in total assets:

- Total inventories (Non-current & Current) increased by RM79.3 million. The major component of the inventories is land held for development, property development costs, and trading goods. As the Group gears up to focus on property development, an increase in land held for development and property development costs is common;
- Trade and other receivables surged RM29.2 million and the increase was mainly due to higher percentage of completion of our construction projects;
- A decrease of RM14.1 million in property, plant, and equipment mainly stemming from the disposal of our manufacturing business;
- Contract Asset declined RM6.4 million. The contraction largely stemmed from the higher progressive revenue recognised in FY18.

As of 31 December 2018, OCR's trade and other payables stood at RM46.6 million which increased RM19.2 million. The increase was attributed by the increase in the amount payable to the sub-contractors of on-going construction and property development projects.

(2) FINANCIAL RESULT AND FINANCIAL CONDITION **(cont'd)**

Financial Performance Review (Cont'd)

Meanwhile, on the Group's borrowings, we have long-term borrowings of RM39.0 million and short-term borrowings of RM29.1 million as of 31 December 2018. Total borrowings stood at RM68.1 million as compared to RM19.6 million as at 31 July 2017. Capital expenditure funding related to construction and property development projects was the main factor behind the increment.

In the financial period ended 31 December 2018, OCR's share capital grew to RM88.5 million from RM68.7 million as at 31 July 2017. The enlargement was due to the issuance of new shares pursuant to the exercise of warrant conversion of preference shares, private placement, and employees' share options scheme during the financial period.

OCR is continuously working hard to improve its financial performance and position in order to create value for our shareholders. As part of the strategy to achieve this, the Group has diversified into construction and property development and disposed off its manufacturing and trading business in view of the rising raw material prices and operational costs.

Dividends

No dividends were declared or paid in FY18 given that the Group is still aggressively pursuing growth opportunities and require conservation of capital to fund its projects in the pipeline in order to reap greater benefits in the future.

(3) REVIEW OF OPERATING ACTIVITIES

PROPERTY DEVELOPMENT DIVISION

Following the Group's diversification into the property development business in 2016, OCR has been vigorously growing this division and is on the lookout for prime land banks as target for acquisition. As of February 2019, we have 2 on-going projects and 5 projects in the pipeline in the Klang Valley, Pahang, Melaka, and Johor with a combined GDV of RM1.825 billion. Going forward, we expect the division to contribute positively to the Group and shall continue to be a key revenue driver.

Project	Project Type	Estimated GDV (RM'000)
On-going		
1. Isola @ KLCC	4 residential blocks	273,000
2. PRIYA scheme, Kuantan	Mixed development which includes commercial development and affordable housing	166,000
In the Pipeline		
3. Kuantan project	Mixed development includes 34 retail outlets and 2 blocks of serviced residence	268,000
4. Melaka project	Mixed development includes 1 block of hotel and 1 block of serviced residence	184,000
5. Tropicana project	Retails outlets and hotel suite	144,000
6. Tiara Bangi Homes project	Residential properties	90,000
7. Bandar Dato' Onn project	Mixed development	700,000
Total		**1,825,000**

Management Discussion and Analysis (Cont'd)

(3) REVIEW OF OPERATING ACTIVITIES (cont'd)

Key Milestones

Isola @ KLCC Project



Our maiden property development project is progressing well with on-going construction work and is expected to complete in fourth quarter of 2021 ("4Q2021"). Isola @ KLCC sits on a 0.4-acre land in Kuala Lumpur comprising 4 residential blocks with a total of 140 units and has a GDV of RM273.0 million. The project was designed by the award-winning architectural firm, Unit One Design, to create luxurious brand homes that are unique for Malaysians. The development was launched in October 2017.

PRIYA Scheme Project






The Group has entered into a 50:50 joint venture agreement with Yayasan Pahang ("YP") to develop a 100-acre leasehold land in Kuantan, Pahang into an affordable housing scheme also known as 'PRIYA Scheme'. The development has a GDV of RM166.0 million and will consist of 978 units of single-storey terrace houses and 146 units of single-storey semi-detached homes. PRIYA Scheme had a soft launch in May 2017 and received overwhelming response. The project has commenced in the first quarter of 2019 ("1Q2019") and is expected to be completed in 3 years. We have almost completed the site clearing process and earthworks have already begun in certain areas.

Management Discussion and Analysis (Cont'd)

(3) REVIEW OF OPERATING ACTIVITIES (cont'd)

Key Milestones (cont'd)

Kuantan Project – Zenith

Our mixed development project Kuantan Zenith has a GDV of RM268.0 million. It comprises 34 retail outlets and 2 blocks of serviced apartments with 978 units. It sits on a 2.2-acre land in Kuantan, Pahang and is only a 5-minute walk away from the East Coast Mall, Stadium Darul Makmur, and the five-star Zenith Hotel. The 2 blocks of 39-storey will have 2 levels of retail space, and there are a wide range of shops surrounding the project as well. The project is a 70:30 joint venture between the Group and SSPP Development Sdn. Bhd. ("SSPP"). The development will take 3 years to complete and we are targeting to commence in the fourth quarter of 2019 ("4Q2019") pending authority approvals.

Melaka Project

The Group's Melaka project has a GDV of RM184.0 million with one block of hotel and one block of serviced apartment. The project is located in the Central Melaka District ("Melaka Tengah") which is only 1.5km away from Melaka Chinatown, the famous Jonker Street, and the historical Melaka Old Town. OCR is the sole developer and construction is expected to commence in 4Q2019 with a project duration of 3 years.

Tropicana Project – Casa 3

OCR purchased a 1.0-acre land along with a building structure in Damansara Intan, Selangor for RM24.6 million in November 2017. The purchase is intended for a commercial development with an office block and has a GDV of RM144.0 million. Casa 3 is situated next to 3 Damansara Shopping Mall and will comprise a 22-storey block with 360 units of office suites. The construction is expected to commence in the 3Q2019 with an expected 3-year completion timeline.

Management Discussion and Analysis (Cont'd)

(3) REVIEW OF OPERATING ACTIVITIES (cont'd)

Key Milestones (cont'd)

Tiara Bangi Homes Project

OCR's Tiara Bangi Homes comprises 200 units of four-storey town villas that spans across an 8.7-acre land in Bangi, Selangor. The project is within the vicinity of two universities, Universiti Kuala Lumpur ("UniKL") and Universiti Kebangsaan Malaysia ("UKM"). The GDV of the development is estimated to be RM90.0 million and is a 50:50 joint venture between OCR and Arra Inovasi Sdn. Bhd. ("AISB"). Tiara Bangi Homes is expected to take 3 years to complete and we target to commence the development in 1Q2020.

Bandar Dato' Onn Project

This is a 70:30 joint venture development between OCR and Casa Bangsar Sdn. Bhd. ("CBSB") which is located in Tebrau. Johor. It will be a mixed development with double-storey terrace link houses, serviced apartments, and a shopping complex spanning across a 47.9-acre land. The total estimated GDV for this development is RM700.0 million. The Bandar Dato' Onn project will be developed in phases over 5 years. We are currently in the midst of obtaining the relevant regulatory approvals and will commence work once we have secured the approvals required.

Project Management Consultant

Apart from these developments, OCR was also appointed as the project management consultant ("PMC") by YP for its Affordable Housing Development Scheme ("AHDS") in Pahang. The Group is responsible for overseeing the AHDS in various location in Pahang from the planning process to the completion of the project. The AHDS consists of approximately 25,000 units of residential properties, which will be constructed over a 7-year period. The project has commenced in the 1Q2019 and is expected to contribute positively to the Group in the next financial year.

(3) REVIEW OF OPERATING ACTIVITIES (cont'd)

CONSTRUCTION DIVISION

In FY18, our construction arm secured a RM96.4 million project in Bandar Sunway. The project consists of one 41-storey building and is called 'YOLO @ Sunway Mentari'. YOLO @ Sunway Mentari has 395 signature suites with 22 retail units. Construction has already begun in November 2018 and is slated for completion by October 2021. We expect the project to contribute positively to the Group in the next financial year.

Our new Government is moving towards unifying the development of all affordable homes under the Ministry of Housing and Local Government ("KPKT"). As a result, our Pembangunan Perumahan Penjawat Awam 1Malaysia ("PPA1M") project was terminated following the termination of the development agreement between Perbadanan Putrajaya ("PJC") and Damansara Realty (Johor) Sdn. Bhd. ("DRJ"), a subsidiary of Damansara Realty Berhad ("DBHD") on 1 March 2019. To recap, OCR and DRJ entered into the letter of award ("LOA") for the appointment of OCR as the turnkey contractor for the PPA1M project on 17 July 2017. The Group had paid RM3.2 million as deposit for the project and this shall be refunded upon the termination of the LOA.

Elsewhere, there has also been delays in the commencement of the affordable housing projects. Currently, we have two Projek Perumahan Rakyat 1Malaysia ("PR1MA") projects in Sri Gading and Bukit Jalil. At this juncture, we remain patient and positive as we await further clarity from the newly formed National Affordable Housing Council ("MPMMN") on the direction of PR1MA projects.

In January 2017, the Group has signed a Memorandum of Understanding ("MOU") with Universiti Sains Islam Malaysia ("USIM") Nilai to provide 4,200 student accommodation units on a Build-Operate-Transfer ("BOT") basis. We look forward to signing the definitive agreement soon pending finalization of terms and conditions. Upon the completion of the project, OCR would be able to enjoy a sustainable stream of recurring earnings over a 25-year period from the consistent rental payment.

LIST OF PROJECTS IN HAND

Project	Project Type	Contract Value (RM'000)
1. PRIMA Sri Gading	554 residential units across 5 apartment blocks of 11-storey each, and 1 apartment block of 12-storey	101,000
2. PRIMA Bukit Jalil	Design, planning, procurement, construction and completion of project	155,000
3. YOLO	1 41-storey commercial building with 395 suites	96,400
TOTAL		**352,400**

MANUFACTURING DIVISION - disposed on 26 June 2018

The manufacturing division was previously producing baby accessories and condoms for sale in Malaysia as well as overseas. It had brands such as 'Japlo' for baby products, and 'Romantic' and 'Playsafe' for condoms. The operating environment has been very challenging over the past few years with high raw material costs and intense competition, which led to severe margin compression.

On 12 June 2018, the Group has entered into a Share Sale Agreement ("SSA") with Mr. Ooi Joul Sion for the disposal of its 100%-equity stake in TRPSB for a cash consideration of RM8.0 million. OCR recognised a gain of RM2.8 million from the disposal. This strategic move to hive off the loss-making business enables us to focus on our construction and property development segments in order to revitalise our financial performance and position. Following the disposal, the Group has effectively exited the manufacturing business.

Management Discussion and Analysis (Cont'd)

(3) REVIEW OF OPERATING ACTIVITIES (cont'd)

TRADING DIVISION - disposed on 26 April 2018

The trading division was previously engaged in trading of electrical and mechanical products, and serves as a major supplier of cable support system such as cable trunking, trays and ladders. The business environment for this segment has been challenging and OCR undertook the decision to dispose the business to focus on its core expertise. On 26 April 2018, OCR entered into an SSA with Mr. Choo Peng Hung for the entire stake in TIPL for a cash consideration of RM4.4 million, with the Group recording a gain on disposal of RM2.7 million. After the disposal, trading is no longer part of the Group's business.

(4) ANTICIPATED OR KNOWN RISKS

As a construction player and a property developer, we are mindful of all the risks the Group are exposed to associated with the industries. Ultimately, these risks will negatively affect OCR financial and operational if not managed proactively and ultimately disrupt the Group's value creation process for shareholders. This is where our risk management policy and framework will play a pivotal role by monitoring and assessing these risks to ensure that they are contained, mitigated, and/or addressed accordingly. The Statement of Risk Management and Internal Control section of this Annual Report comprehensively highlights OCR's commitment towards risk management.

PROPERTY DIVISION

There are inherent and external risks in the property sector which could affect our property development business. Inherent risks in the property sector relates to the design, quality, and pricing while external risks come in the form of market fluctuations, margin compression due to price increase of raw materials, unfavorable regulatory changes, and delay in or cancellations of permits and licenses.

As part of our mitigation strategy, we undertake extensive market research to understand the consumers' demand and to gain insights into future trends. Additionally, we are continuously monitoring our costs in order to minimise wastage in order to optimize our operations.

CONSTRUCTION DIVISION

Operating in the construction sector exposes the Group to a wide spectrum of risks. One of the key risks is execution risks, as cost overruns, contractual disputes, and collection issue could dampen our margins. In addition, labor and material shortages are also risks faced by OCR. Safety issues such as unstable working surfaces and hazardous materials are also a common issue on the construction sites.

In mitigation, the Group conducts frequent inspection of its work sites and provides adequate safety training to all its workers. Additionally, OCR has a comprehensive monitoring framework to ensure sufficiency of manpower and availability of materials. Costs are also tightly monitored to avoid overruns.

(5) GROUP PROSPECTS

Moving ahead, we expect the economic and business operating environment to remain challenging. The property and construction sectors face headwinds ahead mainly due to the oversupply of residential properties and the lack of large-scale infrastructure projects in the immediate term. Despite this, we are cautiously optimistic on the Group's prospects going forward as we have developments and projects with high potentials in the pipeline that would help us to navigate through this difficult period.

PROPERTY DIVISION

Our property development division has been gaining traction since diversifying into the business in 2016. We are immensely proud to have launched our maiden project, 'Isola @ KLCC' in October 2017, which received overwhelming response. The Group looks to build on the momentum gained and shall continue to launch customer-driven products. This would further cement our presence as a reputable property developer.

Below is a summary of the development projects that will fuel the growth of OCR's property development business:

1. Isola @ KLCC – A freehold luxury serviced residence development at Jalan Yap Kwan Seng with a GDV of RM273.0 million.

2. PRIYA Scheme – A mixed development on a 100-acre land in Kuantan, that will comprise 979 units of Terrace Houses and 148 units of semi-detached houses. Total estimated GDV for this development is RM166.0 million.

3. Kuantan Project – A RM268.0 million GDV mixed development project that comprises 34 retail outlets and 2 blocks of serviced apartments.

4. Melaka Project – A RM184.0 million mixed development with one block of hotel and one block of serviced residence.

5. Tropicana Project – A commercial development with 360 units of office suits with a GDV of RM144.0 million.

6. Tiara Bangi Homes Project – A residential development in Bangi, Selangor comprising 200 units of four-storey town villas with an estimated GDV of RM90.0 million.

7. Bandar Dato' Onn Project – A mixed development with double-storey terrace link houses, service apartments, and a shopping complex spanning across a 47.9-acre land with an estimated GDV of RM700.0 million.

On 25 March 2019, the Group's wholly-owned subsidiary, O&C Construction Sdn Bhd ("OCCSB") has entered into a MOU with Hardie Development Sdn Bhd ("HDSB"), a 70%-owned subsidiary of Permaju Industries Berhad ("Permaju") to jointly develop a mixed residential and commercial development known as Princess Heights ("Project") in Menggatal, Kota Kinabalu, Sabah. Permaju is an automobile, property, and timber player listed on the Main Market of Bursa Malaysia. The Project has an estimated GDV of RM1.01 billion and the profit sharing in relation to the Project shall be on a 50:50 basis.

The said development sits on a 44.3-hectare land and will be developed in 2 stages. Stage 2 of the Project comprises shops, shop-offices, terraced houses, townhouses, and a four-storey hypermarket. Upon completion of the four-storey hypermarket, it will be leased to MYDIN Mohamed Holdings Berhad ("MYDIN") for a period of 20 years. The total rental collectable over the period is estimated to be RM433.0 million, which is excluded from the estimated GDV of the Project. Stage 3 of the project is earmarked for the future development of an e-commerce and lifestyle hub.

This is a synergistic joint venture between OCCSB and HDSB as both parties are leveraging on each other's expertise, experience, and resources to cohesively develop the Project. OCR and Permaju will enter into a definite joint venture agreement once all conditions precedent are fulfilled. We believe once this joint venture comes to fruition, it will be a positive development for the Group and allow us to grow our property development division further.

Management Discussion and Analysis (Cont'd)

(5) GROUP PROSPECTS (Cont'd)

CONSTRUCTION DIVISION

The Group offers comprehensive construction services that includes a wide range of professional services from consulting and feasibility studies to complete design, engineering and construction expertise, to full project implementation. Our planners, designers, engineers, and builders work together throughout an entire project towards achieving the common goal of providing quality services at competitive prices. We will continue to leverage on our expertise and work tirelessly to replenish our orderbook as we look to grow our construction business. OCR have recently secured 'YOLO @ Sunway Mentari' project and we optimistic to secure more projects in the near future.

OCR's orderbook currently stands at RM352.4 million. Here is the list of projects the Group has in hand:

1. PR1MA Sri Gading – A contract sum of RM101.0 million, with 3 years completion period.
2. PR1MA Bukit Jalil – A contract sum of RM155.0 million, with 3 years completion period.
3. YOLO @ Sunway Mentari – A contract sum of RM96.4 million, with 3 years completion period.

FORWARD LOOKING STATEMENT

After going through a consolidation year, the Group now targets to build the foundation to become an established property developer and a reputable player in the construction industry. Property development and construction will continue to be our key growth catalysts to drive OCR to greater heights. We are continuously exploring new prospects and will seize any opportunities that maximise our shareholders' value. OCR is constantly ensuring our business operations are prudently managed to mitigate the risk exposed to by the Group.

Our new Government aims to deliver one million affordable homes to Malaysians by 2028. This would mean 100,000 homes would be built every year over the next 10 years. We are positive of this initiative as OCR has the capabilities and expertise to play a key role in delivering these homes to Malaysians. The Group looks forward to the possibility to work closely with MPMMN as we are determined to do our part in helping Malaysia address the house affordability issue.

Looking ahead, we are excited about the Group's next phase of growth as we look to strengthen our presence in the market. At OCR, shareholders' value maximisation is our top priority and we strive to reward them for their patience and strong support.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board and Management of OCR adopt high standards of professionalism and integrity and practises good corporate governance principles in fulfilling their fiduciary duties and in the activities undertaken by the Group and the Board endeavours to comply with the best practices of the principles of good corporate governance as set out in the Malaysian Code on Corporate Governance 2017 (the "MCCG 2017") issued by the Securities Commission Malaysia and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

Mindful of the trust and expectations placed upon their shoulders by the shareholders and stakeholders, it is the intention that through this common value system, shareholder value will not just be safeguarded but the performance of the Group is always being enhanced and improved upon.

The Board is pleased to present this statement to provide its shareholders with an insight into the corporate governance practices of the Company under the leadership of the Board during the financial period 31 December 2018.

1. BOARD LEADERSHIP AND EFFECTIVENESS

1.1 Board Leadership

a. Functions of the Board and Management

The Board is responsible for the performance and affairs of the Group and to provide leadership and guidance for setting strategic direction of the Group.

The Board has delegated to the Group Managing Director ("Group MD") the day-to-day management of the Group. The Group MD manages the Group in accordance with the strategies and policies approved by the Board. He also leads the senior management of the subsidiary companies in making, implementing and managing the day-to-day decisions on the business operations, the Group's resources and the associated risks involved while pursuing the corporate objectives of the Group.

The Group MD is supported by the Executive Director and the Key Management team for the day-to-day management of the business and operations of the Group by ensuring that effective systems, controls and resources are in place to execute business strategies and plans entrusted to them. The Key Management team highlights to the Executive Directors the significant operational issues and concerns arisen from the normal business operation and the progress of the key initiatives undertaken by them. The Group MD and Management meets regularly to review and monitor the performance of the Group's operations and during Board meetings, he reports and updates the Board on the Group's business operations. The Key Management team analysed the financial results and discussed on various operational issues and factors that affected the operations. Instructions were given by the Board to the Key Management team to take necessary actions to rectify problems faced and preventive actions were taken to avoid recurrence similar problems in future.

Non-Executive Directors are not involved in the day-to-day management of the Group but contribute their own particular expertise and experience in the development of the Group's overall business strategy. Their participation as members of various Board committees of the Company also contributes towards the enhancement of the corporate governance and controls of the Group.

Corporate Governance Overview Statement (Cont'd)

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.1 Board Leadership (Cont'd)

b. Board Roles and Responsibilities

Broadly, the Board of the Company assumes the following principal roles and responsibilities in discharging its fiduciary duties:

- Review, evaluate, adopt and approve the strategic plans and policies for the Company and the Group;
- Oversee and monitor the conduct of the business and financial performance of the Company and the Group;
- Review and adopt budgets and financial results of the Company and the Group. It monitors the compliance with applicable accounting standards and the integrity and adequacy of financial information disclosure;
- Review and approve any major corporate proposals, new business ventures and joint-ventures of the Group;
- Review, evaluate and approve any material acquisitions and disposals of undertakings and assets in the Group;
- Identify principal risks and assess the appropriate risk management systems to be implemented to manage these risks;
- Establish and oversee the succession planning for the Company and the Group;
- Undertake various functions and responsibilities as specified in guidelines and directives issued by the regulatory authorities such as Bursa Securities from time to time; and
- Develop a corporate code of conduct to address, amongst others, any conflicts of interest relating to directors, major shareholders and/or management.

The Board is supported by various Board committees to provide oversight of management and to ensure appropriate checks and balances are in place. These Board committees include the Audit Committee, Nominating Committee, Option Committee, Remuneration Committee and Risk Management Committee. Each of these Board committees operates within its respective terms of reference that also clearly define its respective functions and authorities. The Risk Management Committee is scheduled to review the key risk registers and assessment of emerging risks identified on annual basis or on more frequent basis if circumstances required and to report to the Audit Committee on the results of the review and assessment.

The Board may form such other committees from time to time to promote operational efficiency. Notwithstanding these committees, the ultimate responsibility for decision still lies with the Board.

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.1 Board Leadership (Cont'd)

c. Ethical Leadership by the Board

Standard Ethical Codes of Conduct for Directors

The Board will continue to adhere to the "Code of Ethics for Company Directors" established by the Companies Commission of Malaysia which is based on the following principles:

- Compliance with legal and regulatory requirements and Group policies;
- Observance of the Board Charter;
- Duty to act in the best interest of the Group;
- Honest and integrity;
- No conflict of interest;
- No-profit rule; and
- Relationships with stakeholders.

Key elements of its Code of Ethics are set out in the Group's Board Charter, a copy of which is available on the Company's website at *www.ocrbhd.com*.

Whistle-blowing Policy

The Board has set up a Whistleblowing Policy which sets out the principle and grievance procedures for employees or members of the public to raise genuine concerns of possible improprieties perpetrated with the Group. The same information is made available in the Company's website *(www.ocrbhd.com)* and staff of the Group may also access the same to make their reports.

d. The Role of Chairman and Group Managing Director ("Group MD")

The positions of Chairman and Group MD of the Company are held by different individuals with distinct and separate roles to enhance governance and transparency. This is so that no individual has unfettered powers of decision-making and also to comply with good principles of Corporate Governance.

The Chairman is elected by the Board and will chair all Directors' and shareholders' meetings of the Company. The Chairman will ensure that procedural rules are followed in the conduct of meetings and that decisions made are formally recorded and adopted.

The Chairman's responsibilities include the following:

- Represent the Board to shareholders.
- Provide Board leadership on policy formation and decision-making.
- Oversee and maintain regular dialogue with the Managing Director and chief executives.
- Ensure the integrity and effectiveness of the governance process of the Board.
- Ensure that management proposals are deliberated and examined by the Board, taking into account stakeholders' interests.
- Conduct and facilitate meetings of the Board to ensure that appropriate discussions take place and that relevant opinions among Board members are forthcoming.
- Organise information necessary for the Board to deal with the agenda and ensure that directors have full and timely access to information.

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.1 Board Leadership (Cont'd)

d. The Role of Chairman and Group Managing Director ("Group MD") (Cont'd)

The Group MD has overall responsibility for the Group's operational and business units, organisational effectiveness and implementation of board policies, directives, strategies and decisions. The Group MD also functions as the intermediary between the Board and the Management in that he ensures that Board decisions are carried out by Management.

e. Strategies Promoting Sustainability

The Board views the commitment to promote sustainability strategies in the environment, social and governance aspects as part of its broader responsibility to all its stakeholders and the communities in which it operates. The Group will continue to put efforts in promoting sustainability initiatives for the communities in which it operates and the welfare of its employees. The details of the sustainability activities are set out in the Sustainability Statement from page 47 to page 49 of this Annual Report.

f. Qualified and Competent Company Secretary

The Company Secretary of OCR is a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and is qualified to act as company secretary pursuant to Section 235(2) of the Companies Act, 2016. On 5 April 2019, Mr. Tan Tong Lang had resigned as Joint Secretary whom is a member of the MAICSA.

The Company Secretary is responsible to provide support and guidance in advising the Board on all secretarial matters of the Company, in particular the compliance of the Bursa Securities' MMLR as well as to inform and keep the Board updated on the latest enhancements in corporate governance, changes in the legal regulatory framework, new statutory requirements and best practices.

The Board has recorded their satisfaction with the performance and support rendered by the Company Secretary to the Board in discharging her functions for the financial period ended 31 December 2018.

g. Directors' Training

Each member of the Board of OCR is encouraged to regularly undergo suitable training programmes to keep themselves abreast of the latest changes and to update their knowledge and each of them is aware of the need to continuously undergo training appropriate to their needs in line with Paragraph 15.08(3) of Bursa Securities' MMLR.

The Board members are given the liberty to determine on their own the appropriate type of trainings needed for their personal development, they are highly encouraged to attend the talks and seminars organised by Bursa Securities which are highly relevant to directors and management of the Group.

The Company Secretary regularly updates the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and briefed the Board quarterly on these updates, where applicable, at Board meetings. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statements during the financial period under review.

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.1 Board Leadership (Cont'd)

g. Directors' Training (Cont'd)

The Nominating Committee of the Board assesses the training needs of each Director on an annual basis by determining areas that would strengthen their contribution to the Board. From the assessment, the Nominating Committee is satisfied that the Directors have attended adequate trainings to enable them to discharge their duties.

During the financial period ended 31 December 2018, the training programmes, seminars and conferences attended by each Director were as follows:-

Directors	Trainings Programmes, Seminars and Conferences attended
YAM Tunku Azudinshah Ibni Tunku Annuar	- "In-house Corporate Training Programme - Latest Amendments to Listing Requirements" and "Corporate Disclosure Policy under the Listing Requirements" conducted by Tricor Corporate Services Sdn. Bhd.
Ong Kah Hoe	- "In-house Corporate Training Programme - Latest Amendments to Listing Requirements" and "Corporate Disclosure Policy under the Listing Requirements" conducted by Tricor Corporate Services Sdn. Bhd.
Tee Tze Chern, JP	- "In-house Corporate Training Programme - Latest Amendments to Listing Requirements" and "Corporate Disclosure Policy under the Listing Requirements" conducted by Tricor Corporate Services Sdn. Bhd.
Hj. Abdullah Bin Abdul Rahman	- "In-house Corporate Training Programme - Latest Amendments to Listing Requirements" and "Corporate Disclosure Policy under the Listing Requirements" conducted by Tricor Corporate Services Sdn. Bhd.
Dato' Lim Heng Ee	- "Budget Talk 2018" conducted by Federation of Malaysia Chinese Guild Association - "Belt & Road" conducted by Huaqiao University - "Value Investing Masterclass" conducted by Value Investing College
Lee Chin Cheh	- "In-house Corporate Training Programme - Latest Amendments to Listing Requirements" and "Corporate Disclosure Policy under the Listing Requirements" conducted by Tricor Corporate Services Sdn. Bhd.
Lim Teck Seng	- "In-house Corporate Training Programme - Latest Amendments to Listing Requirements" and "Corporate Disclosure Policy under the Listing Requirements" conducted by Tricor Corporate Services Sdn. Bhd.
Yap Sing Khon	- "In-house Corporate Training Programme - Latest Amendments to Listing Requirements" and "Corporate Disclosure Policy under the Listing Requirements" conducted by Tricor Corporate Services Sdn. Bhd.

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.1 Board Leadership (Cont'd)

g. Directors' Training (Cont'd)

Admiral (Retired) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Hj Ahmad Badaruddin will be attending the Mandatory Accreditation Programme conducted by The Iclif Leadership and Governance Centre on 26 and 27 June 2019 pursuant to Practice Note 5 of the MMLR of Bursa Securities.

h. Board Charter

The objective of the Group's Board Charter is to provide a guide and sets out the guidelines on the manner in which the Board's constitutional powers and responsibilities will be exercised and discharged and also, outlines the core principles of corporate governance to which the Group adopts and to which each Director or the Directors collectively, as the case may be, should strive for.

The Board reviews its Charter annually to ensure it remains relevant and consistent with the Board's objectives and responsibilities and the prevailing standards of corporate governance. A copy of Board Charter is made available on OCR's website at *www.ocrbhd.com*.

1.2 Board Dynamics

a. Board Composition

The current composition of the Board of OCR provides an adequate mix of knowledge, skills and expertise to assist the Board in effectively discharging its stewardship and responsibilities. It also appropriately reflects the interests of its shareholders to provide an effective leadership, strategic direction and necessary governance to the Group at optimum level.

There are nine (9) directors on the Board of OCR where five (5) Independent Non-Executive Directors, including the Chairman, two (2) Non-Independent Non-Executive Directors and two (2) Executive Directors, one of whom is the Group Managing Director ("Group MD"). A list of the entire OCR Board and their profiles are respectively set out on pages 5 to 10 of this Annual Report.

b. Board Meetings

The Board meets at least once in three months upon finalisation of the results of each financial quarter to facilitate the review and approval of that quarter's financial results. The role of the Chairman of the Board is to ensure that each agenda item is adequately reviewed and deliberated upon within a reasonable timeframe.

Dates of each Board and Board committee meetings for the financial period ended 31 December 2018 were unanimously agreed upon by the Directors three (3) months in advance. However, dates of all Board and Board committee meetings for 2018 were unanimously decided prior to the start of the calendar year 2018. This is to enable the Directors to achieve full attendance at all meetings of the Company and to comply with the MMLR of Bursa Securities which provides that the office of a director will become vacant if the director is absent from more than 50% of the total board of directors' meetings held during a financial year.

Besides listing the meeting dates, information of the closed periods for dealing in the quoted securities of OCR by Directors based on the targeted dates of announcements of the Group's quarterly results are set out in the calendar. Notwithstanding the yearly pre-set meeting dates, additional ad-hoc meetings may be called should the need arise.

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.2 Board Dynamics (Cont'd)

b. Board Meetings (Cont'd)

Board meetings are conducted in accordance with a structured formal agenda prepared by the Company Secretary in consultation with the management. The notice and agenda for a Board meeting is transmitted to each Board member at least seven (7) days in advance of the meeting followed by the soft copies of the relevant Board Papers, containing information pertinent to the matters to be deliberated at the forthcoming meeting and any other information the Directors may additionally require on the agenda items, to reach the Directors before the scheduled meeting.

Meeting agendas while not exhaustive, include review and updates of the Group's latest developments, quarterly financial performance, business plans, strategic decisions, major investments, findings from both the external and internal auditors and any other proposals or other significant matters that require the expeditious direction of the Board including deliberations on any principal risks that may have significant impact on the Group's business or its financial position and the mitigating factors when assessing the viability of business propositions and corporate proposals.

The Directors have a duty to immediately declare to the Board should they have any direct or indirect interest in transactions to be entered into by the Company or the Group. The interested Directors would serve notice to the Board and thereupon, abstain from deliberations and decisions of the Board on the transaction concerned. They would be encouraged to excuse themselves from the meeting to facilitate a more thorough discussion.

During the financial period ended 31 December 2018, a total of eight (8) Board meetings were held and the attendance of each Director is set out hereinbelow: -

Directors	Attendance
YAM Tunku Azudinshah Ibni Tunku Annuar	7/8
Ong Kah Hoe	7/8
Tee Tze Chern, JP	6/8
Dato' Lim Heng Ee	6/8
Lee Chin Cheh	6/8
Abdullah Bin Abdul Rahman	8/8
Lim Teck Seng	7/8
Yap Sing Khon	7/8
Datuk Azrulnizam Bin Abdul Aziz (Resigned on 1 August 2018)	6/7
Admiral (Retired) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Hj Ahmad Badaruddin (Appointed on 13 March 2019)	–

Besides the Company Secretary, the Chief Financial Officer and Assistant Manager of Financial Division of the Company attends each Board meeting, as well as every Audit Committee meeting, on the standing invitation of the Board during the financial period ended 31 December 2018. Other senior staff may be invited to attend certain meetings if so required.

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.2 Board Dynamics (Cont'd)

c. Independent Directors

The composition of Independent Directors on the Board of OCR complies with the requirement of Bursa Securities' MMLR which stipulates that at least two (2) members or one-third (1/3) of the board of directors of a listed issuer, whichever is the higher, must be independent directors.

The annual appraisal of the contribution of the Board, Board Committees and individual directors were conducted via the Company's pre-set appraisal form and consideration was also given to that directors' ability to commit sufficient time and energy to perform his roles and responsibilities and his ability to satisfy the test of independence taking into account his character, integrity and professionalism.

At the annual assessment carried out on 20 December 2018, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and it will continue to conduct independence assessment annually with the assistance of the Committee to ensure that the independent Directors are able to exercise independent judgement and act in the best interests of the Group.

d. Tenure of Independent Directors

The tenure of an Independent Director does not exceed a cumulative term limit of nine years since his appointment as an Independent Directors as recommended by Practice 4.2 of MCCG 2017. Upon completion of the nine years, an Independent Director may continue to serve as the board beyond nine years tenure provided that the Independent Director is re-designated as Non-Independent Director.

If the Board intends to retain an Independent Director beyond nine years, it should justify and seek annual shareholders' approval annually. If the Board continue to retain the Independent Director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier voting process.

Currently, the Company did not have independent directors who serve more than 9 years and have adopted a policy which limits the tenure of its independent directors to nine years as recommended by Practice 4.3 of MCCG 2017.

1.3 Nominating Committee

The Nominating Committee of OCR consists of three (3) members, two Independent Non-Executive Directors and a Non-Independent Non-Executive Directors. The Committee is chaired by YAM Tunku Azudinshah Ibni Tunku Annuar, an Independent Non-Executive Director, in line with Practice 4.7 of MCCG 2017.

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.3 Nominating Committee (Cont'd)

The attendance of the members was recorded for a meeting held during the financial period ended 31 December 2018 as follows:-

Members	Attendance
YAM Tunku Azudinshah Ibni Tunku Annuar (Chairman/ Independent Non-Executive Director)	0/1
Hj. Abdullah Bin Abdul Rahman (Member/Independent Non-Executive Director)	1/1
Lee Chin Cheh (Member/Non-Independent Non-Executive Director)	1/1
Lim Teck Seng (Member/Non-Independent Non-Executive Director) (Resigned on 1 August 2018)	–/–

The roles and responsibilities of the Nominating Committee are governed by its Terms of Reference and the Board Charter of the Company, a copy each could be found at Company's website at *www.ocrbhd.com*.

The key role of the Nominating Committee is to ensure 1). A formal and transparent procedure for the selection and assessment of candidates for Board appointments; 2). Assessment of the effectiveness of the Board and its sub-committees as a whole and the contribution of the individual directors on an annual basis; and 3). Contribute towards ensuring the board composition meets the needs of the Company.

In fulfilling its roles, the Nominating Committee reviews and assesses candidates proposed for appointment to the Board and Board Committees of the Company as well as the directors standing for re-election at the Annual General Meeting ("AGM") of the Company after which their recommendations are forwarded for decision by the Board.

The Nominating Committee also assesses the effectiveness of the Board as a whole and the contribution of each Board Committee as well as each individual director on an annual basis and to ensure that the Board and its respective Board Committees has the appropriate balance of expertise and ability.

The Nominating Committee adopts the peer evaluation method to evaluate the performance of the directors of the Company. Annual review is conducted to assess the required mix of skills, experience and other qualities including core competencies which the executive and non-executive directors of the Company should bring to the Board, identify areas for improvement and review the succession plan for senior management in the Group.

For the financial period ended 31 December 2018, the activities of the Nominating Committee include the following:-

i) reviewed the size and composition of the Board of Directors of OCR and its board balance;
ii) reviewed the required mix of skills and experience and other qualities including core competencies of the non-executive directors and executive directors of the Company should have;
iii) reviewed the effectiveness of the Board as a whole, contribution of each individual director and committees of the board;
iv) reviewed the performance of the Chief Financial Officer in discharging his role;

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.3 Nominating Committee (Cont'd)

For the financial period ended 31 December 2018, the activities of the Nominating Committee include the following:- (Cont'd)

v) reviewed the term of office and performance of Audit Committee members to determine whether its members have carried out their duties in accordance with the term of reference;
vi) assessed the training programs attended by the Directors as well as the training needs required to aid the Directors in the discharge of their duties as Directors and to keep abreast with industry developments and trends;
vii) assessed the independence of the Independent Directors of the Company; and
viii) assessed the Directors who shall be retiring by rotation and standing for re-election by the shareholders at the forthcoming AGM.

The Board at its meetings on 20 December 2018 was unanimous with and accepted each of the above recommendations from its Nominating Committee and summarized as follows:-

i) The Committee was overall satisfied with the size and composition of the Board of Directors, the Company is in compliance with the MMLR of Bursa Securities.
ii) The mix of skills, experience and other qualities including core competencies of the non-executive and executive directors of the Company together with the effectiveness of the Board as a whole, contribution of each individual Director and committees of the Board were satisfactory.
iii) The Committee was unanimous that the Chief Financial Officer has performed commendably and to their satisfaction in discharging the role of the chief financial officer, as defined by Bursa Securities, based on the quarterly reports received, feedback from both the internal auditors and external auditors and the comprehensive and timely reporting to the Board.
iv) The Committee discussed and was satisfied that the Directors had attended adequate trainings as required by the Company during the financial period under review and that each Board member shall continue to identify suitable trainings appropriate to their respective needs.
v) The Committee was satisfied with the independence of the independent non-executive directors of the Company.
vi) The Committee discussed and had recommended the directors who have given their intention to seek for re-election, be put forward for re-election by the shareholders at the coming 21st AGM.

a. Diversity of Board and Senior Management

The Board acknowledges the importance of boardroom diversity in terms of age, gender, nationality, ethnicity and socio-economic background and recognises the benefit of this diversity. The Board views that while promoting boardroom diversity is essential, the normal selection criteria based on competencies, skills, extensive experience and knowledge to strengthen the board should remain a priority.

The Company has not set any specified target for boardroom diversity but will work towards achieving the appropriate boardroom diversity. Currently there is no female director on the Board of the Company.

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.3 Nominating Committee (Cont'd)

b. Appointment to the Board

The proposed appointment of a new member to the Board will be deliberated on by the full Board based upon the recommendation of the Nominating Committee.

Before any recommendation made to the Board, the Nominating Committee will evaluate a candidate by considering the following:-

- skills, knowledge, expertise and experience;
- character, integrity, professionalism;
- competence and time to effectively discharge his role; and
- in the case of candidates for the position of independent non-executive directors, the Committee should also evaluate the candidates' ability and commitment to discharge such responsibilities/functions as expected from independent non-executive directors.

There was none Director appointed to the Board of the Company during the financial period ended 31 December 2018.

The Executive Director, Datuk Azrulnizam Bin Abdul Aziz, had resigned on 1 August 2018, due to his other personal commitments and responsibilities and the relevant announcement on his resignation from the Board was released to Bursa Securities on the same day.

On 13 March 2019, Admiral (Retired) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Hj Ahmad Badaruddin was appointed as Independent Non-Executive Director of the Company.

As such, he will be subjected to retirement by casual vacancy at this forthcoming AGM.

c. Re-election of Directors

In accordance with the Company's Articles of Association, all directors, including the Group MD, shall retire from office at least once every three (3) years and all retiring directors shall be eligible for re-election at the AGM in which they retire. A retiring director shall remain in office until the close of the meeting at which he retires.

The Articles of Association further provide that directors who are appointed by the Board during the financial period before an AGM are subject to retirement and shall be eligible for re-election by the shareholders at the AGM of the Company to be held following the new directors' appointment.

On 20 December 2018, the NC had reviewed and recommended that the following Directors will retire by rotation, and being eligible had offered themselves for re-election at the forthcoming AGM:-

- Tee Tze Chern, JP
- Dato' Lim Heng Ee
- Lee Chin Cheh

However, Mr. Tee Tze Chern, JP, who is an Executive Director of the Company, had indicated that he would not be seeking for re-election at the forthcoming AGM. Mr. Tee will therefore retire at the conclusion of the 21st AGM.

Those Directors who will retire by casual vacancy and eligible for re-election pursuant to Article 92 of the Articles of Association at the forthcoming AGM are Dato' Lim Heng Ee and Mr. Lee Chin Cheh.

Corporate Governance Overview Statement (Cont'd)

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.3 Nominating Committee (Cont'd)

d. Succession Planning

Succession planning for executive directors and key senior positions of the Group is closely planned and aligned to the Company's policy.

Candidates will be screened and assessed by OCR in accordance with its experience, profession and familiarity with construction industry.

Candidates for Board positions will be subjected to assessment by the Nominating Committee of the Company before a recommendation is tabled to the Board for decision.

The second liners for all key senior management posts in the Group's organisation chart have been identified but these eligible candidates would not be revealed until such time there is a need to do so.

1.4 Remuneration Committee

The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and to enhance shareholders' value. The Board's objective in this respect is to offer a competitive remuneration package in order to attract, develop and retain talented individuals to serve as directors.

For this purpose, the Remuneration Committee of the Company was set up with the primary function to set up the policy framework for recommending to the Board on remuneration packages and other terms of employment of the executive directors. The remuneration packages of executive directors are determined at levels which enable the Company to attract and retain candidates with the relevant experience and expertise to manage the business of the Group effectively.

Determination of the remuneration of the Non-Executive Directors are a matter which is decided by the Board as a whole, and not by the Remuneration Committee, with the directors concerned abstaining from the deliberations and voting on decisions in respect of his individual remuneration package. The Board will then on a yearly basis recommend the Directors' fees of its Non-Executive Directors to the shareholders for approval at the AGM.

The composition of the Remuneration Committee and the meeting attendance of the Committee members are as follows:

Members	Attendance
YAM Tunku Azudinshah Ibni Tunku Annuar (Chairman/Independent Non-Executive Director)	0/1
Ong Kah Hoe (Member/Group Managing Director)	1/1
Tee Tze Chern, JP (Member/Executive Director)	1/1
Hj. Abdullah Bin Abdul Rahman (Member/Independent Non-Executive Director)	1/1
Lim Teck Seng (Member/Non-Independent Non-Executive Director)	1/1

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.4 Remuneration Committee (Cont'd)

Details of Directors' remuneration paid or payable to all Directors of the Company and of by the Group and categorised into appropriate components for the financial period ended 31 December 2018 are as follows:-

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Directors' fee	104	204
Salaries	733	–
Benefits-in-kind	–	4
Total Directors' Remuneration	837	208

Directors' remuneration for the financial period ended 31 December 2018 falls within the following bands:

	Executive Directors	Non-Executive Directors
Below RM50,000	1	6
RM50,001 - RM500,000	1	–
RM500,001 - RM1,000,000	1	–

Note: Details of directors' remuneration above include Director who has resigned during the period ended 31 December 2018.

The details of Top 5 Senior Management's remuneration are not shown, as the Board considers the information of the said remuneration to be sensitive and proprietary in view of the competitive nature of the human resource market and to support the Company's effort in retaining executive talents.

The total remuneration paid to each senior management reflects the time and effort devoted to fulfill his or her responsibilities on the Board and linked to the Group's performance.

2. EFFECTIVE AUDIT AND RISK MANAGEMENT

2.1 Establishment and Effectiveness of the Audit Committee

a. Audit Committee

The Audit Committee of OCR consists of three (3) members, three Independent Non-Executive Directors. The Committee is chair by Mr. Yap Sing Khon, an Independent Non-Executive Director, in line with Practice 8.1 of MCCG 2017.

The main purpose of the Audit Committee is to assist the Board in fulfilling its responsibilities relating to the internal controls, accounting and reporting practices of the Group.

The report of the Audit Committee, its salient terms of reference, the list of committee members and its activities during the financial period ended 31 December 2018 are set out on pages 50 to 53 of this Annual Report.

The copy of term of reference of the Audit Committee is available on the Company's website at www.ocrbhd.com.

2. EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

2.2 Roles and Responsibilities of the Audit Committee

a. Oversight of Financial Reporting

The Board ensures that shareholders are provided with a balanced and meaningful evaluation of the Company's financial performance, including its position and future prospects through the issuance of the Annual Audited Financial Statements and quarterly financial reports, and through corporate announcements on significant developments affecting the Company in accordance with the MMLR.

Chairman of Audit Committee, Mr. Yap Sing Khon, has more than twenty (20) years' experience in public accounting practice and currently is a Practitioner of a Chartered Accounting firm, together with his other two (2) fellow Audit Committee members, reviews the Company's financial statements in the presence of the Chief Financial Officer at hand to clarify and address any queries the Audit Committee may have, prior to recommending the financials for approval and issuance to the stakeholders.

As part of the governance process in reviewing the quarterly and yearly financial statements by the Audit Committee, the Chief Financial Officer provides assurance to the Audit Committee on a quarterly basis that appropriate accounting policies had been adopted and applied consistently; that the going concern basis applied in the Condensed Consolidated Financial Statements ("CCFS") and Annual Financial Statements ("AFS") was appropriate and that prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the Malaysian Financial Reporting Standards ("MFRS"); that adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRS, International Financial Reporting Standards and MMLR; and that the CCFS and AFS did not contain material misstatement and gave a true and fair view of the financial position of the Group and the respective companies within the Group in 2018.

In addition, the outsourced Internal Audit Function of the Company undertakes independent assessments of the internal control systems of the Group and reports its findings to the Audit Committee on a quarterly basis. Throughout the financial period ended 31 December 2018, the outsourced Internal Auditors had in their quarterly reports stated that no material issue or major deficiencies had been noted which would pose a high risk to the overall system of internal controls under review and that all recommendations made was accepted and acted upon by management.

For the financial period ended 31 December 2018, two (2) internal audit reports and two (2) follow up reports had been tabled and reviewed.

Premised on the above, the Board considers that it has provided a fair, balanced and representative assessment of the Company's and the Group's business in its quarterly results and annual financial statements.

The financial statements of the Company and the Group for the financial period ended 31 December 2018 are set out on pages 61 to 180 of this Annual Report and a statement by the Board of its responsibilities in preparing the financial statements is on page 60.

b. Related Party Transaction

An internal compliance framework exists to ensure the Group meets its obligations relating to the related party transactions under the MMLR. The Board, through the Audit Committee, reviews all material related party transaction involved.

2. EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

2.2 Roles and Responsibilities of the Audit Committee (Cont'd)

b. Related Party Transaction (Cont'd)

In the event a corporate proposal is required to be approved by shareholders, the Interested Directors, the Interested Major Shareholders, and person connected to them are required to abstain from voting in respect of their shareholdings relating to that corporate proposal.

The Circular/Statement to Shareholders dated 30 April 2019 as well as the notes to the financial statements herein provide further details on these related party transactions.

c. Risk Management and Internal Control

The Board regards risk management and internal controls as an integral part of the overall management process. The Board assumes the responsibility in establishing a risk management framework and maintaining a sound system of risk management and internal control throughout the Group which provides reasonable assurance in ensuring the effectiveness and efficiency of the Group's operations but not limiting to financial aspects of the business but also operational and regulatory compliance. The ultimate objectives of sound risk management are to protect the Group's assets and safeguard shareholders' investments.

An overview of the risk management and internal controls within the Group is set out in the Statement on Risk Management and Internal Control on pages 54 to 59 of this Annual Report.

d. Internal Audit Control

An independent internal audit functions was set up to assist and report directly to the Audit Committee in respect of the adequacy of the Group's internal control and risk management systems. A summary activities conducted by the internal audit function as well as the costs incurred in carrying out the function in respect of the financial period under review were set out in the Audit Committee Report on pages 50 to 53 of this Annual Report.

e. Assessment on Suitability and Independence of External Auditors

The Audit Committee performs a yearly assessment of the suitability and independence of the External Auditors before making recommendation to the Board for the appointment or re-appointment of the External Auditors.

The Audit Committee takes the following into consideration:-

- The adequacy of the experience and resources of the External Auditors;
- The nature of the non-audit services and the fees payable for such services; and
- The level of independence of the External Auditors.

The External Auditors have conformed to the Audit Committee that they have continuously complied with the relevant ethical requirements regarding independence throughout the conduct of the audit engagement, in accordance with the International Federation of Accountant's Code of Ethics for Professional Accountants and Malaysian Institute of Accountant's By-Laws (On Professional Ethics, Conduct and Practice).

3. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP

3.1 Encourage Engagement with Shareholders and other Stakeholders

The Company is committed to maintain good communication with its shareholders and stakeholders alike. In this respect, information on the Group's financial performance and/or major developments are disseminated to the public as soon as practicable via appropriate channels of communication, chief of which is the Bursa LINK provided by Bursa Securities as well as the Company's website at *www.ocrbhd.com*.

Another key source of information on the OCR Group is its Annual Reports and relevant circulars, press releases and press conferences, if so applicable, the quarterly financial results and the various disclosures and announcements to Bursa Securities issued in compliance with the MMLR.

The AGM of the Company is the principal forum for interaction between the management and its private and institutional investors. The Group MD together with other Board members and relevant management staff are personally present at each AGM of the Company to engage directly with the shareholders and to account for their stewardship of the Company. Also at hand at each AGM yearly to address questions from the shareholders are key management staff and the external auditors of the Company.

The AGM held on 13 December 2017 was well attended by the shareholders and proxies.

Status of all resolutions proposed at its AGM would be released to Bursa Securities on that day itself as had been the Company's practice the past years.

3.2 Corporate Reporting

The details of governance structure in place to manage the economic, environmental and social risks and opportunities were set out in the Sustainability Statement on pages 47 to 49 of this Annual Report.

3.3 Annual General Meeting

Each item of special business set out in the notice of AGM is accompanied with an explanatory statement in respect of the resolutions proposed and the Circular/Statement to Shareholders setting out the relevant information, would be submitted to the shareholders at least twenty-one (21) days prior to the meeting in compliance with Paragraph 7.15 of Bursa Securities' MMLR and Company's Articles of Association.

In compliance with this requirement, OCRB's Annual Report 2018 will be issued on 30 April 2019 which is also the date of despatch of the notice of its 21st AGM. The coming 21st AGM, scheduled on 29 May 2019 (Wednesday) at Level 16, Persoft Tower, 6B Persiaran Tropicana, Tropicana Golf and Country Resort, 47410 Petaling Jaya, Selangor, would provide the Company's shareholders with an avenue to raise any queries that they may have on the Company and the Group.

The Notice provides information to the shareholders regarding details of the AGM such as their entitlement to attend the AGM, their right to appoint proxy(ies) and information as to who may count as a proxy. The Company allows a member to appoint a proxy who may but need not be a member of the Company.

If the proxy is not a member of the Company, he need not be an advocate, an approved company auditor or a person approved by the Companies Commission of Malaysia. In addition, the Articles of Association of the Company entitles a member to vote in person or by corporate representative, proxy or attorney. Essentially, a corporate representative, proxy or attorney shall be entitled to vote both on a show of hands and on a poll if they were a member of the Company.

In accordance with the MMLR, the Board will put all resolutions to vote by way of poll at general meetings.

The Board appreciates feedback from their valued stakeholders and in this regard, stakeholders may raise their concerns via telephone, facsimile, or electronic mail as stated in the Company's website, *www.ocrbhd.com*.

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

COMPLIANCE STATEMENT

Based on the above, the Board considers that as far as possible, it has taken steps to comply with the Practices of the MCCG 2017 for the financial period ended 31 December 2018.

UTILISATION OF PROCEEDS

No proceeds were raised by the Company from any corporate proposals during the financial period ended 31 December 2018.

SANCTIONS AND PENALTIES

There were no sanctions and penalties imposed on the Company and its subsidiaries, directors or management during the financial period ended 31 December 2018.

AUDIT FEES AND NON-AUDIT FEES

During the financial period ended 31 December 2018, the amount of audit and non-audit fees paid/payable by the Company and by the Group to the External Auditors and its affiliated company were as follows:-

	Company		Group	
	FYE 2018 RM	FYE 2017 RM	FYE 2018 RM	FYE 2017 RM
Statutory audit fees paid / payable to:				
Crowe Malaysia PLT ("Crowe")	39,000	39,000	166,500	161,000
Affiliates of Crowe	–	–	–	–
Total (a)	39,000	39,000	166,500	161,000
Non-Audit fees paid / payable to:				
Crowe	–	–	4,000	4,000
Affiliates of Crowe	4,000	3,500	33,600	26,700
Total (b)	4,000	3,500	37,600	30,700
% of non-audit fees (b/a)	10.26%	8.97%	22.58%	19.07%

MATERIAL CONTRACTS

Neither the Company nor the Group is engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board does not have any knowledge of any proceedings, pending or threatened, against them or the Group or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Group.

Additional Compliance Information Disclosures (Cont'd)

OPTIONS OR CONVERTIBLE SECURITIES

(I) Share Issuance Scheme

No option had been offered and granted to the eligible employees of the Company for the financial period ended 31 December 2018.

The Share Issuance Scheme of the Company ("SIS") was approved by the shareholders at an Extraordinary General Meeting held on 27 June 2012 which became effective on 30 August 2012. The SIS involved the issuance of not more than 15% of the issued share capital of the Company to eligible Directors and employees of the Group. The SIS expired on 29 August 2017 and all outstanding options granted have accordingly lapsed on the said date.

(II) Warrants

Warrant C

Pursuant to a Deed Poll dated 1 June 2016, the Company issued 66,141,269 free detachable warrants ("Warrants C") to the entitled shareholders of the Company pursuant to the renounceable rights issue of 661,412,697 new irredeemable convertible preference shares of RM0.05 each in the Company ("ICPS") on the basis of three (3) ICPS for every one (1) existing ordinary share in conjunction with the issue of 661,412,697 renounceable rights issue at a nominal value of RM0.05 (these additional warrants are referred as "OCR-WC" on the Main Market of Bursa Securities).

As at 29 March 2019, 66,141,269 Warrants C have yet to be exercised, as disclosed in Analysis of Warrant C (OCR-WC) Holdings on pages 189 to 190 of this Annual Report.

Warrant D

Pursuant to a Deed Poll dated 12 February 2019, the Company issued 91,967,721 free detachable warrants ("Warrants D") to the entitled shareholders of the Company pursuant to the bonus issue of warrants on the basis of one (1) Warrant for one (1) new Share (these additional warrants are referred as "OCR-WD" on the Main Market of Bursa Securities).

As at 29 March 2019, 91,967,721 Warrants D have yet to be exercised, as disclosed in Analysis of Warrant D (OCR-WD) Holdings on pages 191 to 192 of this Annual Report.

RECURRENT RELATED PARTY TRANSACTION OF REVENUE OR TRADING NATURE

The details of the related party transactions are set out in the notes to the financial statements in which the transactions were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

Further information on the proposed renewal of shareholder mandate for the recurrent related party transactions to be tabled at the forthcoming Annual General Meeting are set out in the Circular/Statement to Shareholders dated 30 April 2019.

SUSTAINABILITY STATEMENT

Throughout the year, OCR Group Berhad ("OCR" or "the Group") has worked hard to conducting the business in a socially responsible and sustainable manner. OCR focuses on sustainability to ensure the business continue finding efficiencies and achieve positive impact across the business, environment and society.

The Board of Directors of OCR acknowledges that a business will be judged not solely on its financial performance but increasing on its wider impact and role within the society. As such, the Board assume the ultimate accountability for the integration of sustainability throughout an organisation, including sustainability-related synergy strategy and performance. Accordingly, the Group welcome the new Sustainability Reporting framework introduced by Bursa Malaysia Securities and are committed in taking steps in the following financial year ending 2019 to construct a fundamental Sustainability Reporting framework due to the change of financial year end from 31 July 2018 to 31 December 2018.

Presently, the Group has embraced good values in its strategies, directions, policies and procedures as well as decision making. To embark on our journey towards establishing a formal sustainability framework, the Board will:-

- define its oversight structure for overseeing the sustainability reporting;
- review the context of governance, environment and social which the Group is operating at;
- identify the materiality and impact arising from the Group's business activities on these governance, environment and social factors;
- ensure focus and attention are being given appropriately on the identified material factors; and
- define measures and target to monitor management initiatives on sustainability.

OCR define the stakeholders as groups whom our business has a significant impact on, and those a vested interest in our operations. By assessing the significance and impact of their interests on OCR's business, we have identified stakeholders group as follows:

Investor Relations

Building stakeholders' confidence through timely and accurate disclosure and regular communication is the key focus of OCR's Investor Relations function. We are committed to maintain an open dialogue with shareholders and the Board recognises the importance of that relationship in the governance process. We communicate on significant corporate news through website, press conferences & interviews by engaging mainstream media. Information is also communicated to shareholders on a timely basis through regular announcements including its business activities and financial performance. Communication is also made through annual reports that are issued to all shareholders within the mandatory period. Annual general meetings and extraordinary general meetings of the Company represent the principal forum for dialogue and interaction with all shareholders, and for the Company to solicit and understand the views and inputs of the shareholders.

Customers

OCR seeks to deliver sustainable solutions and exceptional service levels to delight our customers. Understanding and meeting customers' needs is at the heart of everything we do. We anticipate people's evolving expectations and requirements and consider future market scenarios carefully. Our promise is to create inspiring spaces and deliver quality homes in line with the rising expectations and lifestyles aspirations of homebuyers to deliver quality products.

Employees

Our employees are part of our human capital whose competencies and well-being are fundamental to OCR's operational effectiveness. We aim to develop their potential to drive innovation and organisational excellence. Our goal is to establish work ethics among our employees, which are in line with our core values and code of conduct. They are the foundation upon which we build all our business initiatives and conduct our day-to-day activities.

Sustainability Statement (Cont'd)

Government

Legal compliance and ethical practices are the core foundation of our business. The Group maintains close working relationships with business associates and regulators to keep abreast of changes in the regulatory framework and business environment. In doing so, regular formal and informal communications are undertaken with regulators, and also through industry associations. The Board is responsible for reviewing findings of internal investigations into suspected fraud, irregularity or infringement of any relevant laws, rules and regulations within the organisation that is likely to have a material impact on the Group's results.

Community

Our primary vehicle for engaging with our communities is through charitable organisations that help those in need throughout our communities. Within a broad range of our community engagements, we focus on the education of today's youth and providing financial and practical support to targeted local and communities, through donation, sponsorship, and voluntary activities.

ENVIRONMENT

At OCR, we view our role as a developer of living spaces, lives, and communities. We are committed to protecting and conserving the environment that our business operates in. Initiatives have been taken to develop buildings which comply with the guidelines set by the local building authorities. We adopt strategies that are socially responsible by incorporating more greenery, landscaping, better facilities and innovative house design into our projects to improve the quality of the environment.

Environmental Awareness Activities

The Group has always been mindful of the way of its operations and business activities impact the environment. As such, the Group is always open to new ideas, techniques and technologies that can help enhance its entire value chain from an eco-friendly perspective. Our employees also have an integral role to play in the Group's efforts to be 'green'.

During the financial period, we focus on environmental efforts. Trees were planted in Adeline Villa, Gopeng on 27th October 2017. While making progress in development, ensuring a green and sustainable environment is equally as important.

Material Supply

The stability and the sustainability of the supply and material production of construction materials have a direct impact the Group's core business operation. The Group maximises the re-use of construction materials, use of environmentally-friendly paint, sealants and adhesive products in project construction.

HUMAN CAPITAL

It is at the core of our value system to ensure the wellbeing of our team. Held together with a corporate and united vision, the OCR team evidently strives together to ensure growth and development of the company, and each other.

OCR's talented and varied people are our strongest resource. Through our Core Values, there has been a focus on providing a healthy and supportive working environment for all of our employees. We believe that an ethical and professional working environment is crucial in cultivating a corporate culture which motivates and empowers our employees to meet their full potential both professionally and personally.

We advocate lifelong learning and seek to develop our employees' capabilities to their potential so that they can grow together with the Company. Employees have been encouraged to sign up for relevant training courses to hone and sharpen their skills, knowledge and competencies.

Harmony Work Place

The Group continuously reviews on the working environment, staff development, staff benefits and welfare. Monthly management meetings are held to discuss current affairs of the Group; management's decisions are then disseminated to staff via issuance of circulars, memorandum or other means to keep them well informed. Recruitment of staff workforce is made based on candidates' competency, knowledge, skills, experience and attitude. OCR is committed to provide an environment where all staff, regardless of age, gender, ethnicity, race and religion has equal opportunity to work and grow together.

Safety and Health

Safety and health are fundamental in sustaining our human capital. Workplace safety is paramount to our employees, particularly in the development and construction sites. We are committed to Workplace Safety and Health (WSH) and take every precaution to prevent occupational injuries among employees. We believe that optimum work conditions not only make our employees safer, but also boost morale. We have worked extremely hard to ensure that all our contractors, suppliers and partners share our commitment to promoting safe and healthy work practices.

SUSTAINABLE FUTURE

The Group recognises the importance of business sustainability and will continue to reassessing its current operations and reviewing its performance in another essential perspective. We continue to refine our management approach to adapt to the changing business and sustainability landscape. As the Group commits itself in balancing good Economic performance with responsible Environmental and Social considerations, the Group will ensure that the notion of sustainability be embedded within our organisation as an important corporate culture. We will be looking forward to further seeking enhancement opportunities and mitigate foreseeable risks in delivering true and sustainable value for our stakeholders. This will be our long-term commitment in recognising the need of a sustainable future.

AUDIT COMMITTEE REPORT

The Board of Directors of OCR Group Berhad ("OCR") presents the Audit Committee ("AC") Report which provides insights into the manner in which the AC discharges its functions for the Group in the financial period ended 31 December 2018.

A. MEMBERS AND MEETING ATTENDANCE

The AC comprised of three (3) Independent Non-Executive Directors. The current composition complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR of Bursa Securities").

Membership of the AC and details of members' attendance at the seven (7) meetings held during the financial period ended 31 December 2018 are as follows:-

Directors	Attendance
Yap Sing Khon (Chairman/Independent Non-Executive Director)	6/7
YAM Tunku Azudinshah Ibni Tunku Annuar (Member/Independent Non-Executive Director)	6/7
Hj. Abdullah Bin Abdul Rahman (Member/Independent Non-Executive Director)	7/7

The AC meetings of the Company were convened with proper notices and agenda and these were distributed to all members of the AC about seven (7) days before meeting. The minutes of each AC meeting were recorded and tabled for confirmation at the next AC meeting and tabled at the Board meeting for the Directors' notation.

Besides the Company Secretary, the Chief Financial Officer and the Assistant of Finance Manager of the Company, the outsourced internal auditors, the external auditors attends each Committee meeting on the standing invitation of the Committee Chairman during the financial period 31 December 2018.

Other senior staff may be invited to attend certain AC meetings if so required, requested or invited by the Chairman of the Committee. Conversely, the external auditors and internal auditors may also respectively request a meeting with the AC if they consider it necessary.

B. RIGHTS, AUTHORITIES AND TERMS OF REFERENCE

The rights, authorities and terms of reference of the AC can be viewed at the Company's website at *www.ocrbhd.com*.

C. PROCEDURE OF COMMITTEE MEETING

Chairman

The Chairman, who shall be an independent non-executive director, shall be elected by the Committee from among their members. If at any meeting, the Chairman is not present, within fifteen minutes, after the time set for holding the meeting, the members present shall choose one of their members to act as chairman of the meeting.

Quorum

The quorum shall be two (2) members present.

Attendance

The Chief Financial Officer and the Assistant of Finance Manager of the Company, the representatives from the internal and external auditors shall normally attend the meeting. However, the Committee may invite any person to be in attendance to assist in its deliberations.

The Company Secretary shall act as the secretary of the Committee during their term of appointment.

Calling

Any member may at any time and the Chief Financial Officer and the Company Secretary shall on the requisition of any of the members or the external auditors summon a meeting.

Frequency of meetings

Meetings shall be held at least four (4) times a year. There were seven (7) AC meetings had been held for the financial period ended 31 December 2018 due to change of financial year end from July 2018 to December 2018.

Notice

Except in the case of an emergency, reasonable notice of every meeting shall be given in writing and the notice of each meeting shall be served to any member to his/her registered address as appearing in the Register of Directors, as the case may be.

Voting

A resolution put to the vote of the meeting shall be decided on a show of hands.

Keeping of Minutes

The minutes shall be signed by the Chairman of the meeting which the proceedings were held or by the Chairman of the next succeeding meeting and shall be circulated to the Committee and the Board of Directors.

Custody, production and inspection of such minutes

The minutes shall be kept by the Company at the Registered Office and shall be opened to the inspection of any member of the Committee without charge.

Audit Committee Report (Cont'd)

D. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

A brief summary to provide an overall view of the activities of the AC in discharging its duties and responsibilities during the financial period ended 31 December 2018 is as follows:-

a. Financial Reporting

- Reviewed and recommended each of the quarterly financial results of the Group for approval by the Board of Directors prior to its release to Bursa Securities.

b. With Internal Auditors

- Reviewed the internal audit plan and the scope of work;
- Reviewed the internal audit reports, their findings, recommendations and the Management's response in addressing the issues found to ensure that risk issues were adequately addressed; and
- Conducted the annual performance assessment.

c. With External Auditors

- Reviewed the external auditors' scope of work and audit plan for the year. The audit plan was presented by representatives from the external auditors;
- Reviewed the external auditors' report and management letter;
- Met with the external auditors, Crowe Malaysia PLT ("Crowe"), twice for a private session, without the presence of the executive Board members and employees of the Company. The first private session with Crowe was in February 2017 to discuss the outcome of the audit of the Group in respect of the financial year ended 31 July 2017 and the second time in 20 December 2018, in respect of the scope of the statutory audit and to review the "Audit Planning Memorandum" prior to the commencement of Crowe's audit of the Group's financial statements for the financial period ending 31 December 2018;
- Appraised the performance and evaluated the independence and objectivity of the external auditors in providing their services, including areas of audit emphasis for the financial period under review and additional disclosures in the auditors' report in line with the new and amended international standards on auditing, including disclosure on Key Audit Matters;
- Conducted the annual performance assessment, including their suitability and independence; and
- Considered and recommended to the Board the appointment of the External Auditors and their audit fees after taking into consideration the independence of the external auditors.

d. Others

- Reviewed recurrent related party transactions ("RRPTs") including any transaction to ensure that the transactions were on normal commercial terms and not detrimental to the interest of minority shareholders of the Company;
- reviewed on a quarterly basis the actual transacted value of RRPTs matching them against the mandate from shareholders to ensure compliance with the Listing Requirements and to monitor for the required action, such as an immediate announcement, in the event the actual value of a mandated RRPT exceeds the estimated value of the RRPT disclosed in the previous year's RRPT Circular to Shareholders, which shareholder has approved, by 10% or more; and
- reviewed the "Statement on Risk Management and Internal Control", "Audit Committee Report" and "Internal Audit Function" prior to their inclusion into the Annual Report 2018 if approved by the Board of Directors.

All the requirements under the terms of reference were complied with and the AC did not see any matters in breach of the MMLR of Bursa Securities that warrant reporting to Bursa Securities.

E. INTERNAL AUDIT FUNCTION

Having an independent and adequately resourced internal audit function is essential in assisting the AC to obtain the assurance it needs regarding the maintenance of a sound system of internal controls.

During the financial period ended 31 December 2018, representatives from Needsbridge Advisory Sdn. Bhd., the outsourced Internal Auditors, led the role of the internal audit functions of the Group (referred to as the "IA Team") with the primary function to assist AC in discharging their duties and responsibilities more effectively. AC has full access to the outsourced Internal Auditors and reviews reports from them on all internal audits performed.

The main role of the internal audit function is to carry out independent assessments of the adequacy and effectiveness of the Group's internal control systems in anticipation of any potential risk areas within key business processes of the Group.

During the financial period ended 31 December 2018, internal audit activities have been carried out in accordance with the pre-approved internal audit plan.

The IA Team conducts its internal audit visits based on the approved Internal Audit Plan ("IA Plan") for two (2) financial years which will be reviewed on an annual basis and revised subsequent to the completion of the first year audit, if necessary, to reflect the changes in the Group's operating environment. Any significant changes to the IA Plan will be referred to AC for approval prior to the commencement of the internal audit.

The summary of works that had been undertaken by the Internal Auditors during the financial period ended 31 December 2018 and the date of this Annual Report included the following:-

a. Human Resource Management – OCR Group Berhad & O&C Construction Sdn. Bhd.; and
b. Project Management – O&C Makok Isola Sdn. Bhd..

The internal audits performed had meet their objectives of highlighting to the AC on their audit findings which required follow-up action by the Management, and any outstanding audit issues which required corrective actions to be taken to ensure an adequate and effective internal control system within the Group, as well as any weaknesses in the Group's internal audit control system. It ensured that those weaknesses were appropriately addressed and that recommendations from the internal audit reports and corrective actions on reported weaknesses were taken appropriately within the required timeframe by the Management.

The total costs incurred for the internal audit function in respect of the financial period ended 31 December 2018 was RM18,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance 2017 ("the Code") sets out one of the key responsibilities of the Board of Directors of a listed company is to identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures to safeguard shareholders' investment and assets of the Group. This is intended that business decisions are made based on appropriate risk taking to achieve a proper balance between risks incurred and potential returns to shareholders in accordance with the Group's acceptable risk appetite.

Pursuant to Paragraph 15.26(b) and Practice Note 9 of the MMLR of Bursa Securities in relation to requirement to prepare statement about the state of internal control of the listed issuer as a group, and in accordance with the Principles and Recommendations relating to risk management and internal controls provided in the Code as well as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"), the Board of Directors ("the Board") of OCR Group Berhad ("the Company") (collectively with its subsidiaries, "the Group") is pleased to present the statement on the state of the internal controls of the Group for the financial period under review and up to the date of approval of this statement ("the Statement").

BOARD'S RESPONSIBILITY

The Board affirms its overall responsibility of maintaining a sound risk management and internal control system and of reviewing their adequacy and effectiveness so as to achieve the Group's corporate objectives and strategies. The Board is committed to the establishment and maintenance of an appropriate control environment and framework that is embedded into the corporate culture, processes and strategies of the Group. The Board, through its various committees, has continuously reviewed the adequacy and effectiveness of the system, in particular, the financial, operational as well as compliance aspects of the Group, throughout the financial period.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies and the process has been in place during the financial period and up to the date of approval of the Statement. It should be noted, however, that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. In addition, it should be noted that these systems can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board is assisted by its Group Managing Director and Executive Directors in implementing the Board's approved policies and procedures on governance, risk and control by identifying and analysing risk information; designing and operating suitable internal controls to manage and control these risks; and monitoring effectiveness of governance, risk management and control activities.

RISK MANAGEMENT

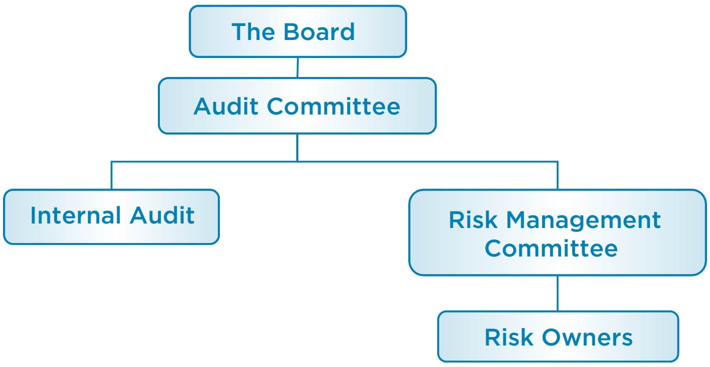
The Board recognise risk management as an integral part of system of internal control and good management practice in pursuit of its strategic objectives. The Board maintains an on-going commitment for identifying, evaluating and managing significant risks faced by the Group systematically during the financial period under review.

The Group has established a formal enterprise risk management ("ERM") framework to proactively identify, evaluate and manage key risks to an optimal level. In line with the Group's commitment to deliver sustainable value, the ERM framework aims to provide an integrated and organised approach entity-wide. The ERM framework approved by the Board adopts the ERM principles, methodology and process which are in line with the Enterprise Risk Management – Integrated Framework by the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") and international Organisation for Standardisation ("ISO") 31000.

The Board had put in place a structured ERM Framework, as the governance structure and processes for the risk management on enterprise wide, in order to embed the risk management practice into all level of the Group and to manage key business risks faced by the Group adequately and effectively as second line-of-defence.

RISK MANAGEMENT (CONT'D)

The ERM Framework established lay down the risk management principles and conservative risk appetite accepted by the Board with formalized governance structure of the risk management activities of the Group established as follows:



Clear roles and responsibilities of the Board, the Audit Committee, Risk Management Committee, Key Risk Officer, risk owners and internal audit function are defined in the ERM Framework with the terms of reference of Risk Management Committee and composition of the Risk Management Committee established by the Board. The Risk Management Committee is chaired by the Group Managing Director and with Chief Financial Officer is assigned as Key Risk Officer, supported by members made up of heads of department and business division.

The primary roles of the Risk Management Committee are as follows:

- implement the ERM framework as approved by the Board;
- develop and implement the risk management process which includes the identification of key risks and devising appropriate additional action plan in cases where existing controls are ineffective, inadequate or non-existence and communicate methodology to the risk owners;
- ensure that risk strategies adopted are aligned with the Group's organisational strategies. (e.g. vision/mission, corporate strategies/goals, etc), risk management policies and risk appetite/tolerance;
- periodic review and update of the key risk registers of the Group (on annual basis) and determination of corrective management action plan, if required; and
- update the Board, through the Audit Committee, on changes to the key risk registers on periodical basis (at least on annual basis) respectively or when appropriate (due to significant changes to the register) and the course of action to be taken by management in managing the changes.

Systematic risk management process is stipulated in the ERM Framework, whereby each step of the risk identification, risk assessment, control identification, risk treatment and control activities are laid down for application by the Risk Management Committee and the risk owners. Risk assessment, at gross and residual level, are guided by the likelihood rating and impact rating as well as control effectiveness rating established by the Board as stipulated in the ERM Framework. Based on the risk management process, key risk registers were compiled by the risk owners/ Risk Management Committee with relevant key risks identified rated based on the agreed upon risk rating for identification of high residual risks above the risk appetite that require the Management and the Board's immediate attention and risk treatment as well as for future risk monitoring. As an important risk monitoring mechanism, the Risk Management Committee is scheduled to review the key risk registers and assessment of emerging risks identified at strategic and operational level on annual basis or on more frequent basis if circumstances required and to report to the Audit Committee on the results of the review and assessment.

Statement on Risk Management and Internal Control (Cont'd)

RISK MANAGEMENT (CONT'D)

During the financial period under review, the Management convened a review and assessment exercise whereby existing strategic, governance and key operational risks were reviewed with emerging risks identified assessed and incorporated into the key risks register for on-going risk monitoring and assessment, after taken into consideration of the internal audit findings. Key risk profile, consists of strategic, governance and key operational risks, was compiled and tabled to the Audit Committee for review and deliberation and for its reporting to the Board, which assumes the primary responsibility of the risk management of the Group.

At strategic level, business plans, business strategies and investment proposals with risks consideration are formulated by the Group Managing Director and/or the Executive Director(s) and presented to the Board for review and deliberation to ensure proposed plans and strategies are in line with the Group's risk appetite. In addition, specific strategic and key operational risks are highlighted and deliberated by the Audit Committee and/or the Board during the review of the financial performance of the Group in the scheduled meetings.

As first line-of-defence, respective risk owners are responsible for managing the risks under their responsibilities. Risk owners are responsible for effective and efficient operational monitoring and management by way of maintaining effective internal controls and executing risk and control procedures on a day-to-day basis. Changes in the key operational risks or emergence of new key business risks are identified through daily operational management and controls and review of financial and operational reports by respective level of Management generated by internal management information system supplemented by external data and information collected. Respective risk owners are responsible to assess the changes to the existing operational risks and emerging risks and to formulate and implement effective controls to manage the risks. Critical and material risks are highlighted to the Key Risk Officer and/or the Group Managing Director and/or the Executive Director(s) for the final decision on the formulation and implementation of effective controls.

The monitoring of the risk management by the Group is enhanced by the internal audits carried out by the internal audit function with specific audit objectives and business risks identified for each internal audit cycle based on the internal plan approved by the Audit Committee.

INTERNAL CONTROL

The Board receives and reviews regular reports from the Management on key financial data, performance indicators and regulatory matters. This is to ensure that matters requiring the Board's attention are highlighted for review, deliberation and decision on a timely basis. The Board approves appropriate responses or amendments to the Group's policy. Besides, the results of the Group are reported quarterly and any significant fluctuations are analysed and acted on in a timely manner. Issues relating to the business operations are highlighted to the board's attention during Board meetings. Further, independent assurance is provided by the Group's external auditors, internal audit function and the Audit Committee to the Board. The Audit Committee reviews internal control matters and update the Board on significant control gaps for the Board's attention and action.

The key salient features of the Group's systems of internal controls are as follows: -

- **Board of Directors/Board Committees**

  Board Committees (i.e. Audit Committee, Remuneration Committee and Nominating Committee) have been established to carry out duties and responsibilities delegated by the Board and are governed by written terms of reference approved by the Board.

  Meetings of Board of Directors and respective Board Committees are carried out on scheduled basis to review the performance of the Group, from financial and operational perspective. Business plans and business strategies are proposed by the Group Managing Director and/or Executive Director(s) to the Board for their review and approval after taking into account risk consideration and responses.

INTERNAL CONTROL (CONT'D)

- **Integrity and Ethical Value**

  The tone from the top on integrity and ethical value are enshrined in formal code of Conduct as contained in the Board Charter established and approved by the Board. This formal code forms the foundation of integrity and ethical value for the Group.

  Code of conduct expected from the employees are incorporated in the employment letter.

- **Organisation Structure and Authorisation Procedure**

  The Group has formal organization structures, supported by job descriptions for key positions, in place to ensure appropriate level of authorities and responsibilities are delegated accordingly to competent staffs in achieving operational effectiveness and efficiency. The Group is committed to employing suitably qualified staff so that the appropriate level of authorities and responsibilities can be delegated accordingly to competent staffs to ensure operational efficiency. Furthermore, there is close involvement in daily operations of the Group by the Group Managing Director and Executive Director(s).

  The authorization requirement of the key internal control points of key business processes are included as part of the policies and procedures established by the Group.

- **Policy and Procedure**

  In compliance with the International Organisation for Standardisation ("ISO") certifications granted, the Group has documented policies and procedures developed and maintained in line with its ISO certifications with authorisation requirement for key processes stated therein. For business processes not under the ISO certifications, the Management develops and maintains documented process flow for key business processes employed with relevant authorisation requirement, if applicable.

- **Human Resource Management**

  The Group put in place consistent human resource practice throughout the Group to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience in order to carry out their duties and responsibilities assigned effectively and efficiently.

- **Information and Communication**

  At operational level, clear reporting lines established across the Group and operation and management reports are prepared for dissemination to relevant personnel for effective communication of critical Information throughout the Group for timely decision making and execution in pursuit of the business objectives. Matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

  The Group puts in place effective and efficient information and communication infrastructures and channels, i.e. computerized information system, secured intranet, electronic mail system and modern telecommunication, so that operation data and management information can be communicated timely and securely to dedicated personnel within the Group for decision making and for communication with relevant external stakeholders for execution and information collection. Apart from that, relevant financial and management reports are generated for different level of the organization structure for review and decision making and management and board meetings are held for effective two-way communication of information at different level of management and the Board.

INTERNAL CONTROL (CONT'D)

- **Monitoring and Review**

  Periodical management meetings are held to discuss and review financial and operational performance of key divisions/departments of the Group.

  Apart from the above, the quarterly financial performance review containing key financial results and previous corresponding financial results are presented to the Audit Committee for review and the Board for approval for public release.

  Furthermore, internal audits are carried out by the internal audit function (which reports directly to the Audit Committee) to assess the adequacy of internal controls in relation to specific critical control processes and highlights significant risks impacting the Group to the Audit Committee as well as recommending improvements to various processes to minimise the risks.

  The monitoring of compliance with relevant laws and regulations are further enhanced by independent review of specific areas of safety, health and environment by independent consultants engaged by the Group and/or relevant regulatory bodies.

INTERNAL AUDIT FUNCTION

The review of the adequacy and effectiveness of the Group's risk management and internal control system is outsourced to an independent professional firm, who, through the Audit Committee, provides the Board with much of the assurance it requires in respect of the adequacy of the Group's systems of the risk management and internal control. Internal audit plan (including any changes to the approved internal audit plan) in respect of financial period ended 31 December 2018 was drafted, after taking into consideration existing and emergent key business risks identified in the key risk profile of the Group, the changes in the business direction, the Senior Management's opinion and previous internal audits performed, and was reviewed and approved by the Audit Committee prior to execution. Each internal audit cycles within the internal audit plan are specific with regard to audit objective, key risks to be assessed and scopes of the internal control review.

As third line-of-defence, the internal controls review procedures performed by the outsourced internal audit function are designed to understand, document and evaluate risks and related controls to determine the adequacy of governance, risk and control structures and processes and to formulate recommendations for improvement thereon. The internal audit procedures applied principally consisted of process evaluations through interviews with relevant personnel involved in the process under review, review of the Standard Operating Procedures and/or process flows provided and observations of the functioning of processes in compliance with results of interviews and/or documented Standard Operating Procedures and/or process flows. Thereafter, testing of controls by the outsourced internal audit function through the review of the samples selected, subject to the nature of testing and verification of the samples.

During financial period ended 31 December 2018, the independent professional firm conducted high level control reviews on human resource management and project management for three (3) of the key operating subsidiaries in accordance to the internal Audit Plan.

Upon the completion of the internal audit field work during the financial period under review, the internal audit reports were presented to the Audit Committee during its scheduled meetings. During the presentation, the internal audit findings and recommendations as well as management response and action plans were presented and deliberated by the Audit Committee. Update on the status of action plans as identified in the previous internal audit report were presented at subsequent Audit Committee meeting for review and deliberation.

The cost incurred in maintaining the outsourced internal audit function for the financial period ended 31 December 2018 amounted to RM18,000.

Statement on Risk Management and Internal Control (Cont'd)

ASSURANCE PROVIDED BY GROUP MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER PRIMARILY RESPONSIBLE FOR THE MANAGEMENT OF THE FINANCIAL AFFAIRS

In line with the Guidelines, the Board has received assurance from Group Managing Director and Chief Financial Officer primarily responsible for the management of the financial affairs on the adequacy and effectiveness of risk management and internal control system of the Group, in all material aspects, during the financial period under review based on the risk management and internal control system of the Group.

Board's Opinion and Conclusion

In the meetings of Board of Directors during the financial period under review, the performance of the Group were reviewed and deliberated by the Board, including, but not limited to, the adequacy and effectiveness of specific risk management and internal control system of the Group put in place to address potential business risks identified by the Board during such reviews and deliberation. Through such reviews by the Board with Group Managing Director and Senior Management of the Group coupled with the assurance provided by the Group Managing Director and Chief Financial Officer primarily responsible for the management of the financial affairs, continuous reviews of the key risk profile of the Group and internal risk management practice by the Board and independent internal control reviews conducted and reported to the Board, the Board is of the opinion that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The Board is committed towards maintaining an effective risk management and internal control systems throughout the Group and where necessary put in place appropriate plans to further enhance the Group's systems of internal control. Notwithstanding this, the Board will continue to evaluate and to manage the significant business risks faced by the Group in order to meet its business objectives in the current and challenging business environment.

Assurance Provided by External Auditors

Pursuant to paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Risk Management and Internal Control Statement. Their review was performed in accordance with Audit and Assurance Practice Guide (AAPG) 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe this Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Companies to be set out, nor is factually incorrect.

This Statement was approved by the Board on 19 April 2019.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

in relation to the Financial Statements

It is a requirement for the Directors to prepare financial statements which give a true and fair view of the state of affairs of the Company and of the Group at the end of each financial year and of their results and their cash flows for the year then ended.

In preparing the financial statements, the Directors have taken steps to ensure that:-

- the Company and the Group have used appropriate accounting policies which have been consistently applied;
- the judgements and estimates made are reasonable and prudent; and
- all approved accounting standards which are applicable in Malaysia have been complied with.

The Directors are responsible for ensuring that proper accounting records, which disclose with a reasonable degree of accuracy the financial position of the Company and the Group, are maintained in compliance with the provisions of the Companies Act, 2016.

The Directors also have general responsibilities for taking steps as are reasonable towards safeguarding the assets of the Group and to prevent and detect fraud and other irregularities.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial period from 1 August 2017 to 31 December 2018.

CHANGE OF NAME

On 18 December 2017, the Company changed its name from O&C Resources Berhad to OCR Group Berhad.

CHANGE OF FINANCIAL YEAR END

During the current financial period, the Company has changed its financial year end from 31 July to 31 December.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial period except for the discontinuance of the manufacturing and trading segments as disclosed in Note 28 to the financial statements.

RESULTS

	The Group RM	The Company RM
Loss after taxation for the financial period	(7,329,643)	(10,855,471)
Attributable to:-		
Owners of the Company	(7,036,747)	(10,855,471)
Non-controlling interests	(292,896)	–
	(7,329,643)	(10,855,471)

DIVIDENDS

No dividend was recommended by the directors for the financial period.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period other than those disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial period:-

(a) the Company increased its issued and paid-up ordinary shares from RM68,745,171 to RM88,457,091 by way of:-

   (i) an issuance of 8,500,000 new ordinary shares from the exercise of Share of Issuance Scheme ("SIS") at the exercise price of RM0.33 per share;

   (ii) an issuance of 200,000 new ordinary shares from the conversion of 200,000 Irredeemable Convertible Preference Shares ("ICPS") at a combination of 1 ICPS and RM0.45 in cash for each new ordinary share issued;

   (iii) an issuance of 70,000 new ordinary shares from the conversion of ICPS with the conversion ratio of 10 ICPS to 1 new ordinary share; and

   (iv) an issuance of 26,567,700 new ordinary shares at an issue price of RM0.60 per ordinary share via a private placement to eligible investors for a total cash consideration of RM15,940,620 for working capital purposes.

   The new ordinary shares issued ranked pari passu in all respects with the existing ordinary shares of the Company; and

(b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial period, no options were granted by the Company to any person to take up unissued shares in the Company except for the share options granted pursuant to the Company's Share Issuance Scheme below.

SHARE ISSUANCE SCHEME

The Share Issuance Scheme ("SIS") of the Company is governed by the By-Laws and was approved by the shareholders at an Extraordinary General Meeting held on 27 June 2012. SIS was implemented on 30 August 2012 and was in force for a period of 5 years from the effective date. The share options had expired on 29 August 2017.

The details of the SIS are disclosed in Note 18(d) to the financial statements.

WARRANTS 2016/2021

Pursuant to a Deed Poll dated 1 June 2016 ("Deed Poll"), the Company issued 66,141,269 free detachable warrants ("Warrants C") to the entitled shareholders of the Company pursuant to the renounceable rights issue of 661,412,697 new irredeemable convertible preference shares of RM0.05 each in the Company ("ICPS") on the basis in conjunction with the issue of 661,412,697 renounceable rights issue at a nominal value of RM0.05 in 2017.

The salient features of the Warrants C as stated in the Deed Poll are as follows:

(a) Each Warrant C entitles the registered holder to subscribe for one ordinary share at an exercise price of RM0.50 per ordinary share;

(b) The exercise price and the number of Warrants C are subjected to adjustment in accordance with the conditions provided in the Deed Poll;

(c) Where a resolution has been passed for a members' voluntary winding-up of the Company or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then;

  (i) for the purpose of such a winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant C holders, or some persons designated by them for such purpose by a special resolution, shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the Warrant C holders; and

  (ii) in any other case, every Warrant C holder shall be entitled upon and subject to the conditions at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of our Company or the granting of the court order approving the compromise or arrangement (as the case may be), to exercise their Warrants by submitting the exercise from duly completed authorising the debiting of his Warrants together with payment of the relevant exercise price to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised the exercise rights to the extent specified in the exercise form(s) and had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly.

(d) The exercise period is approximately 5 years from the date of issue expiring on 24 July 2021; and

(e) The Warrants C which are not exercised during the exercise period will thereafter lapse and void.

The Warrants C were granted for listing and quotation with effect from 28 July 2016.

As at 31 December 2018, 66,141,269 Warrants C have yet to be exercised.

The movement of Warrants C during the financial period is as follows:-

		Entitlement of Ordinary Shares		
	At 1.8.2017	**Exercised**	**Lapsed**	**At 31.12.2018**
Number of unexercised Warrants C	66,141,269	–	–	66,141,269

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial period which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial period.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

Directors' Report (Cont'd)

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial period were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than the discontinuance of the manufacturing and trading segments as disclosed in Note 28 to the financial statements.

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial period in which this report is made.

DIRECTORS

The names of directors of the Company who served during the financial period and up to the date of this report are as follows:-

Ong Kah Hoe
Tunku Azudinshah Ibni Tunku Annuar
Abdullah Bin Abdul Rahman
Dato' Lim Heng Ee
Lee Chin Cheh
Lim Teck Seng
Tee Tze Chern, JP
Yap Sing Khon
Admiral (R) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Hj Ahmad Badaruddin (Appointed on 13.3.2019)
Datuk Azrulnizam Bin Abdul Aziz (Resigned on 1.8.2018)

The names of directors of the Company's subsidiaries who served during the financial period and up to the date of this report, not including those directors mentioned above, are as follows:-

Abdul Hamid Bin Busu
Arlida Binti Ariff
Azinal Abidin Bin Ali
Badrushah Bin Abdul Rahim
Datuk Azrulnizam Bin Abdul Aziz
Lily Tee
Loke Wei Feng (Appointed on 6.2.2018)
Muhammad Suleiman Bin Mohd Amin
Muhammad Yusuf Bin Mohd Amin
Ong Kah Wee
Ong Yew Ming
Shahran Bin Yahya (Deceased on 10.2.2019)
Toh Foo Hing
Mohd Zabidi Bin Yaakub (Resigned on 10.9.2018)
Tan Ban Tatt (Resigned on 19.6.2018)
Yap Kian Mun (Resigned on 6.2.2018)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial period in shares and options over unissued shares of the Company and its related corporations during the financial period are as follows:-

	<---------------------- Number of Ordinary Shares ---------------------->			
	At 1.8.2017	**Bought**	**Sold**	**At 31.12.2018**
The Company				
Direct Interests				
Ong Kah Hoe	22,961,000	1,481,600	–	24,442,600
Tee Tze Chern, JP	88	–	–	88
Indirect Interest				
Ong Kah Hoe*	41,378,800	–	–	41,378,800

	<---------------------------- Number of ICPS ---------------------------->			
	At 1.8.2017	**Bought**	**Disposed**	**At 31.12.2018**
The Company				
Direct Interest				
Ong Kah Hoe	48,261,900	–	(48,261,900)	–
Indirect Interest				
Ong Kah Hoe*	123,536,400	–	(93,645,000)	29,891,400

	<------------------ Number Of Warrants 2016/2021 ------------------>			
	At 1.8.2017	**Bought**	**Disposed**	**At 31.12.2018**
The Company				
Direct Interest				
Ong Kah Hoe	4,826,190	–	(4,826,190)	–
Indirect Interest				
Ong Kah Hoe*	12,353,640	–	(9,364,500)	2,989,140

* *Deemed interested by virtue of his direct substantial shareholding in OCR Land Holdings Sdn. Bhd. and via his parents and siblings.*

By virtue of his shareholding in the Company, Ong Kah Hoe is deemed to have interests in shares in its related corporations during the financial period to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial period had no interest in shares, warrants and/or ICPS of the Company or its related corporations during the financial period.

Directors' Report (Cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 34(b) to the financial statements.

Neither during nor at the end of the financial period was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial period are disclosed in Note 33 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial period, the total amount of insurance premium paid for the directors of the Company are RM954. There is no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

The significant events during the financial period are disclosed in Note 38 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 39 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia which was previously known as Crowe Horwath), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 26 to the financial statements.

Signed in accordance with a resolution of the directors dated 19 April 2019.

Ong Kah Hoe

Tunku Azudinshah Ibni Tunku Annuar

STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act 2016

We, Ong Kah Hoe and Tunku Azudinshah Ibni Tunku Annuar, being two of the directors of OCR Group Berhad (formerly known as O&C Resources Berhad), state that, in the opinion of the directors, the financial statements set out on pages 77 to 180 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2018 and of their financial performance and cash flows for the financial period ended on that date.

Signed in accordance with a resolution of the directors dated 19 April 2019.

Ong Kah Hoe **Tunku Azudinshah Ibni Tunku Annuar**

STATUTORY DECLARATION

pursuant to Section 251(1)(B) of the Companies Act 2016

I, Ong Kah Hoe, being the director primarily responsible for the financial management of OCR Group Berhad (formerly known as O&C Resources Berhad), do solemnly and sincerely declare that the financial statements set out on pages 77 to 180 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Ong Kah Hoe, at Kuala Lumpur in the Federal Territory
on this 19 April 2019.

Ong Kah Hoe

Before me
Datin Hajah Raihela Wanchik
Commissioner for Oaths
No. W-275

INDEPENDENT AUDITORS' REPORT

to the members of OCR Group Berhad (formerly known as O&C Resources Berhad) (incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of OCR Group Berhad (formerly known as O&C Resources Berhad), which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 77 to 180.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws *(on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report (Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

We have determined the matters described below to be the audit matters to be communicated in our report.

<table>
<tr><th colspan="2">Recoverability of trade and other receivables
Refer to Note 6.1(d), and 12 to the financial statements</th></tr>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td>The Group carried significant trade and other receivables amounting to RM32,176,291 and RM35,744,634 respectively as disclosed in Note 12 to the financial statements and are subject to credit risk exposures. The assessment of adequacy of allowance for impairment losses involved judgement and estimation uncertainty in analysing, amongst others, historical bad debts, customer concentration, customer creditworthiness, current trends, and customer payment terms.</td><td>Our audit procedures included, amongst others:

(i) Reviewed the ageing analysis of receivables and tested the reliability thereof.

(ii) Reviewed the recoverability of major receivables and debts which have been long outstanding including but not limited to, collection subsequent to the end of reporting period.

(iii) Assessed on the recoverability of overdue amounts to historical patterns of collections.

(iv) Evaluated the reasonableness and adequacy of the allowance for impairment recognised for identified exposures.</td></tr>
</table>

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

We have determined the matters described below to be the audit matters to be communicated in our report. (Cont'd)

Revenue from contracts with customers Refer to Note 6.1(e), 6.13, 6.19(b), 6.19(c), 14 and 25 in the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
Revenue is one of the largest accounts in the financial statements and an important driver of the Group's operating results. The Group recognises property development and construction revenue using the stage of completion method. The stage of completion is determined by the proportion of property development and construction costs incurred for work performed to date over the estimated total property development and construction costs. Accounting for property development activities and construction contracts are inherently complex and there are judgement involved in the following areas:- (i) assessment of the stage of completion and timing of revenue recognition. (ii) determining cost budgets. (iii) determining project costs to complete. (iv) recognition of variation orders. (v) provision for foreseeable losses and liquidated ascertained damages. We determined this to be a key audit matter given the complexity and judgemental nature of these areas.	Our procedures included, amongst others:- (i) Evaluated and tested the key controls in respect of the review and approval of construction contracts and property development and construction project budgets to assess the reliability of these budgets. (ii) Tested cost incurred to date to supporting documentation such as contractors' claim certificates. (iii) Assessed the reasonableness of the estimated total property development costs/contract costs to supporting documentation such as contracts, quotations and variation orders with contractors. (iv) Checked for any variation orders and checked that changes to contracts and quotations with the contractors, if any, are properly supported, for ongoing projects. (v) Recomputed the stage of completion and checked the journal entries impacting revenue are recognised appropriately with reference to the computation of the stage of completion of the projects. (vi) Tested sales of properties to signed sales and purchase agreements and billings raised to the property buyers for the property development segment.

Independent Auditors' Report (Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditors' Report (Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report (Cont'd)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT
LLP0018817-LCA & AF 1018
Chartered Accountants

Ooi Song Wan
02901/10/2020 J
Chartered Accountant

Kuala Lumpur

19 April 2019

STATEMENTS OF FINANCIAL POSITION

at 31 December 2018

	Note	The Group 31.12.2018 RM	The Group 31.7.2017 RM	The Company 31.12.2018 RM	The Company 31.7.2017 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	7	–	–	10,575,198	15,197,940
Investment in an associate	8	486,887	792,498	–	–
Property, plant and equipment	9	2,463,527	16,551,414	703,724	844,486
Investment property	10	1,853,747	1,912,322	1,853,747	1,912,322
Inventories	11	55,335,703	17,728,339	–	–
Trade and other receivables	12	13,322,938	11,441,847	–	7,000,000
Deferred tax asset	13	756,727	420,000	–	–
		74,219,529	48,846,420	13,132,669	24,954,748
CURRENT ASSETS					
Inventories	11	80,167,520	38,451,927	–	–
Trade and other receivables	12	82,291,935	54,971,699	97,783,453	73,456,351
Contract assets	14	16,098,476	22,456,264	–	–
Current tax assets		794,520	344,545	–	–
Fixed deposits with licensed banks	15	15,590,344	5,128,055	10,322,011	–
Cash and bank balances		702,596	2,740,871	160,257	744,385
		195,645,391	124,093,361	108,265,721	74,200,736
TOTAL ASSETS		269,864,920	172,939,781	121,398,390	99,155,484
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	88,457,091	68,745,171	88,457,091	68,745,171
Irredeemable convertible preference shares (“ICPS”)	17	32,187,195	32,232,195	32,187,195	32,232,195
Reserves	18	(7,612,645)	1,176,758	(15,359,651)	(3,323,348)
Equity attributable to owners of the Company		113,031,641	102,154,124	105,284,635	97,654,018
Non-controlling interests		(1,407,136)	(817,311)	–	–
TOTAL EQUITY		111,624,505	101,336,813	105,284,635	97,654,018

The annexed notes form an integral part of these financial statements.

Statements of Financial Position (Cont'd)

	Note	The Group 31.12.2018 RM	The Group 31.7.2017 RM	The Company 31.12.2018 RM	The Company 31.7.2017 RM
NON-CURRENT LIABILITIES					
Long-term borrowings	19	38,997,601	10,618,719	462,323	628,695
Deferred tax liability	13	179,286	258,000	–	–
Trade and other payables	20	40,502,537	22,220,494	–	–
		79,679,424	33,097,213	462,323	628,695
CURRENT LIABILITIES					
Trade and other payables	20	46,563,350	27,361,835	529,749	753,705
Contract liability	14	2,261,958	–	–	–
Short-term borrowings	21	24,269,233	2,901,917	15,121,683	119,066
Current tax liabilities		603,090	2,194,711	–	–
Bank overdrafts	22	4,863,360	6,047,292	–	–
		78,560,991	38,505,755	15,651,432	872,771
TOTAL LIABILITIES		158,240,415	71,602,968	16,113,755	1,501,466
TOTAL EQUITY AND LIABILITIES		269,864,920	172,939,781	121,398,390	99,155,484

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial period from 1 August 2017 to 31 December 2018

		The Group		The Company	
	Note	1.8.2017 to 31.12.2018 RM	1.8.2016 to 31.7.2017 RM	1.8.2017 to 31.12.2018 RM	1.8.2016 to 31.7.2017 RM
CONTINUING OPERATIONS					
REVENUE	25	44,468,612	53,778,372	–	–
COST OF SALES		(34,418,681)	(33,194,806)	–	–
GROSS PROFIT		10,049,931	20,583,566	–	–
OTHER INCOME		2,151,639	400,358	4,277,125	125,684
		12,201,570	20,983,924	4,277,125	125,684
ADMINISTRATIVE EXPENSES		(18,728,300)	(10,755,702)	(10,006,056)	(6,333,688)
OTHER EXPENSES		(1,075,510)	(429,966)	(4,308,656)	(228,434)
FINANCE COSTS		(2,326,520)	(146,979)	(817,884)	(42,037)
SHARE OF LOSS OF EQUITY ACCOUNTED ASSOCIATES		(305,611)	(187,502)	–	–
(LOSS)/PROFIT BEFORE TAXATION	26	(10,234,371)	9,463,775	(10,855,471)	(6,478,475)
INCOME TAX EXPENSE	27	(1,493,877)	(3,927,016)	–	–
(LOSS)/PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS		(11,728,248)	5,536,759	(10,855,471)	(6,478,475)

The annexed notes form an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income (Cont'd)

	Note	The Group 1.8.2017 to 31.12.2018 RM	The Group 1.8.2016 to 31.7.2017 RM	The Company 1.8.2017 to 31.12.2018 RM	The Company 1.8.2016 to 31.7.2017 RM
DISCONTINUED OPERATIONS					
PROFIT/(LOSS) AFTER TAXATION FROM DISCONTINUED OPERATIONS	28	4,398,605	(2,693,832)	–	–
(LOSS)/PROFIT AFTER TAXATION		(7,329,643)	2,842,927	(10,855,471)	(6,478,475)
OTHER COMPREHENSIVE (EXPENSES)/INCOME					
Items that Will Be Reclassified Subsequently to Profit or Loss					
Foreign currency translation differences:					
- changes during the financial period/year		(177,211)	148,556	–	–
- transfer to profit or loss upon disposal of a subsidiary	29	(394,613)	–	–	–
TOTAL OTHER COMPREHENSIVE (EXPENSES)/INCOME		(571,824)	148,556	–	–
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE FINANCIAL PERIOD/YEAR		(7,901,467)	2,991,483	(10,855,471)	(6,478,475)

The annexed notes form an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income (Cont'd)

	Note	The Group 1.8.2017 to 31.12.2018 RM	The Group 1.8.2016 to 31.7.2017 RM	The Company 1.8.2017 to 31.12.2018 RM	The Company 1.8.2016 to 31.7.2017 RM
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(7,036,747)	3,849,502	(10,855,471)	(6,478,475)
Non-controlling interest		(292,896)	(1,006,575)	–	–
		(7,329,643)	2,842,927	(10,855,471)	(6,478,475)
TOTAL COMPREHENSIVE (EXPENSES)/INCOME ATTRIBUTABLE TO:-					
Owners of the Company		(7,608,571)	3,998,058	(10,855,471)	(6,478,475)
Non-controlling interest		(292,896)	(1,006,575)	–	–
		(7,901,467)	2,991,483	(10,855,471)	(6,478,475)
(LOSS)/EARNING PER SHARE (SEN)	30				
Basic:					
- continuing operations		(3.97)	2.73		
- discontinued operations		1.53	(1.13)		
Diluted:					
- continuing operations		(2.04)	1.94		
- discontinued operations		0.78	(0.79)		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial period from 1 August 2017 to 31 December 2018

			<---------- Non-Distributable			---------->	Distributable				
	Note	Share Capital RM	ICPS RM	Warrant Reserve RM	Share Premium RM	Foreign Exchange Translation Reserve RM	Share Issuance Scheme Reserve RM	Accumulated Losses RM	Attributable To Owners Of The Company RM	Non-Controlling interest RM	Total Equity RM
The Group											
Balance at 1.8.2016		57,120,200	33,070,635	2,232,125	16,744,909	423,268	–	(24,027,401)	85,563,736	(30,722)	85,533,014
Profit after taxation for the financial year		–	–	–	–	–	–	3,849,502	3,849,502	(1,006,575)	2,842,927
Other comprehensive income for the financial year: - Foreign currency translation differences		–	–	–	–	148,556	–	–	148,556	–	148,556
		–	–	–	–	148,556	–	3,849,502	3,998,058	(1,006,575)	2,991,483
Balance carried forward		57,120,200	33,070,635	2,232,125	16,744,909	571,824	–	(20,177,899)	89,561,794	(1,037,297)	88,524,497

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity (Cont'd)

		<---- Non-Distributable					---->	Distributable			
	Note	Share Capital RM	ICPS RM	Warrant Reserve RM	Share Premium RM	Foreign Exchange Translation Reserve RM	Share Issuance Scheme Reserve RM	Accumulated Losses RM	Attributable To Owners Of The Company RM	Non-Controlling interest RM	Total Equity RM
The Group											
Balance carried forward		57,120,200	33,070,635	2,232,125	16,744,909	571,824	–	(20,177,899)	89,561,794	(1,037,297)	88,524,497
Contributions by and distributions to owners of the Company											
- Acquisition of subsidiaries	31	–	–	–	–	–	–	–	–	100,010	100,010
- Warrants B exercised		2,329,480	–	–	931,792	–	–	–	3,261,272	–	3,261,272
- SIS exercised		761,976	–	–	82,824	–	–	–	844,800	–	844,800
- Conversion of ICPS		7,545,960	–	–	–	–	–	–	7,545,960	–	7,545,960
- Expenses incurred in relation to Warrants B exercised and conversion of ICPS	18(b)	–	–	–	(141,370)	–	–	–	(141,370)	–	(141,370)
- Share-based compensation pursuant to SIS		–	–	–	–	–	1,081,668	–	1,081,668	–	1,081,668
		10,637,416	–	–	873,246	–	1,081,668	–	12,592,330	100,010	12,692,340
Balance carried forward		67,757,616	33,070,635	2,232,125	17,618,155	571,824	1,081,668	(20,177,899)	102,154,124	(937,287)	101,216,837

Statements of Changes in Equity (Cont'd)

	Note	Share Capital RM	ICPS RM	Warrant Reserve RM	Share Premium RM	Foreign Exchange Translation Reserve RM	Share Issuance Scheme Reserve RM	Accumulated Losses RM	Attributable To Owners Of The Company RM	Non-Controlling interest RM	Total Equity RM
		<-------- Non-Distributable					-------->	Distributable			
The Group											
Balance brought forward		67,757,616	33,070,635	2,232,125	17,618,155	571,824	1,081,668	(20,177,899)	102,154,124	(937,287)	101,216,837
Transfer to share premium upon Warrants B exercised		–	–	(755,734)	755,734	–	–	–	–	–	–
Transfer to accumulated losses upon expiry of Warrants B		–	–	(586,065)	–	–	–	586,065	–	–	–
Transfer to share capital upon conversion of ICPS		838,440	(838,440)	–	–	–	–	–	–	–	–
Transfer to share capital and share premium upon SIS exercised		149,115	–	–	101,253	–	(250,368)	–	–	–	–
Changes in a subsidiary's ownership interest that do not result in a loss of control		–	–	–	–	–	–	–	–	119,976	119,976
Balance at 31.7.2017		68,745,171	32,232,195	890,326	18,475,142	571,824	831,300	(19,591,834)	102,154,124	(817,311)	101,336,813

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity (Cont'd)

	Note	Share Capital RM	ICPS RM	Warrant Reserve RM	Share Premium RM	Foreign Exchange Translation Reserve RM	Share Issuance Scheme Reserve RM	Accumulated Losses RM	Attributable To Owners Of The Company RM	Non-Controlling interest RM	Total Equity RM
		<---- Non-Distributable					---->	Distributable			
The Group											
Balance at 31.7.2017/1.8.2017		68,745,171	32,232,195	890,326	18,475,142	571,824	831,300	(19,591,834)	102,154,124	(817,311)	101,336,813
Loss after taxation for the financial period		–	–	–	–	–	–	(7,036,747)	(7,036,747)	(292,896)	(7,329,643)
Other comprehensive expense for the financial period: - Foreign currency translation differences		–	–	–	–	(571,824)	–	–	(571,824)	–	(571,824)
Total comprehensive expenses for the financial period		–	–	–	–	(571,824)	–	(7,036,747)	(7,608,571)	(292,896)	(7,901,467)
Balance carried forward		68,745,171	32,232,195	890,326	18,475,142	–	831,300	(26,628,581)	94,545,553	(1,110,207)	93,435,346

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity (Cont'd)

		<------ Non-Distributable				------>	Distributable			
	Note	Share Capital RM	ICPS RM	Warrant Reserve RM	Share Premium RM	Foreign Exchange Translation Reserve RM	Share Issuance Scheme Reserve RM	Accumulated Losses RM	Attributable To Owners Of The Company RM	Non-Controlling interest RM	Total Equity RM
The Group											
Balance brought forward		68,745,171	32,232,195	890,326	18,475,142	–	831,300	(26,628,581)	94,545,553	(1,110,207)	93,435,346
Contributions by and distributions to owners of the Company:											
- Acquisition of subsidiaries	31	–	–	–	–	–	–	–	–	(346,919)	(346,919)
- Conversion of ICPS	16	90,000	–	–	–	–	–	–	90,000	–	90,000
- Private placement	16	15,940,620	–	–	–	–	–	–	15,940,620	–	15,940,620
- SIS exercised	16	2,805,000	–	–	–	–	–	–	2,805,000	–	2,805,000
- Expenses incurred in relation to private placement	18(b)	–	–	–	(349,532)	–	–	–	(349,532)	–	(349,532)
		18,835,620	–	–	(349,532)	–	–	–	18,486,088	(346,919)	18,139,169
Balance carried forward		87,580,791	32,232,195	890,326	18,125,610	–	831,300	(26,628,581)	113,031,641	(1,457,126)	111,574,515

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity (Cont'd)

	Note		<---------- Non-Distributable				---------->	Distributable			
		Share Capital RM	ICPS RM	Warrant Reserve RM	Share Premium RM	Foreign Exchange Translation Reserve RM	Share Issuance Scheme Reserve RM	Accumulated Losses RM	Attributable To Owners Of The Company RM	Non-Controlling interest RM	Total Equity RM
The Group											
Balance brought forward		87,580,791	32,232,195	890,326	18,125,610	–	831,300	(26,628,581)	113,031,641	(1,457,126)	111,574,515
Transfer to share capital upon conversion of ICPS		45,000	(45,000)	–	–	–	–	–	–	–	–
Transfer to share capital upon SIS exercised		831,300	–	–	–	–	(831,300)	–	–	–	–
Changes in a subsidiary's ownership interests that do not result in a loss of control		–	–	–	–	–	–	–	–	49,990	49,990
Balance at 31.12.2018		88,457,091	32,187,195	890,326	18,125,610	–	–	(26,628,581)	113,031,641	(1,407,136)	111,624,505

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity (Cont'd)

	Note	<---- Share Capital RM	ICPS RM	Non-Distributable Warrant Reserve RM	Share Premium RM	Share Issuance Scheme Reserve RM ---->	Distributable Accumulated Losses RM	Total Equity RM
The Company								
Balance at 1.8.2016		57,120,200	33,070,635	2,232,125	16,744,909	–	(17,627,706)	91,540,163
Loss after taxation/Total comprehensive expenses for the financial year		–	–	–	–	–	(6,478,475)	(6,478,475)
Contributions by and distributions to owners of the Company:								
- SIS exercised		761,976	–	–	82,824	–	–	844,800
- Warrants B exercised		2,329,480	–	–	931,792	–	–	3,261,272
- Conversion of ICPS		7,545,960	–	–	–	–	–	7,545,960
- Expenses incurred in relation to Warrants B exercised and conversion of ICPS	18(b)	–	–	–	(141,370)	–	–	(141,370)
- Shares-based compensation pursuant to SIS		–	–	–	–	1,081,668	–	1,081,668
		10,637,416	–	–	873,246	1,081,668	–	12,592,330
Transfer to share premium upon Warrants B exercised	18(b)	–	–	(755,734)	755,734	–	–	–
Transfer to accumulated losses upon expiry of Warrants B		–	–	(586,065)	–	–	586,065	–
Transfer to share capital upon conversion of ICPS		838,440	(838,440)	–	–	–	–	–
Transfer to share capital and share premium upon SIS exercised		149,115	–	–	101,253	(250,368)	–	–
Balance at 31.7.2017		68,745,171	32,232,195	890,326	18,475,142	831,300	(23,520,116)	97,654,018

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity (Cont'd)

		<---- Non-Distributable			---->	Distributable	
	Note	Share Capital RM	ICPS RM	Warrant Reserve RM	Share Premium RM	Share Issuance Scheme Reserve RM	Accumulated Losses RM	Total Equity RM
The Company								
Balance at 31.7.2017/1.8.2017		68,745,171	32,232,195	890,326	18,475,142	831,300	(23,520,116)	97,654,018
Loss after taxation/Total comprehensive expenses for the financial period		–	–	–	–	–	(10,855,471)	(10,855,471)
Contributions by and distributions to owners of the Company:								
- Conversion of ICPS	16	90,000	–	–	–	–	–	90,000
- Private placement	16	15,940,620	–	–	–	–	–	15,940,620
- SIS exercised	16	2,805,000	–	–	–	–	–	2,805,000
- Expenses incurred in relation to private placement	18(b)	–	–	–	(349,532)	–	–	(349,532)
		18,835,620	–	–	(349,532)	–	–	18,486,088
Transfer to share capital upon conversion of ICPS		45,000	(45,000)	–	–	–	–	–
Transfer to share capital and share premium upon SIS exercised		831,300	–	–	–	(831,300)	–	–
Balance at 31.12.2018		88,457,091	32,187,195	890,326	18,125,610	–	(34,375,587)	105,284,635

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the financial period from 1 August 2017 to 31 December 2018

	Note	The Group 1.8.2017 to 31.12.2018 RM	The Group 1.8.2016 to 31.7.2017 RM	The Company 1.8.2017 to 31.12.2018 RM	The Company 1.8.2016 to 31.7.2017 RM
CASH FLOWS FOR OPERATING ACTIVITIES					
(Loss)/Profit before taxation					
- continuing operations		(10,234,371)	9,463,775	(10,855,471)	(6,478,475)
- discontinued operations		4,398,605	(2,693,832)	–	–
		(5,835,766)	6,769,943	(10,855,471)	(6,478,475)
Adjustments for:-					
Bad debts written off		79,470	488,407	–	–
Depreciation of:					
- investment property		58,575	41,347	58,575	41,347
- property, plant and equipment		1,815,225	1,512,870	327,425	187,084
Impairment losses on:					
- trade receivables		44,749	1,521,959	–	–
- property, plant and equipment		706,392	–	–	–
Interest expense		2,504,914	333,688	817,884	42,037
Property, plant and equipment written off		–	35,157	–	–
Share of net loss of equity accounted associates		305,611	187,502	–	–
SIS expense		–	1,081,668	–	964,083
Bad debts recovered		(2,425)	(6,557)	–	–
Gain on disposal of plant and equipment		–	(64,426)	–	–
(Gain)/Loss on disposal of subsidiaries	26	(5,486,952)	–	3,922,656	–
Interest income		(909,581)	(80,068)	(322,011)	–
Reversal of impairment loss on trade receivables		(44,747)	(20,702)	–	–
Unrealised gain on foreign exchange		–	(76,284)	–	(76,284)
Operating (loss)/profit before working capital changes		(6,764,535)	11,724,504	(6,050,942)	(5,320,208)
Inventories		(48,727,098)	(1,759,653)	–	–
Contract assets		8,619,746	(21,967,098)	–	–
Receivables		(29,604,946)	(35,434,681)	(6,422,945)	3,301,233
Payables		40,174,827	15,201,373	(194,178)	(1,455,787)
CASH FOR OPERATIONS		(36,302,006)	(32,235,555)	(12,668,065)	(3,474,762)
Income tax paid		(3,892,936)	(2,538,521)	–	–
NET CASH FOR OPERATING ACTIVITIES		(40,194,942)	(34,774,076)	(12,668,065)	(3,474,762)

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows (Cont'd)

		The Group		The Company	
		1.8.2017 to 31.12.2018	1.8.2016 to 31.7.2017	1.8.2017 to 31.12.2018	1.8.2016 to 31.7.2017
	Note	RM	RM	RM	RM
CASH FLOWS FOR INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash and cash equivalents	31	879,559	100,000	(4,699,914)	(120,120)
Acquisition of an associate		–	(490,000)	–	–
Advances to subsidiaries		–	–	(13,400,972)	(38,943,948)
Advances to a corporate shareholder		(498,999)	–	–	–
Increase in pledged fixed deposits with licensed banks		(10,462,289)	(5,008,055)	(10,322,011)	–
Acquisition of land held for development		(24,587,651)	(6,466,301)	–	–
Interest received		632,179	80,068	322,011	–
Net cash inflow from disposal of subsidiaries	29	5,808,615	–	7,896,815	–
Proceeds from disposal of property, plant and equipment		–	148,500	–	–
Purchase of property, plant and equipment	32(a)	(1,286,436)	(2,299,115)	(215,441)	(425,781)
NET CASH FOR INVESTING ACTIVITIES		(29,515,022)	(13,934,903)	(20,419,512)	(39,489,849)

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows (Cont'd)

	Note	The Group 1.8.2017 to 31.12.2018 RM	The Group 1.8.2016 to 31.7.2017 RM	The Company 1.8.2017 to 31.12.2018 RM	The Company 1.8.2016 to 31.7.2017 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(3,609,604)	(333,688)	(817,884)	(42,037)
Issuance of shares to non-controlling interests		49,990	119,976	–	–
Proceeds from issuance of ordinary shares pursuant to:					
- exercise of SIS		2,805,000	844,800	2,805,000	844,800
- exercise of Warrants B		–	3,261,272	–	3,261,272
- conversion of ICPS		90,000	7,545,960	90,000	7,545,960
- private placement		15,940,620	–	15,940,620	–
Expenses incurred for:					
- Warrants B exercised and conversion of ICPS	18(b)	–	(141,370)	–	(141,370)
- private placement	18(b)	(349,532)	–	(349,532)	–
(Repayment to)/Advances from directors		(461)	90,000	(1,000)	5,000
Drawdown of:					
- factoring loan		444,416	1,736,295	–	–
- revolving credit		15,000,000	–	15,000,000	–
- term loan		37,277,845	–	–	–
- trust receipt		3,688,945	–	–	–
Repayment of:					
- hire purchase		(49,219)	(304,781)	(60,429)	(39,181)
- term loans		(2,432,379)	(70,991)	(103,326)	(70,991)
NET CASH FROM FINANCING ACTIVITIES		68,855,621	12,747,473	32,503,449	11,363,453
NET DECREASE IN CASH AND CASH EQUIVALENTS		(854,343)	(35,961,506)	(584,128)	(31,601,158)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		–	76,247	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR		(3,306,421)	32,578,838	744,385	32,345,543
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR	32(c)	(4,160,764)	(3,306,421)	160,257	744,385

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial period from 1 August 2017 to 31 December 2018

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal of business are as follows:-

Registered office	:	49-B, Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka.
Principal place of business	:	8.01, 8th Floor, Persoft Tower, 6B Persiaran Tropicana Tropicana Golf & Country Resort 47410 Petaling Jaya, Selangor.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 19 April 2019.

2. CHANGE OF NAME

On 18 December 2017, the Company changed its name from O&C Resources Berhad to OCR Group Berhad.

3. CHANGE OF FINANCIAL YEAR END

During the current financial period, the Company has changed its financial year end from 31 July to 31 December.

4. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial period except for the discontinuance of the manufacturing and trading segments as disclosed in Note 28 to the financial statements.

5. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Notes to the Financial Statements (Cont'd)

5. BASIS OF PREPARATION (CONT'D)

5.1 During the current financial period, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)
Amendments to MFRS 107: Disclosure Initiative
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: Amendments to MFRS 12: Clarification of the Scope of the Standard

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows:-

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. A reconciliation between opening and closing balances of these items is provided in Note 32(b) to the financial statements.

5.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial period:-

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 3: Definition of a Business	1 January 2020
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
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 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
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
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

5. BASIS OF PREPARATION (CONT'D)

5.2 The adoption of the above accounting standards and/or interpretations (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 guidance in MFRS 139 on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. The new standard contains 3 principal classification categories for financial assets (measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income) and eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available-for-sale financial assets.

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' ("ECL") model. The new impairment model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. It involves a 3-stage approach under which financial assets move through the stages as their credit quality changes. This new impairment model applies to financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets, lease receivables, loan commitments and certain financial guarantee contracts.

The Group is currently assessing the impact of implementing MFRS 9. As a result, the potential impact on the adoption of this standard would only be observable when the assessment is completed later.

6. SIGNIFICANT ACCOUNTING POLICIES

6.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 9 to the financial statements.

Notes to the Financial Statements (Cont'd)

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(b) Impairment of Property, Plant and Equipment

The Group determines whether its property, plant and equipment is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 9 to the financial statements.

(c) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 11 to the financial statements.

(d) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables. The carrying amount of trade and other receivables as at the reporting date is disclosed in Note 12 to the financial statements.

(e) Revenue and Cost Recognition of Property Development Activities

The Group recognises property development revenue as and when the control of the asset is transferred to a customer and it is probable that the Group will collect the consideration to which it will be entitled. The control of the asset may transfer over time or at a point in time depending on the terms of the contract with the customer and the application laws governing the contract.

When the control of the asset is transferred over time, the Group recognises property development revenue and costs by reference to the progress towards complete satisfaction of the performance obligation at the end of the reporting period. This is measured based on the Group's efforts or budgeted inputs to the satisfaction of the performance obligation. Significant judgement is required in determining the completeness and accuracy of the budgets and the extent of the costs incurred. Substantial changes in property development cost estimates in the future can have a significant effect on the Group's results. In making the judgement, the Group evaluates and relies on past experience and works of specialists.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(f) Revenue Recognition for Construction Contracts

The Group recognises construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed todate over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amounts of contract assets and contract liability as at the reporting date are disclosed in Note 14 to the financial statements.

(g) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amount of current tax assets and current tax liabilities as at the reporting date were RM794,520 (31.7.2017 - RM344,545) and RM603,090 (31.7.2017 - RM2,194,711) respectively.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Classification between Investment Properties and Owner occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.2 BASIS OF CONSOLIDATION (CONT'D)

(c) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly venture.

6.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.3 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

6.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.4 FINANCIAL INSTRUMENTS (CONT'D)

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

As at the end of the reporting period, there were no financial assets classified under this category.

(ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

As at the end of the reporting period, there were no financial assets classified under this category.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

As at the end of the reporting period, there were no financial assets under this category.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.4 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Preference Shares

Preference shares are classified as equity if they are non-redeemable, or are redeemable but only at the Company's option, and any dividends are discretionary.

Preference shares are classified as equity in accordance with the substance of the contractual arrangement of the instruments. Dividends of preference shares are recognised as distributions within equity.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.4 FINANCIAL INSTRUMENTS (CONT'D)

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Warrants

The Group issued Warrants 2016/2021 at no cost and this is not recognised in the financial statements. Each warrant is convertible into one new ordinary share at the adjusted exercise price of RM0.50 per share during the exercise period and will only be recognised as equity instruments upon conversion.

(f) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

6.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries including the fair value adjustments on inter-company loans at inception date or the share options granted to employees of the subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.6 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to the end of the reporting period. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

6.7 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.7 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold land	Over the lease period
Buildings	2%
Motor vehicles	10%-20%
Plant and machinery	7.5%-20%
Renovation, furniture and fittings	10%-33%
Software	20%
Tools and equipment	10%-40%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

6.8 INVESTMENT PROPERTIES

Investment properties are properties which are owned or held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on the straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment property is 50 years.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.9 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.10 LEASED ASSETS

(a) Finance Assets

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease classified as property, plant and equipment.

(b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statements of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

6.11 INVENTORIES

(a) Land Held for Property Development

Land held for property development represents land on which no significant development work has been undertaken or on which development activities are not expected to be completed within the normal operating cycle.

Land held for property development is stated at the lower of cost and net realisable value.

The cost comprises cost associated to the purchase of land, conversion fees and other relevant levies, and an appropriate proportion of common infrastructure costs.

Net realisable value represents the estimated selling price of intended properties that to be developed less the estimated costs of completion and the estimated costs necessary in selling the properties. If future development layout plan is not available, the replacement cost of the properties held for future development will be the best available measure of the net realisable value.

Land held for future property development is transferred to property development cost category when development activities have commenced and are expected to be completed within the normal operating cycle.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.11 INVENTORIES (CONT'D)

(b) Property Development Costs

Property development costs are stated at the lower of cost and net realisable value.

The cost comprises specifically identified cost, including land cost associated to the purchase of land, conversion fees, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of common infrastructure costs and borrowing costs capitalised less cumulative amounts recognised as expense in profit or loss.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary in selling the property.

(c) Trading Goods

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

6.12 CONTRACT COSTS

(a) Incremental Costs of Obtaining A Contract

The Group recognises incremental costs of obtaining contracts with customers as an asset when the Group expects to recover these costs. When the amortisation period of the asset is one year or less, such costs are recognised as an expense immediately when incurred.

(b) Costs to Fulfil A Contract

The Group recognises costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recoverable.

The contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

Notes to the Financial Statements (Cont'd)

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.13 CONTRACT ASSET AND CONTRACT LIABILITY

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

6.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

6.15 DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

6.16 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial period, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

6.17 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.17 INCOME TAXES (CONT'D)

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

6.18 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.18 EMPLOYEE BENEFITS (CONT'D)

(c) Share-based Payment Transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (known as "share options").

At grant date, the fair value of the share options is recognised as an expense on a straight-line method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to share issuance scheme reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the amount owing by subsidiaries undertaking with a corresponding credit to the share issuance scheme reserve.

Upon expiry of the share option, the share issuance scheme reserve is transferred to retained profits.

When the share options are exercised, the share issuance scheme is transferred to share capital or share premium if new ordinary shares are issued.

6.19 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed todate.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.19 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(a) Sale of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Property Development Activities

Revenue from property development is recognised progressively when property development services are rendered and such services do not create an asset with an alternative's use to the Group, and the Group has a present right to payment for services rendered to date. The progress towards complete satisfaction of the performance obligation is measured based on a method that best depicts the Group's performance in satisfying the performance obligation of the contract. This is determined by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract. Otherwise, revenue is recognised at a point in time upon delivery of property and customer's acceptance, and the Company has a present right to payment for the property sold.

A receivable is recognised when the development activities are carried out as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. When the services rendered exceed the billings to customers, a contract asset is recognised. If the billings exceed the services rendered, a contract liability is recognised.

(c) Construction Services

Revenue from construction services is recognised over time in the period in which the services are rendered using the input method, determined based the proportion of construction costs incurred for work performed todate over the estimated total construction costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

Notes to the Financial Statements (Cont'd)

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.20 OTHER OPERATING INCOME

(a) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(b) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

6.21 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. However, this basis does not apply to share-based payment transactions.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1 : Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2 : Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 : Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.22 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

6.23 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

7. INVESTMENTS IN SUBSIDIARIES

	The Company	
	31.12.2018 RM	**31.7.2017 RM**
Unquoted shares, at cost:-		
At 1 August	32,959,675	32,839,555
Additions during the financial period/year	4,699,914	120,120
Disposals during the financial period/year	(25,084,391)	–
At 31 December/31 July	12,575,198	32,959,675
Accumulated impairment losses:-		
At 1 August	(17,761,735)	(17,761,735)
Disposals during the financial period/year	15,761,735	–
At 31 December/31 July	(2,000,000)	(17,761,735)
	10,575,198	15,197,940
Represented by:		
Unquoted shares		
- in Malaysia	10,575,198	14,348,790
- outside Malaysia	–	849,150
	10,575,198	15,197,940

Notes to the Financial Statements (Cont'd)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 31.12.2018 %	31.7.2017 %	Principal Activities
Subsidiaries of the Company:-				
Takaso Rubber Products Sdn. Bhd. ("TRPSB")	Malaysia	–	100	Manufacturing of rubber products and baby products, and trading in baby accessories and apparels
Japlo Healthcare Sdn. Bhd. ("JHSB")	Malaysia	100	100	Dormant
O&C Commerce Sdn. Bhd. ("OCSB")	Malaysia	100	100	Dormant
Takaso Industries Pte. Ltd. ("TIPL")^	The Republic of Singapore	–	100	Trading of electrical and mechanical products
O&C Construction Sdn. Bhd. ("OCCSB")	Malaysia	100	100	Construction of residential and commercial properties and property development
O&C Development (Kuantan) Sdn. Bhd. ("ODKSB")	Malaysia	70	70	Property development and property investment
Tristar City Sdn. Bhd. ("TCSB")	Malaysia	100	100	Construction of residential and commercial properties and property development
Grand Superland Sdn. Bhd. ("GSSB")	Malaysia	100	100	Construction of residential and commercial properties and property development

Notes to the Financial Statements (Cont'd)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 31.12.2018 %	31.7.2017 %	Principal Activities
Subsidiaries of the Company (Cont'd):-				
Pangkal Teguh Sdn. Bhd. ("PTSB")	Malaysia	70	70	Construction of residential and commercial properties and property development
Kita Mampan Sdn. Bhd. ("KMPSB")	Malaysia	70	70	Construction of residential and commercial properties
O&C Makok Isola Sdn. Bhd. ("OMISB")	Malaysia	50.01	50.01	Property development and property investment
Sunrise Meadow Sdn. Bhd. ("SMSB") ^	Malaysia	100	100	Property development and property investment
Kirana Masyhur Sdn. Bhd. ("KMSB")	Malaysia	100	100	Dormant
O&C Properties (Kuantan) Sdn. Bhd. ("OPKSB")	Malaysia	90	90	Property development and property investment
YP O&C Development Sdn. Bhd. ("YPODSB")	Malaysia	100	100	Dormant
Fajar Simfoni Sdn. Bhd. ("FSSB")	Malaysia	100	–	Dormant
Junjung Simfoni Sdn. Bhd. ("JSSB")	Malaysia	100	–	Dormant
Amazing Symphony Sdn. Bhd. ("ASSB")	Malaysia	100	–	Dormant
OCR Land Development Sdn. Bhd. (formerly known as Nova Avenue Sdn. Bhd.) ("OLDSB")	Malaysia	100	–	Property development and property investment

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 31.12.2018 %	31.7.2017 %	Principal Activities
Subsidiary of KMSB:-				
Mampan Esa (Melaka) Sdn. Bhd. ("MEMSB") ^	Malaysia	50.0005	–	Property and facilities management
Subsidiaries of GSSB:-				
Visi Anggun Properties Sdn. Bhd. ("VAPSB")	Malaysia	80	80	Dormant
Greatway Capital Sdn. Bhd. ("GCSB")	Malaysia	100	100	Dormant
Serba Simfoni Sdn. Bhd. ("SSSB")	Malaysia	100	–	Dormant
Subsidiary of TRPSB:-				
Takaso Marketing Sdn. Bhd. ("TMSB")	Malaysia	–	100	Marketing of rubber products, baby products and trading in baby accessories and apparels
Subsidiary of TIPL:-				
P.T.Takaso Indonesia Global Manufacturing ("TIGM") #	Indonesia	–	51	Dormant

^ These subsidiaries were audited by other firms of chartered accountants.

\# At the end of the previous reporting period, no capital injection has been effected into TIGM.

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) During the financial period,

(i) KMSB entered into Share Sales Agreements to acquire 100,001 ordinary shares representing 50.0005% of the total share capital of MEMSB for a cash consideration of RM100,001. The details of the acquisition are disclosed in Note 31 to the financial statements;

(ii) the Company subscribed for an additional 4,250,000 ordinary shares issued by its subsidiary, OCCSB for a total cash consideration of RM4,250,000;

(iii) GSSB acquired the entire share capital of SSSB comprising 1 ordinary share fully paid up for a cash consideration of RM1;

(iv) the Company acquired the entire share capital of FSSB comprising 1 ordinary share fully paid up for a cash consideration of RM1;

(v) the Company acquired the entire share capital of JSSB comprising 1 ordinary share fully paid up for a cash consideration of RM1;

(vi) the Company acquired the entire share capital of ASSB comprising 1 ordinary share fully paid up for a cash consideration of RM1;

(vii) the Company acquired the entire share capital of OLDSB comprising 1 ordinary share fully paid up for a cash consideration of RM1; and

(viii) the Company subscribed for an additional 449,910 ordinary shares issued by its subsidiary, OPKSB for a total cash consideration of RM449,910.

(b) During the current financial period, the Company disposed of its entire equity interest in TRPSB and TIPL. The details of the disposals are disclosed in Note 29 to the financial statements.

(c) Summarised financial information of non-controlling interests has not been presented as the non-controlling interests of the subsidiaries are not individually material to the Group.

8. INVESTMENT IN AN ASSOCIATE

	The Group	
	31.12.2018 RM	31.7.2017 RM
Unquoted shares, at cost		
At 1 August	980,000	490,000
Addition during the financial period/year	–	490,000
At 31 December/31 July	980,000	980,000
Share of post-acquisition reserves	(493,113)	(187,502)
	486,887	792,498

(a) The details of the associate are as follows:-

Name of Associate	Principal Place of Business	Effective Equity Interest 31.12.2018 %	Effective Equity Interest 31.7.2017 %	Principal Activities
Associate of KMPSB				
AES Builders Sdn. Bhd. ("AES")	Malaysia	49	49	Construction of residential and commercial properties

(b) The Group recognised its share of results of AES based on the unaudited financial statements drawn up to the most recent reporting date, which is 31 December 2018.

8. INVESTMENT IN AN ASSOCIATE (CONT'D)

(c) The summarised unaudited financial information of the associate is as follows:-

	AES	
	31.12.2018 RM	**31.7.2017 RM**
At 31 December/31 July		
Non-current assets	29,422	47,372
Current assets	2,645,356	1,870,725
Current liabilities	(1,491,774)	(315,333)
Net assets	1,183,004	1,602,764
Financial Period Ended 31 December/31 July		
Revenue	–	–
Loss for the financial period/Total comprehensive expenses	(429,989)	(546,653)
Group's share of loss for the financial period	(210,694)	(267,860)
Reconciliation of Net Assets to Carrying Amount		
Group's share of net assets above	579,672	885,283
Bargain purchase price on acquisition	(92,785)	(92,785)
Carrying amount of the Group's interests in this associate	486,887	792,498

9. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.8.2017 RM	Additions RM	Reclassification RM	Impairment Loss (Note 26) RM	Depreciation Charges (Note 26) RM	Acquisition of A Subsidiary (Note 31) RM	Disposals of Subsidiaries (Note 29) RM	Currency Translation Difference RM	At 31.12.2018 RM
31.12.2018									
Carrying Amount									
Freehold land	4,120,000	–	–	–	–	–	(4,120,000)	–	–
Leasehold land	1,143,462	–	–	–	(35,956)	–	(1,107,506)	–	–
Buildings	5,717,849	–	–	–	(124,300)	–	(5,593,549)	–	–
Motor vehicles	1,532,131	473,627	(28,778)	–	(471,444)	–	(1,180,863)	(34,245)	290,428
Plant and machinery	527,415	2,300	–	–	(114,550)	–	(415,165)	–	–
Renovation, furniture and fittings	2,193,547	931,495	–	–	(874,108)	3,736	(90,756)	(5,938)	2,157,976
Software	–	8,160	–	–	(1,224)	–	–	–	6,936
Tools and equipment	1,317,010	55,073	–	(706,392)	(193,643)	560	(464,421)	–	8,187
	16,551,414	1,470,655	(28,778)	(706,392)	(1,815,225)	4,296	(12,972,260)	(40,183)	2,463,527

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At 1.8.2016 RM	Additions RM	Reclassification RM	Disposal RM	Write Off (Note 26) RM	Depreciation Charges (Note 26) RM	Currency Translation Difference RM	At 31.7.2017 RM
31.7.2017								
Carrying Amount								
Freehold land	4,120,000	–	–	–	–	–	–	4,120,000
Leasehold land	1,182,687	–	–	–	–	(39,225)	–	1,143,462
Buildings	5,853,449	–	–	–	–	(135,600)	–	5,717,849
Motor vehicles	1,974,254	–	–	–	–	(474,273)	32,150	1,532,131
Plant and machinery	82,280	–	603,701	–	–	(158,566)	–	527,415
Renovation, furniture and fittings	383,815	2,163,368	–	–	(35,157)	(323,565)	5,086	2,193,547
Tools and equipment	2,250,679	135,747	(603,701)	(84,074)	–	(381,641)	–	1,317,010
	15,847,164	2,299,115	–	(84,074)	(35,157)	(1,512,870)	37,236	16,551,414

Notes to the Financial Statements (Cont'd)

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At Cost RM	Accumulated Depreciation RM	Accumulated Impairment Losses RM	Carrying Amount RM
The Group				
31.12.2018				
Motor vehicles	637,920	(347,492)	–	290,428
Renovation, furniture and fittings	3,838,797	(1,418,281)	(262,540)	2,157,976
Software	8,160	(1,224)	–	6,936
Tools and equipment	11,298	(3,111)	–	8,187
	4,496,175	(1,770,108)	(262,540)	2,463,527
31.7.2017				
Freehold land	4,120,000	–	–	4,120,000
Leasehold land	1,569,000	(425,538)	–	1,143,462
Buildings	6,780,000	(1,062,151)	–	5,717,849
Motor vehicles	3,262,748	(1,730,617)	–	1,532,131
Plant and machinery	18,774,038	(17,117,938)	(1,128,685)	527,415
Renovation, furniture and fittings	6,276,482	(3,820,395)	(262,540)	2,193,547
Tools and equipment	14,796,093	(11,082,784)	(2,396,299)	1,317,010
	55,578,361	(35,239,423)	(3,787,524)	16,551,414

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	At 1.8.2017 RM	Addition RM	Reclassification RM	Depreciation Charges (Note 26) RM	At 31.12.2018 RM
31.12.2018					
Carrying Amount					
Motor vehicles	318,417	–	(28,778)	(137,375)	152,264
Renovation, furniture and fittings	526,069	215,441	–	(190,050)	551,460
	844,486	215,441	(28,778)	(327,425)	703,724

	At 1.8.2016 RM	Addition RM	Depreciation Charges (Note 26) RM	At 31.7.2017 RM
31.7.2017				
Carrying Amount				
Motor vehicles	421,143	–	(102,726)	318,417
Renovation, furniture and fittings	184,646	425,781	(84,358)	526,069
	605,789	425,781	(187,084)	844,486

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
The Company			
31.12.2018			
Motor vehicles	453,701	(301,437)	152,264
Renovation, furniture and fittings	868,059	(316,599)	551,460
	1,321,760	(618,036)	703,724
31.7.2017			
Motor vehicles	482,479	(164,062)	318,417
Renovation, furniture and fittings	652,618	(126,549)	526,069
	1,135,097	(290,611)	844,486

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Included in the property, plant and equipment of the Group and the Company at the end of the reporting period were motor vehicles with a total carrying value of RM268,621 and RM130,457 (31.7.2017 - RM1,430,344 and RM243,650), respectively which were acquired under hire purchase terms. These leased assets have been pledged as security for the related finance lease liabilities of the Group and of the Company as disclosed in Note 23 to the financial statements.

(b) At the end of the previous financial year, property, plant and equipment of the Group with a carrying amount of RM2,983,468 were pledged to a licensed bank for credit facilities granted to the Group as disclosed in Note 22 to the financial statements.

(c) At the end of the previous financial year, certain motor vehicles of the Group with a total carrying amount of RM362,062 were held in trust of the directors of a former subsidiary.

10. INVESTMENT PROPERTY

	The Group/The Company 31.12.2018 RM	31.7.2017 RM
Carrying Amount		
Cost	2,067,375	2,067,375
Accumulated depreciation:-		
At 1 August	(155,053)	(113,706)
Depreciation during the financial period/year (Note 26)	(58,575)	(41,347)
At 31 December/31 July	(213,628)	(155,053)
	1,853,747	1,912,322
Represented by:-		
Freehold commercial building	1,853,747	1,912,322
Fair Value	2,300,000	2,300,000

(a) The freehold commercial building has been pledged to a licensed bank for credit facilities granted to the Company as disclosed in Note 24 to the financial statements.

(b) The fair value of the investment property is within level 2 of the fair value hierarchy and is arrived at by reference to market evidence of transaction prices for similar properties and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties.

Notes to the Financial Statements (Cont'd)

11. INVENTORIES

	Note	The Group 31.12.2018 RM	The Group 31.7.2017 RM
Non-current			
Land held for property development	(a)	55,335,703	17,728,339
Current			
Property development costs	(b)	80,167,520	33,565,422
Trading goods	(c)	–	4,886,505
		80,167,520	38,451,927
		135,503,223	56,180,266

(a) Land held for property development

	The Group 31.12.2018 RM	The Group 31.7.2017 RM
At 1 August:		
- Land cost	15,735,882	9,316,165
- Property development costs	1,992,457	1,945,873
	17,728,339	11,262,038
Additions during the financial period/year		
- Land cost	34,121,379	6,419,717
- Property development costs	3,485,985	46,584
	37,607,364	6,466,301
At 31 December/31 July	55,335,703	17,728,339
Represented by:		
- Land cost	49,857,261	15,735,882
- Property development costs	5,478,442	1,992,457
	55,335,703	17,728,339

(i) Land held for property development with a carrying amount of RM24,587,651 has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 24.

Notes to the Financial Statements (Cont'd)

11. INVENTORIES (CONT'D)

(b) Property development costs

	The Group	
	31.12.2018 RM	31.7.2017 RM
At 1 August		
- Freehold land	27,259,768	35,177,263
- Property development costs	6,305,654	4,236,718
	33,565,422	39,413,981
Additions during the financial period/year:		
- Property development costs incurred	50,002,380	2,068,936
- Addition/(Reduction) in land proprietary entitlement	18,282,043	(7,917,495)
	68,284,423	(5,848,559)
Costs recognised in profit or loss during the financial period/year:		
- Freehold land	(4,432,670)	–
- Property development costs	(17,249,655)	–
	(21,682,325)	–
At 31 December/31 July	80,167,520	33,565,422
Represented by:-		
Freehold land	41,109,141	27,259,768
Property development costs	39,058,379	6,305,654

(i) The freehold land has been pledged for banking facility to the Group as disclosed in Note 24.

(ii) In accordance with the Joint Venture Agreement ("JVA") with Makok Intl Sdn. Bhd. ("MISB"), OMISB is obliged to pay MISB's entitlement of 50% of the development profit (as defined in the JVA) generated by the development of the parcel of land belonging to MISB progressively. A total entitlement of RM30,936,748 (31.7.2017 - RM22,220,494) has been included in the property development costs. As of 31 December 2018, RM30,936,748 (31.7.2017 - RM22,220,494) has been recognised as part of land cost payable in Note 20.

(iii) In accordance with the Joint Venture Agreement ("JVA") with Yayasan Pahang, OPKSB is obliged to pay Yayasan Pahang's entitlement a total consideration of RM7,000,000 and a guarantee of RM5,000,000 or 50% of the development profit (as defined in the JVA) whichever is higher generated by the development of the parcel of land belonging to Yayasan Pahang progressively. A total entitlement of RM9,565,789 has been included in the property development costs. As of 31 December 2018, RM9,565,789 (31.7.2017 – Nil) has been recognised as part of land cost payable in Note 20.

Notes to the Financial Statements (Cont'd)

11. INVENTORIES (CONT'D)

(c) Trading of goods

	The Group	
	31.12.2018 RM	31.7.2017 RM
Raw materials	–	1,010,400
Work-in-progress	–	765,292
Finished goods	–	3,110,813
	–	4,886,505

In the previous financial year, the amount of inventories recognised as an expense in cost of sales was RM26,151,008.

12. TRADE AND OTHER RECEIVABLES

		The Group		The Company	
		31.12.2018 RM	31.7.2017 RM	31.12.2018 RM	31.7.2017 RM
Non-current					
Other receivables:-					
Amount owing by a former subsidiary	(a)	–	–	–	7,000,000
Third party	(b)	13,322,938	11,441,847	–	–
Total non-current portion		13,322,938	11,441,847	–	7,000,000
Current					
Trade receivables:-					
Third parties		7,363,972	11,495,721	–	–
Related party		25,030,001	13,277,327	–	–
		32,393,973	24,773,048	–	–
Less: Allowance for impairment losses:-					
At 1 August		(2,378,325)	(841,985)	–	–
Addition during the financial period/year		(44,749)	(1,521,959)	–	–
Disposal of subsidiaries		2,160,645	–	–	–
Reversal during the financial period/year		44,747	20,702	–	–
Currency translation difference		–	(35,083)	–	–
At 31 December/31 July		(217,682)	(2,378,325)	–	–
Total trade receivables	(c)	32,176,291	22,394,723	–	–

Notes to the Financial Statements (Cont'd)

12. TRADE AND OTHER RECEIVABLES (CONT'D)

		The Group		The Company	
		31.12.2018 RM	31.7.2017 RM	31.12.2018 RM	31.7.2017 RM
Other receivables:-					
Third parties	(d)	15,268,398	12,756,492	4,808,111	501,508
Amount owing by a former subsidiary		7,199,096	–	7,199,096	–
Less: Allowance for impairment losses		(45,798)	(45,798)	–	–
	(e)	22,421,696	12,710,694	12,007,207	501,508
Amount owing by subsidiaries:-					
Non-trade balances	(f)	–	–	86,552,256	73,151,284
Less: Allowance for impairment losses		–	–	(850,000)	(850,000)
		–	–	85,702,256	72,301,284
Amount owing by an associate	(g)	1,901,731	986,590	–	–
Deposits	(h)	22,653,963	13,956,257	27,611	543,694
Prepayments	(i)	3,138,254	4,923,435	46,379	109,865
Total current portion		82,291,935	54,971,699	97,783,453	73,456,351

(a) In the previous financial year, the amount owing represented advances and payment made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. This amount was, in substance, a part of the Company's net investment in the subsidiary.

(b) The amount is receivable from Makok Intl Sdn. Bhd. ("MISB") within 3 years from the date of the Promissory Note or upon completion of the development project under JVA whichever is later or at such other date as may be instructed by OMISB, a subsidiary of the Company. The amount is subject to interest charged proportionately from the interest expense incurred on the basis of the bank loan balance at the end of reporting date.

(c) At the end of the previous reporting period, included in trade receivables of the Group was an amount of RM5,483,287 pledged as security for bank borrowings as disclosed in Note 21(a) to the financial statements.

The Group's normal trade credit terms range from cash term to 120 days (31.7.2017 - cash term to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(d) Included in the other receivables of the Group and of the Company is an amount of RM4,503,185 being the balance of the disposal consideration in respect of disposal of a subsidiary during the financial period.

(e) Included in other receivables of the Group at the end of reporting period is an amount of RM8,720,009 (31.7.2017 - RM8,475,059) representing unsecured and interest-free advances to a joint venturer for the purpose of a housing development project in Bangi, Selangor Darul Ehsan.

(f) The amount owing by subsidiaries represents unsecured interest-free advances and payments made on behalf. The amount owing is receivable on demand and is to be settled in cash.

(g) The amount owing by an associate represents unsecured interest-free advances and payments made on behalf. The amount owing is receivable on demand and is to be settled in cash.

(h) Included in deposits of the Group at the end of reporting period:-

  (i) is an amount of RM5 million (31.7.2017 - RM5 million) representing deposit paid by ODKSB upon execution of the Joint Venture Agreement with SSPP Development Sdn. Bhd. in relation to a proposed development on a parcel of land in Bandar Kuantan, Kuantan, Pahang;

  (ii) is an amount of RM936,007 (31.7.2017 - RM936,007) representing a performance bond made to a company in which a director of the Company has a substantial financial interest for a construction contract awarded to the Group; and

  (iii) is an amount of RM10,900,000 (31.7.2017 - RM7,200,000) representing refundable earnest deposit paid to a lawyer as a stakeholder sum for the proposed acquisition of a company with landed properties; and

  (iv) is an amount of RM3,180,000 (31.7.2017 - Nil) representing deposit paid by OCCSB upon signing the Letter of Award granted by Damansara Realty (Johor) Sdn. Bhd. ("DRJ") in relation to a proposed development of Perumahan Penjawat Awam 1Malaysia ("PPA1M") project located in Putrajaya.

(i) Included in prepayments of the Group at the end of previous reporting period was an amount of RM2,032,500 which represented prepayment made for technical liaison and consultancy fees in relation to the proposed development in Bandar Kuantan, Kuantan, Pahang.

Notes to the Financial Statements (Cont'd)

13. DEFERRED TAX ASSET/(LIABILITY)

	The Group	
	31.12.2018 RM	31.7.2017 RM
At 1 August	162,000	(258,000)
Acquisition of a subsidiary (Note 31)	(179,286)	–
Disposals of subsidiaries (Note 29)	258,000	–
Recognised in profit or loss (Note 27)	336,727	420,000
At 31 December/31 July	577,441	162,000
Represented by:		
Deferred tax asset	756,727	420,000
Deferred tax liability	(179,286)	(258,000)
At 31 December/31 July	577,441	162,000

The deferred tax asset/(liability) is attributable to the following:-

	The Group	
	31.12.2018 RM	31.7.2017 RM
Deferred tax asset:		
Unutilised tax losses	–	420,000
Property development profits	756,727	–
Deferred tax liability:		
Asset revaluation surplus	–	(258,000)
Fair value adjustment on a property through acquisition of a subsidiary	(179,286)	–

No deferred tax assets are recognised in respect of the below items as it is not probable that taxable profits of the Company and subsidiaries will be available against which the deductible temporary differences can be utilised:

	The Group	
	31.12.2018 RM	31.7.2017 RM
Accelerated capital allowances	28,512	(7,320,000)
Unutilised tax losses	9,016,536	18,919,008
Unabsorbed capital allowances	775,112	14,750,699
Unabsorbed reinvestment allowances	–	5,710,000
Other deductible timing differences	347,000	8,269,000
	10,167,160	40,328,707

14. CONTRACT ASSETS/(LIABILITY)

	The Group	
	31.12.2018 RM	31.7.2017 RM
Property development activities		
At 1 August	–	–
Property development revenue recognised in profit or loss during the financial period/year	30,503,592	–
Billings to customers during the financial period/year	(18,386,402)	–
At 31 December/31 July	12,117,190	–
Construction activities		
At 1 August	22,456,264	489,166
Construction revenue recognised in profit or loss during the financial period/year	11,836,520	50,164,257
Billings to customers during the financial period/year	(32,573,456)	(28,197,159)
At 31 December/31 July	1,719,328	22,456,264
	13,836,518	22,456,264
Represented by:-		
Contract assets	16,098,476	22,456,264
Contract liability	(2,261,958)	–
	13,836,518	22,456,264

The contract assets and liabilities represent the timing differences in revenue recognition and the milestone billings in respect of the property development and construction activities.

15. FIXED DEPOSITS WITH LICENSED BANKS

(a) The fixed deposits with licensed banks of the Group and the Company at the end of the reporting period bore effective interest rates ranging from 3.15% to 3.25% (31.7.2017 - 2.95% to 3.30%) per annum and 3.25% per annum respectively. The fixed deposits have a maturity period of 12 months (31.7.2017 - 12 months).

(b) The fixed deposits with licensed banks of the Group at the end of the reporting period have been pledged to the licensed banks as security for banking facilities granted to the Group as disclosed in Note 21(b), Note 21(c) and Note 22.

Notes to the Financial Statements (Cont'd)

16. SHARE CAPITAL

	The Group/The Company			
	31.12.2018	31.7.2017	31.12.2018	31.7.2017
	Number of Shares		RM	RM
Issued And Fully Paid-Up				
Ordinary Shares				
At 1 August	257,127,519	228,480,799	68,745,171	57,120,200
Issuance of shares pursuant to:-				
- SIS	8,500,000	2,560,000	2,805,000	761,976
- Warrants B	–	9,317,920	–	2,329,480
- ICPS	270,000	16,768,800	90,000	7,545,960
- Private placement	26,567,700	–	15,940,620	–
Conversion of ICPS	–	–	45,000	838,440
Transfer from SIS reserve upon SIS exercised	–	–	831,300	149,115
At 31 December/31 July	292,465,219	257,127,519	88,457,091	68,745,171

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company.

17. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

	The Group/The Company			
	31.12.2018	31.7.2017	31.12.2018	31.7.2017
	Number of Shares		RM	RM
Issued And Fully Paid-Up				
ICPS				
At 1 August	644,643,897	661,412,697	32,232,195	33,070,635
Conversion to ordinary share capital	(900,000)	(16,768,800)	(45,000)	(838,440)
At 31 December/31 July	643,743,897	644,643,897	32,187,195	32,232,195

17. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") (CONT'D)

The salient terms of ICPS are as follows:-

(a)	Dividend rate	No dividend shall be paid during the tenure of the ICPS, unless otherwise declared by the Company. The Company shall have the discretion to decide whether to declare any dividend. Dividend, if declared, shall be in priority over all ordinary shares of our Company, where the dividend rate is a non-cumulative preference dividend rate of 5% per annum calculated based on the nominal value of the ICPS, to be declared and payable annually in arrears.
(b)	Tenure	Five (5) years commencing from and inclusive of the date of issue of the ICPS.
(c)	Maturity date	The day immediately preceding the fifth (5th) anniversary from the date of issue of the ICPS. If such a day falls on a non-market day, then the maturity date would be the preceding market day.
(d)	Conversion rights	(i) Each ICPS carries the entitlement to be converted into new OCR Shares at the Conversion Ratio through the surrender of the ICPS. (ii) No adjustment to the Conversion Price shall be made for any declared and unpaid dividends on the ICPS surrendered for conversion. (iii) If the conversion results in a fractional entitlement to ordinary shares of our Company, such fractional entitlement shall be disregarded and no refund or credit, whether in the form of the ICPS, cash or otherwise, shall be given in respect of the disregarded fractional entitlement.
(e)	Conversion period	(i) The ICPS may be converted at any time within five (5) years commencing on and including the date of issue of the ICPS up to and including the maturity date, as determined by the Conversion Ratio and Conversion Price. (ii) Any remaining ICPS that are not converted by the maturity date shall be automatically converted into new ordinary share of the Company ("OCR Share") at the conversion ratio of ten (10) ICPS to be converted into one (1) new OCR Share.
(f)	Conversion ratio and conversion price	The Conversion Ratio and Conversion Price have been fixed at either ten (10) CPS to be converted into one (1) new OCR Share or a combination of one (1) ICPS and RM0.45 in cash for one (1) new OCR Share.

Notes to the Financial Statements (Cont'd)

18. RESERVES

		The Group		The Company	
		31.12.2018 RM	31.7.2017 RM	31.12.2018 RM	31.7.2017 RM
Warrant reserve	(a)	890,326	890,326	890,326	890,326
Share premium	(b)	18,125,610	18,475,142	18,125,610	18,475,142
Foreign exchange translation reserve	(c)	–	571,824	–	–
Accumulated losses		(26,628,581)	(19,591,834)	(34,375,587)	(23,520,116)
SIS reserve	(d)	–	831,300	–	831,300
		(7,612,645)	1,176,758	(15,359,651)	(3,323,348)

(a) Warrant Reserve

The warrant reserve relates to the portion of proceeds from the rights shares issue ascribed to the attached warrants. As and when the warrants are exercised, the related balance in the warrant reserve will be transferred to the share capital account. Each warrant carries the right to subscribe for one (1) new ordinary share in the capital of the Company at an exercise price of RM0.50. The warrants will expire on 24 July 2021. At the expiry of the warrants, the balance in the warrant reserve will be transferred to retained profits.

(b) Share Premium

The movement of the share premium of the Group and of the Company are as follows:

	The Group/The Company	
	31.12.2018 RM	31.7.2017 RM
At 1 August	18,475,142	16,744,909
Issuance of shares pursuant to:		
- SIS exercised	–	82,824
- Warrants B exercised	–	931,792
Transfer of share premium upon:		
- SIS exercised	–	101,253
- Warrants B exercised	–	755,734
Expenses incurred for:		
- Warrants B exercised and conversion of ICPS	–	(141,370)
- Private placement	(349,532)	–
At 31 December/31 July	18,125,610	18,475,142

The Company has adopted the transitional provisions set out in Section 618(3) of the Companies Act 2016 ("Act") where the sum standing to the credit of the share premium may be utilised within twenty four (24) months from the commencement date of 31 January 2017 in the manner as allowed for under the Act. Therefore, the Group and the Company have not consolidated the share premium into share capital until the expiry of the transitional period.

18. RESERVES (CONT'D)

(c) Foreign Exchange Translation Reserve

In the previous financial year, translation reserve arose from the translation of the financial statements of a foreign subsidiary whose functional currency was different from the Group's presentation currency.

(d) SIS Reserve

The SIS Reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

The SIS of the Company is governed by the By-Laws and was approved by the shareholders at an Extraordinary General Meeting held on 27 June 2012. SIS was implemented on 30 August 2012 and was in force for a period of 5 years from the effective date. The share options had expired on 29 August 2017.

The salient features of the SIS are as follows:

(i) The SIS is administered by a committee appointed by the Board of Directors.

The aggregate number of SIS options offered and to be offered shall not in aggregate exceed fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares, if any) at any point of time during the duration of the SIS. Furthermore, the allocation of SIS options to the directors and senior management of the Group shall not, in aggregate, exceed fifty percent (50%) of the new shares available under the SIS. In addition, not more than ten percent (10%) of the new shares available under the SIS shall be allocated to any individual eligible person who, either singly or collectively through persons connected with such person, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company (excluding treasury shares, if any).

(ii) Any employee of the Group shall be eligible to participate in the SIS as at the date of offer:

(a) the employee is at least eighteen (18) years of age; and

(b) is employed full time by and on the payroll and employment has been confirmed by any company in the Group.

(iii) Any director of the Group shall be eligible to participate in the SIS if as at the date of offer:

(a) the director is at least eighteen (18) years of age;

(b) the director is a director named in the register of directors of the Group; and

(c) specific allocation of new shares to the director of the Company under SIS must have been approved by the shareholders of the Company in a general meeting and is not prohibited or disallowed by the relevant authorities or laws from participating in the SIS.

Notes to the Financial Statements (Cont'd)

18. RESERVES (CONT'D)

(d) SIS Reserve (Cont'd)

The salient features of the SIS are as follows: (Cont'd)

(iv) The SIS option price for each share shall be determined by the Board of the Company based on the five (5) days volume weighted average market price of the shares of the Company immediately preceding the date of offer, with a discount of not more than ten percent (10%) or such other percentage of discount as maybe permitted by Bursa Malaysia Securities Berhad or any other relevant authorities from time to time during the duration of the SIS; or at the par value of the shares, whichever is the higher.

(v) The new shares to be allotted and issued upon the exercise of any SIS options granted will, upon allotment, issuance and full payment, rank pari passu in all respects with the then existing issued and paid-up shares of the Company, save and except that the new shares so allotted and issued will not be entitled to any dividends, rights, allotments or other distributions, which may be declared, made or paid, the entitlement date of which precedes the date of allotment and issuance of such new shares. The new shares will be subjected to the provisions of the Articles of Association of the Company. The SIS options shall not carry any rights to vote at any general meeting of the Company.

On 8 September 2016, the Company granted share options to employees of the Company and a subsidiary to purchase shares in the Company under the SIS approved by the shareholders of the Company on 27 June 2012.

The number of share options are as follows:

	Number of ordinary shares of RM0.33 each granted under options			
	The Group		The Company	
	31.12.2018	31.7.2017	31.12.2018	31.7.2017
At 1 August	8,500,000	–	8,500,000	–
Granted	–	11,160,000	–	9,945,000
Exercised	(8,500,000)	(2,560,000)	(8,500,000)	(1,345,000)
Cancellation	–	(100,000)	–	(100,000)
At 31 December/31 July	–	8,500,000	–	8,500,000

The fair value of the share options granted were estimated by using the binomial option pricing model, taking into consideration the terms and conditions upon which the options were granted. The fair value of the share options measured at the grant date and the assumptions are as follows:-

	31.7.2017
Fair value of share options at the grant date (RM per share)	0.0978
Exercise price per option (RM)	0.33
Expected volatility (%)	45.25
Expected life (years)	0.97
Risk free rate (%)	2.55

Notes to the Financial Statements (Cont'd)

19. LONG-TERM BORROWINGS

	The Group		The Company	
	31.12.2018 RM	31.7.2017 RM	31.12.2018 RM	31.7.2017 RM
Hire purchase payables (Note 23)	208,855	928,742	98,587	162,831
Term loans (Note 24)	38,788,746	9,689,977	363,736	465,864
	38,997,601	10,618,719	462,323	628,695

20. TRADE AND OTHER PAYABLES

		The Group		The Company	
	Note	31.12.2018 RM	31.7.2017 RM	31.12.2018 RM	31.7.2017 RM
Non-current					
Other payables:-					
Third parties		–	–	–	–
Land cost payable	11(b) (ii) & (iii)	40,502,537	22,220,494	–	–
		40,502,537	22,220,494	–	–
Current					
Trade payables:-	(a)				
Third parties		23,344,799	12,946,041	–	–
Amount owing to a related party		–	527,341	–	–
Retention sum		2,203,432	1,430,805	–	–
		25,548,231	14,904,187	–	–
Other payables:-					
Third parties	(b) & (c)	9,312,193	2,914,478	236,830	609,538
Amount owing to a related party		114,107	–	–	–
Amount owing to directors	(d)	18,539	558,066	18,000	19,000
Deposit		4,441,017	–	15,600	–
Accruals		7,129,263	8,985,104	259,319	125,167
		21,015,119	12,457,648	529,749	753,705
		46,563,350	27,361,835	529,749	753,705
		87,065,887	49,582,329	529,749	753,705

Notes to the Financial Statements (Cont'd)

20. TRADE AND OTHER PAYABLES (CONT'D)

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from cash term to 5 months (31.7.2017 - cash term to 5 months).

(b) Included in other payables of the Group and of the Company at the end of the previous financial year was an amount of RM500,000 payable to a seller in relation to the balance of purchase consideration for acquisition of a subsidiary in the previous financial year. The amount was settled in cash.

(c) Included in other payables of the Group at the end of the financial period is an amount of approximately RM2,500,000 representing deposit paid in advance by house buyers.

(d) The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

21. SHORT-TERM BORROWINGS

		The Group		The Company	
	Note	31.12.2018 RM	31.7.2017 RM	31.12.2018 RM	31.7.2017 RM
Hire purchase payables	23	82,648	312,897	46,043	42,228
Term loans	24	5,497,640	852,725	75,640	76,838
Factoring loan	(a)	–	1,736,295	–	–
Revolving credit	(b)	15,000,000	–	15,000,000	–
Trust receipts	(c)	3,688,945	–	–	–
		24,269,233	2,901,917	15,121,683	119,066

(a) At the end of the previous reporting period, secured factoring loan of the Group bore interest at 3.67% per annum. The amount was settled in cash.

The factoring loan was secured by personal guarantees and pledge of trade receivables as disclosed in Note 12(c) to the financial statements.

(b) The revolving credit of the Group and of the Company bears interest rate of 6.11% per annum and is secured by a personal guarantee of a director of the Company and fixed deposits with licensed banks as disclosed in Note 15 to the financial statements.

(c) The trust receipts of the Group bear an interest rate of 8.40% per annum and are secured by a personal guarantee of a director of the Company, fixed deposits with licensed banks as disclosed in Note 15 to the financial statements and a corporate guarantee of the Company.

22. BANK OVERDRAFTS

(a) The bank overdrafts of the Group at the end of reporting period bore a floating interest rate of 8.20% (31.7.2017 - 7.90% to 9.15%) per annum.

(b) The bank overdrafts of the Group are secured by:-

(i) a fixed charge over certain properties with a total carrying amount of RM2,983,468 at the end of previous reporting period as disclosed in Note 9 to the financial statements;

(ii) a personal guarantee of a director of the Company;

(iii) fixed deposits with licensed banks as disclosed in Note 15 to the financial statements; and

(iv) a corporate guarantee of the Company.

23. HIRE PURCHASE PAYABLES

	The Group		The Company	
	31.12.2018 RM	31.7.2017 RM	31.12.2018 RM	31.7.2017 RM
Minimum hire purchase payments:				
- not later than 1 year	96,156	373,078	53,400	53,400
- later than 1 year and not later than 5 years	223,934	997,120	106,385	182,717
- later than 5 years	–	39,160	–	–
	320,090	1,409,358	159,785	236,117
Less: Future finance charges	(28,587)	(167,719)	(15,155)	(31,058)
Present value of hire purchase payables	291,503	1,241,639	144,630	205,059
Analysed by:-				
Current liabilities (Note 21)	82,648	312,897	46,043	42,228
Non-current liabilities (Note 19)	208,855	928,742	98,587	162,831
	291,503	1,241,639	144,630	205,059

(a) The hire purchase payables of the Group are secured by the Group's motor vehicles under finance leases as disclosed in Note 9(a) to the financial statements. The hire purchase arrangements are expiring from 3 to 5 years (31.7.2017 - 2 to 6 years).

(b) The hire purchase payables of the Group and the Company at the end of the reporting period bore effective interest rates ranging from 4.73% to 7.14% (31.7.2017 - 4.62% to 7.14%) and 5.26% to 7.14% (31.7.2017 - 5.26% to 7.14%) per annum, respectively. The interest rates are fixed at the inception of the hire purchase arrangements.

Notes to the Financial Statements (Cont'd)

24. TERM LOANS

	The Group 31.12.2018 RM	The Group 31.7.2017 RM	The Company 31.12.2018 RM	The Company 31.7.2017 RM
Current liabilities (Note 21)	5,497,640	852,725	75,640	76,838
Non-current liabilities (Note 19)	38,788,746	9,689,977	363,736	465,864
	44,286,386	10,542,702	439,376	542,702

The repayment terms of the term loans are as follows:-

Term loan	Effective interest rate	Number of monthly instalment	Monthly instalment amount RM	Date of commencement of repayment	The Group Amount outstanding 31.12.2018 RM	The Group Amount outstanding 31.7.2017 RM	The Company Amount outstanding 31.12.2018 RM	The Company Amount outstanding 31.7.2017 RM
1	4.65% (31.12.2017 - 4.65%)	120	8,330	1 October 2013	439,376	542,702	439,376	542,702
2	8.07% (31.12.2017 - 7.71%)	24	417,000 or repayment via redemption sum per unit	5 May 2018	6,569,165	10,000,000	–	–
3	8.07%	50	209,000 or repayment via redemption sum per unit	1 October 2017	5,277,277	–	–	–
4	8.07%	34	1,500,000 or repayment via redemption sum per unit	5 May 2018	13,700,568	–	–	–
5	7.95%	48	446,328	June 2021	18,300,000	–	–	–
					44,286,386	10,542,702	439,376	542,702

24. TERM LOANS (CONT'D)

Term loan 1 is secured by:-

(a) a fixed charge over the investment property as disclosed in Note 10 to the financial statements; and

(b) a corporate guarantee of the Company.

Term loans 2, 3 and 4 are secured by:-

(a) a third party all monies first legal charge over Geran 34386, Lot 95, Seksyen 43, Jalan Yap Kwan Seng, Mukim of Kuala Lumpur as disclosed in Note 11(b) to the financial statements; and

(b) a personal guarantee of a director of the Company and a corporate guarantee of the Company.

Term loan 5 is secured by:-

(a) a personal guarantee of a director of the Company and a corporate guarantee of the Company; and

(b) an open all monies first party legal charge over a freehold land, Geran 54432, Lot 45822, Seksyen 39 in Mukim Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor as disclosed in Note 11(a) to the financial statements.

25. REVENUE

	The Group 1.8.2017 to 31.12.2018 RM	1.8.2016 to 31.7.2017 RM
Sales of goods	–	6,615
Construction contracts	13,965,020	53,771,757
Property development activities	30,503,592	–
	44,468,612	53,778,372

(a) The information is on the disaggregation of revenue is disclosed in Note 35 to the financial statements.

(b) The transaction price allocated to the remaining performance obligations that are unsatisfied or partially unsatisfied as at the end of the reporting period is RM196,377,046 (31.7.2017 - RM8,822,228) and the Group will recognise this revenue when the property development and construction on contracts are completed, which is expected to occur over the next 4 years (31.7.2017 - 1 year).

Notes to the Financial Statements (Cont'd)

26. (LOSS)/PROFIT BEFORE TAXATION

	The Group		The Company	
	1.8.2017 to 31.12.2018 RM	1.8.2016 to 31.7.2017 RM	1.8.2017 to 31.12.2018 RM	1.8.2016 to 31.7.2017 RM
(Loss)/Profit before taxation is arrived at after charging/ (crediting):-				
Auditors' remuneration:				
- audit fees				
- auditors of the Company	152,688	78,000	45,000	34,000
- other auditors	11,150	3,000	–	–
- underprovision in the previous financial period/year	39,000	–	5,000	–
- non-statutory audit	40,800	8,500	–	8,500
Depreciation of:				
- property, plant and equipment (Note 9)	1,016,934	353,459	327,425	187,084
- investment property (Note 10)	58,575	41,347	58,575	41,347
Directors' remuneration (Note 33)	1,132,174	715,109	1,132,174	569,509
Interest expense on financial liabilities not at fair value through profit or loss:				
- bank overdrafts	555,985	104,942	–	–
- hire purchase	25,539	14,219	15,222	14,219
- term loans	858,028	27,818	32,892	27,818
- others	886,968	–	769,770	–
Rental of:				
- equipment	30,480	–	26,400	–
- premises	769,580	44,650	–	34,610
Staff costs:				
- defined contribution benefits	1,133,566	535,673	762,284	368,456
- short term employee benefits	9,769,903	4,883,917	6,620,067	3,400,751
- share option expenses	–	1,081,668	–	964,083
Property, plant and equipment written off (Note 9)	–	35,157	–	–
(Gain)/Loss on disposal of subsidiaries (Note 29)	(5,486,952)	–	3,922,656	–
Interest income	(909,563)	(71,802)	(322,011)	–
Gain on unrealised foreign exchange	–	(76,284)	–	(76,284)
Rental income	(137,000)	–	(52,000)	–

27. INCOME TAX EXPENSE

	The Group		The Company	
	1.8.2017 to 31.12.2018 RM	1.8.2016 to 31.7.2017 RM	1.8.2017 to 31.12.2018 RM	1.8.2016 to 31.7.2017 RM
Current tax:				
- in the current financial period/year	1,708,400	4,358,285	–	–
- under/(over)provision in the previous financial year	122,204	(11,269)	–	–
	1,830,604	4,347,016	–	–
Deferred tax (Note 13):				
- reversal of temporary differences	(369,000)	(420,000)	–	–
- underprovision in the previous financial year	32,273	–	–	–
	(336,727)	(420,000)	–	–
	1,493,877	3,927,016	–	–

Notes to the Financial Statements (Cont'd)

27. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the (loss)/profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and the Company is as follows:-

	The Group		The Company	
	1.8.2017 to 31.12.2018 RM	1.8.2016 to 31.7.2017 RM	1.8.2017 to 31.12.2018 RM	1.8.2016 to 31.7.2017 RM
(Loss)/Profit before taxation	(10,234,371)	9,463,775	(10,855,471)	(6,478,475)
Tax at the statutory tax rate of 24% (31.7.2017 - 24%)	(2,456,249)	2,271,306	(2,605,313)	(1,554,834)
Tax effects of:-				
Non-deductible expenses	2,859,279	1,716,251	2,605,313	1,554,834
Deferred tax assets not recognised during the financial period/year	949,281	21,308	–	–
Utilisation of deferred tax assets previously not recognised	(12,911)	(70,580)	–	–
Under/(Over)provision of income tax in the previous financial year	122,204	(11,269)	–	–
Underprovision of deferred tax in the previous financial year	32,273	–	–	–
Income tax expense for the financial period/year	1,493,877	3,927,016	–	–

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (31.7.2017 - 24%) of the estimated assessable profit for the financial period/year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

28. PROFIT/(LOSS) AFTER TAXATION FROM DISCONTINUED OPERATIONS

During the financial period, the Group has disposed of its wholly-owned subsidiaries as disclosed in Note 7 to the financial statements. The decision is consistent with the Group's strategy to focus on its existing business of property development and construction business.

An analysis of the results of the discontinued operations is as follows:-

	The Group	
	1.8.2017 to 31.12.2018 RM	1.8.2016 to 31.7.2017 RM
Revenue	25,783,031	34,994,166
Cost of sales	(19,572,476)	(27,820,296)
Gross profit	6,210,555	7,173,870
Other income	382,763	594,777
	6,593,318	7,768,647
Distribution costs	(800,680)	(981,141)
Administrative expenses	(5,714,902)	(6,174,227)
Other expenses	(987,689)	(3,120,402)
Finance costs	(178,394)	(186,709)
	(1,088,347)	(2,693,832)
Results from operating activities		
Income tax expense	–	–
Results from operating activities, net of tax	(1,088,347)	(2,693,832)
Gain on disposal of discontinued operations	5,486,952	–
Profit/(Loss) after taxation from discontinued operations	4,398,605	(2,693,832)
Attributable to:-		
Owners of the Company	4,398,605	(2,693,832)

Notes to the Financial Statements (Cont'd)

28. PROFIT/(LOSS) AFTER TAXATION FROM DISCONTINUED OPERATIONS (CONT'D)

(a) Included in loss before taxation from the discontinued operations are the following:-

	The Group	
	1.8.2017 to 31.12.2018 RM	1.8.2016 to 31.7.2017 RM
Auditors' remuneration		
- auditors of the Company	–	38,500
- other auditors	6,416	31,665
Bad debts written off	79,470	488,407
Depreciation of property, plant and equipment (Note 9)	798,291	1,159,411
Directors' remuneration (Note 33)	162,400	995,292
Impairment losses on:		
- property, plant and equipment (Note 9)	706,392	–
- trade receivables (Note 12)	44,749	1,521,959
Realised loss on foreign exchange	8,347	40,541
Rental of:		
- equipment	204,538	–
- motor vehicles	13,088	–
- premises	327,512	430,756
Staff costs:		
- defined contribution benefits	602,970	597,095
- short term employee benefits	5,218,238	5,122,910
Interest expense on financial liabilities not at fair value through profit or loss:		
- bank overdrafts	79,580	95,431
- hire purchase	50,206	56,391
- term loan	48,608	26,726
- others	–	8,161
Bad debts recovered	(2,425)	(6,557)
Interest income	(18)	(8,266)
Gain on disposal of plant and equipment	–	(64,426)
Reversal of impairment loss on trade receivables	(44,747)	(20,702)
Rental income	(22,000)	(24,000)

(b) The cash flows attributable to the discontinued operations are the following:-

	The Group	
	1.8.2017 to 31.12.2018 RM	1.8.2016 to 31.7.2017 RM
Net cash from/(for) operation activities	168,424	(954,198)
Net cash for investing activities	(359,155)	(41,372)
Net cash from financing activities	333,693	1,659,733
Net cash from discontinued operations	142,962	664,163

29. DISPOSALS OF SUBSIDIARIES

(a) On 26 April 2018, the Company entered into a Shares Sale Agreement with Choo Peng Hung to dispose of its entire shareholding of 100,000 ordinary shares in its wholly-owned subsidiary, Takaso Industries Pte. Ltd. ("TIPL") for a total cash consideration of RM4,400,000 and consequently TIPL and its subsidiary, P.T. Takaso Indonesia Global Manufacturing ceased to be subsidiaries of the Company.

(b) On 12 June 2018, the Company entered into a Shares Sale Agreement with Ooi Joul Sion to dispose of its entire shareholding of 8,000,000 ordinary shares in its wholly-owned subsidiary, Takaso Rubber Products Sdn. Bhd. ("TRPSB") for a total cash consideration of RM8,000,000 and consequently TRPSB and its subsidiary, Takaso Marketing Sdn. Bhd. ceased to be subsidiaries of the Company.

The financial effects of the disposals at the date of disposal are summarised as below:-

	The Group RM	**The Company RM**
Investments in subsidiaries	–	9,322,656
Property, plant and equipment	12,972,260	–
Inventories	5,028,468	–
Trade and other receivables	6,337,711	–
Amount owing by a subsidiary	–	7,000,000
Cash and bank balances	2,088,200	–
Current tax assets	24,545	–
Trade and other payables	(14,666,114)	–
Deferred tax liabilities	(258,000)	–
Term loans	(2,074,246)	–
Hire purchase payables	(1,043,382)	–
Bank overdraft	(1,101,781)	–
Carrying amount of net assets disposed of	7,307,661	16,322,656
Foreign exchange translation reserve (Note 18(c))	(394,613)	–
Gain/(Loss) on disposal of subsidiaries (Note 26)	5,486,952	(3,922,656)
Consideration	12,400,000	12,400,000
Less: Cash and cash equivalents of subsidiaries disposed of	(2,088,200)	–
Less: Balance disposal consideration, to be settled by cash	(4,503,185)	(4,503,185)
Net cash inflow on disposal of subsidiaries	5,808,615	7,896,815

There were no disposals of subsidiaries in the previous financial year.

Notes to the Financial Statements (Cont'd)

30. (LOSS)/EARNING PER SHARE

(a) Basic

The calculation of basic earnings or loss per share was based on the (loss)/profit attributable to owners of the Company and divided by the weighted average number of ordinary shares in issue during the period/year under review.

	The Group	
	1.8.2017 to 31.12.2018	1.8.2016 to 31.7.2017
Continuing operations		
(Loss)/Profit attributable to owners of the Company (RM)	(11,435,352)	6,543,334
Weighted average number of ordinary shares:-		
Issued ordinary shares at 1 August	257,127,519	228,480,799
Effect of SIS	8,122,587	1,074,155
Effect of Warrants B	–	8,645,618
Effect of ICPS	182,684	1,126,650
Effect of private placement	22,464,580	–
Weighted average number of ordinary shares at 31 December/31 July	287,897,370	239,327,222
Basic (loss)/earnings per share (Sen)	(3.97)	2.73
Discontinued operations		
Profit/(Loss) attributable to owners of the Company (RM)	4,398,605	(2,693,832)
Weighted average number of ordinary shares:-		
Issued ordinary shares at 1 August	257,127,519	228,480,799
Effect of SIS	8,122,587	1,074,155
Effect of Warrants B	–	8,645,618
Effect of ICPS	182,684	1,126,650
Effect of private placement	22,464,580	–
Weighted average number of ordinary shares at 31 December/31 July	287,897,370	239,327,222
Basic earnings/(loss) per share (Sen)	1.53	(1.13)

Notes to the Financial Statements (Cont'd)

30. (LOSS)/EARNING PER SHARE (CONT'D)

(b) Diluted

The calculation of diluted earnings per share was based on the (loss)/profit attributable to owners of the Company and divided by the weighted average number of ordinary shares that would been in issue upon full exercise of the SIS and conversion of ICPS, adjusted for the number of such shares that would have been issued at fair value during the period/year under review.

	The Group	
	1.8.2017 to 31.12.2018	1.8.2016 to 31.7.2017
Continuing operations		
(Loss)/Profit attributable to owners of the Company (RM)	(11,435,352)	6,543,334
Weighted average number of ordinary shares for basic of loss per share	287,897,370	239,327,222
Effect of potential exercise of SIS	–	9,934,593
Effect of potential conversion of ICPS	272,568,614	88,360,834
Weighted average number of ordinary shares at 31 December/31 July	560,465,984	337,622,649
Diluted (loss)/earning per share (Sen)	(2.04)	1.94
Discontinued operations		
Profit/(Loss) attributable to owners of the Company (RM)	4,398,605	(2,693,832)
Weighted average number of ordinary shares for basic of loss per share	287,897,370	239,327,222
Effect of potential exercise of SIS	–	9,934,593
Effect of potential conversion of ICPS	272,568,614	88,360,834
Weighted average number of ordinary shares at 31 December/31 July	560,465,984	337,622,649
Diluted earning/(loss) per share (Sen)	0.78	(0.79)

Notes to the Financial Statements (Cont'd)

31. ACQUISITION OF A SUBSIDIARY

On 28 September 2017, the Company acquired 50.0005% equity interests in Mampan Esa (Melaka) Sdn. Bhd.. The acquisition of this subsidiary is to enable the Group to expand its business operations.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	The Group	
	31.12.2018 RM	31.7.2017 RM
Property, plant and equipment	4,296	5,696,800
Inventories	10,712,649	–
Other receivables	20,000	10
Cash and bank balances	979,560	620,121
Other payables	(12,231,064)	(5,696,800)
Deferred tax liability	(179,286)	–
Net identifiable (liabilities)/assets	(693,845)	620,131
Add: Non-controlling interest, measured at the proportionate share of fair value of the net identifiable net assets	346,919	(100,010)
Add: Goodwill on acquisition	446,927	–
Purchase consideration – to be settled by cash	100,001	520,121
Less: Cash and cash equivalents of a subsidiary acquired	(979,560)	(620,121)
Net cash inflow of acquisition of a subsidiary	(879,559)	(100,000)

(a) The subsidiary has contributed loss after taxation of RM63,533 (31.7.2017 - RM47,074) to the Group since the date of acquisition.

If the acquisition was effective at the beginning of the financial period, the Group's loss after taxation for the financial period would have been RM128,587 (31.7.2017 - RM6,722,864).

32. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	The Group		The Company	
	1.8.2017 to 31.12.2018 RM	1.8.2016 to 31.7.2017 RM	1.8.2017 to 31.12.2018 RM	1.8.2016 to 31.7.2017 RM
Cost of property, plant and equipment purchased	1,470,655	2,299,115	215,441	425,781
Amount financed through hire purchase	(184,219)	–	–	–
Cash disbursed for purchase of property, plant and equipment	1,286,436	2,299,115	215,441	425,781

Notes to the Financial Statements (Cont'd)

32. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows:-

	Term Loans RM	Hire Purchase RM	Revolving Credit RM	Trust Receipt RM	Total RM
The Group					
31.12.2018					
At 1 July	10,542,702	1,241,639	–	–	11,784,341
Changes in Financing Cash Flows					
Proceeds from drawdown	37,277,845	184,219	15,000,000	3,688,945	56,151,009
Repayment of borrowing principal	(1,459,915)	(90,973)	–	–	(1,550,888)
Repayment of borrowing interests	906,636	75,745	769,770	117,198	1,869,349
	36,724,566	168,991	15,769,770	3,806,143	56,469,470
Non-cash Changes					
Finance charges recognised in profit or loss	(906,636)	(75,745)	(769,770)	(117,198)	(1,889,349)
Disposal of subsidiaries	(2,074,246)	(1,043,382)	–	–	(3,117,628)
	(2,980,882)	(1,119,127)	(769,770)	(117,198)	(4,986,977)
At 31 December	44,286,386	291,503	15,000,000	3,688,945	63,266,834

Notes to the Financial Statements (Cont'd)

32. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows (Cont'd):-

	Term Loans RM	Hire Purchase RM	Revolving Credit RM	Total RM
The Company				
31.12.2018				
At 1 July	542,702	205,059	–	747,761
Changes in Financing Cash Flows				
Proceeds from drawdown	–	–	15,000,000	15,000,000
Repayment of borrowing principal	(103,326)	(60,429)	–	(163,755)
Repayment of borrowing interests	(32,892)	(15,222)	(769,770)	(817,884)
	(136,218)	(75,651)	14,230,230	14,018,361
Non-cash Changes				
Finance charges recognised in profit or loss	32,892	15,222	769,770	817,884
At 31 December	439,376	144,630	15,000,000	15,584,006

Comparative information is not presented by virtue of the exemption given in MFRS 107.

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	1.8.2017 to 31.12.2018 RM	1.8.2016 to 31.7.2017 RM	1.8.2017 to 31.12.2018 RM	1.8.2016 to 31.7.2017 RM
Fixed deposits with licensed banks	15,590,344	5,128,055	10,322,011	–
Cash and bank balances	702,596	2,740,871	160,257	744,385
Bank overdrafts (Note 22)	(4,863,360)	(6,047,292)	–	–
	11,429,580	1,821,634	10,482,268	744,385
Less: Fixed deposits pledged to licensed banks (Note 15)	(15,590,344)	(5,128,055)	(10,322,011)	–
	(4,160,764)	(3,306,421)	160,257	744,385

33. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial period/year are as follows:-

	The Group		The Company	
	1.8.2017 to 31.12.2018 RM	1.8.2016 to 31.7.2017 RM	1.8.2017 to 31.12.2018 RM	1.8.2016 to 31.7.2017 RM
Directors				
Directors of the Company				
Executive Directors				
Short-term employee benefits:				
- fees	104,000	70,000	104,000	70,000
- salaries, bonuses and other benefits	732,774	456,529	732,774	326,529
	836,774	526,529	836,774	396,529
Defined contribution benefits	87,600	54,480	87,600	38,880
	924,374	581,009	924,374	435,409
Non-executive Directors				
Short-term employee benefits:				
- fees	204,000	132,000	204,000	132,000
- other benefits	3,800	2,100	3,800	2,100
	207,800	134,100	207,800	134,100
	1,132,174	715,109	1,132,174	569,509

Notes to the Financial Statements (Cont'd)

33. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

The key management personnel compensation during the financial period/year are as follows (Cont'd):-

	The Group		The Company	
	1.8.2017 to 31.12.2018 RM	1.8.2016 to 31.7.2017 RM	1.8.2017 to 31.12.2018 RM	1.8.2016 to 31.7.2017 RM
Directors (Cont'd)				
Directors of the Subsidiaries				
Executive Directors				
Short-term employee benefits:				
- salaries, bonuses and other benefits	145,000	910,030	–	–
Defined contribution benefits	17,400	85,262	–	–
	162,400	995,292	–	–
Total directors' remuneration (Note 26)	1,294,574	1,710,401	1,132,174	569,509
Other Key Management Personnel				
Short-term employee benefits	160,885	130,829	–	–
Defined contribution benefits	19,200	15,600	–	–
Total compensation for other key management personnel (Note 26)	180,085	146,429	–	–

34. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, associate, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial period/year:-

	The Group		The Company	
	1.8.2017 to 31.12.2018 RM	1.8.2016 to 31.7.2017 RM	1.8.2017 to 31.12.2018 RM	1.8.2016 to 31.7.2017 RM
A Company which is connected to a director of the Company:				
- Sales	395,086	235,097	–	–
- Progress billing	16,760,687	22,219,875	–	–
A Company in which a director has a substantial financial interest:				
- Billboard rental	–	79,100	–	–
- Marketing fees	4,009,188	–	–	–
- Purchases	1,432,482	1,184,254	–	–
Subsidiary				
- Project management fees	–	–	(3,900,000)	–

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

35. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the management as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 5 main reportable segments as follows:-

Manufacturing	:	Manufacturing of condoms and baby products and moulds.
Trading	:	Trading and retailing in rubber products, baby apparels, toiletries, electrical and mechanical products.
Construction	:	Construction of residential and commercial properties.
Property development	:	Property development.
Others	:	Consist of investment holding company and subsidiaries which are dormant.

(a) The management assesses the performance of the reportable segments based on their profit or loss before interest expense and taxation. The accounting policies of reportable segments are the same as the Group's accounting policies.

(b) Each reportable segment assets is measured based on all assets of the segment other than investments in associates and tax-related assets.

(c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

Notes to the Financial Statements (Cont'd)

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS

	Manufacturing (Discontinued) RM	Trading (Discontinued) RM	Construction (Continuing) RM	Property Development (Continuing) RM	Others (Continuing) RM	The Group RM
31.12.2018						
Revenue						
External revenue	8,265,060	17,517,971	13,965,020	30,503,592	–	70,251,643
Inter-segment revenue	2,082,834	6,544	–	–	–	2,089,378
	10,347,894	17,524,515	13,965,020	30,503,592	–	72,341,021
Consolidation adjustments and eliminations						(2,089,378)
Consolidated revenue						70,251,643
Represented by:-						
Revenue recognised at a point in time						
- Sale of goods	10,347,894	17,524,515	–	–	–	27,872,409
Revenue recognised over time						
- Construction contracts	–	–	13,965,020	–	–	13,965,020
- Sale of development properties	–	–	–	30,503,592	–	30,503,592
	10,347,894	17,524,515	13,965,020	30,503,592	–	72,341,021
Consolidation adjustments and elimination						(2,089,378)
Consolidated revenue						70,251,643

Notes to the Financial Statements (Cont'd)

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

	Manufacturing (Discontinued) RM	Trading (Discontinued) RM	Construction (Continuing) RM	Property Development (Continuing) RM	Others (Continuing) RM	The Group RM
31.12.2018						
Results						
Results before the following adjustments	719,050	(47,398)	(3,436,842)	5,636,154	(5,777,571)	(2,906,607)
Consolidation adjustments and eliminations	–	–	–	–	(2,940,000)	(2,940,000)
Depreciation of investment property	–	–	–	–	(58,575)	(58,575)
Depreciation of property, plant and equipment	(562,768)	(235,523)	(57,117)	(632,392)	(327,425)	(1,815,225)
Other material items of income (Note a)	–	47,172	–	–	5,486,952	5,534,124
Other material items of expenses (Note b)	(714,810)	(124,148)	–	–	–	(838,958)
Segment results	(558,528)	(359,897)	(3,493,959)	5,003,762	(3,616,619)	(3,025,241)
Finance costs						(2,504,914)
Share of results in an associate						(305,611)
Income tax expense						(1,493,877)
Consolidated loss after taxation						(7,329,643)

Notes to the Financial Statements (Cont'd)

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

	Manufacturing (Discontinued) RM	Trading (Discontinued) RM	Construction (Continuing) RM	Property Development (Continuing) RM	Others (Continuing) RM	The Group RM
31.12.2018						
Assets						
Segment assets	–	22,148	91,748,810	133,975,055	42,567,660	268,313,673
Current tax assets	–	–	793,186	1,334	–	794,520
Deferred tax asset	–	–	–	756,727	–	756,727
Consolidated total assets	–	22,148	92,541,996	134,733,116	42,567,660	269,864,920
Liabilities						
Segment liabilities	–	1,294,791	54,922,115	85,096,642	16,144,491	157,458,039
Deferred tax liability	–	–	179,286	–	–	179,286
Current tax liabilities	–	–	–	603,090	–	603,090
Consolidated total liabilities	–	1,294,791	55,101,401	85,699,732	16,144,491	158,240,415
Other segment items						
Additions to non-current assets other than financial instruments:-						
- property, plant and equipment	46,874	312,299	184,988	711,053	215,441	1,470,655

Notes to the Financial Statements (Cont'd)

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

	Manufacturing (Discontinued) RM	Trading (Discontinued) RM	Construction (Continuing) RM	Property Development (Continuing) RM	Others (Continuing) RM	The Group RM
31.7.2017						
Revenue						
External revenue	7,419,279	27,581,502	53,771,757	–	–	88,772,538
Inter-segment revenue	2,774,362	29,784	–	–	–	2,804,146
	10,193,641	27,611,286	53,771,757	–	–	91,576,684
Consolidation adjustments and eliminations						(2,804,146)
Consolidated revenue						88,772,538
Represented by:-						
Revenue recognised at a point in time						
- Sale of goods	10,193,641	27,611,286	–	–	–	37,804,927
Revenue recognised over time						
- Construction contracts	–	–	53,771,757	–	–	53,771,757
	10,193,641	27,611,286	53,771,757	–	–	91,576,684
Consolidation adjustments and elimination						(2,804,146)
Consolidated revenue						88,772,538

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

	Manufacturing (Discontinued) RM	Trading (Discontinued) RM	Construction (Continuing) RM	Property Development (Continuing) RM	Others (Continuing) RM	The Group RM
31.7.2017						
Results						
Results before the following adjustments	(123,113)	750,301	18,460,958	(2,081,365)	(5,361,132)	11,645,649
Consolidation adjustments and eliminations	–	(9,181)	–	–	208,645	199,464
Depreciation of investment property	–	–	–	–	(41,347)	(41,347)
Depreciation of property, plant and equipment	(821,593)	(355,180)	(1,823)	(147,190)	(187,084)	(1,512,870)
Other material items of income (Note a)	70,983	20,702	–	–	76,284	167,969
Other material items of expenses (Note b)	(33,447)	(2,052,617)	(118,827)	–	(962,841)	(3,167,732)
Segment results	(907,170)	(1,645,975)	18,340,308	(2,228,555)	(6,267,475)	7,291,133
Finance costs						(333,688)
Share of results in an associate						(187,502)
Income tax expense						(3,927,016)
Consolidated profit after taxation						2,842,927

Notes to the Financial Statements (Cont'd)

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

	Manufacturing (Discontinued) RM	Trading (Discontinued) RM	Construction (Continuing) RM	Property Development (Continuing) RM	Others (Continuing) RM	The Group RM
31.7.2017						
Assets						
Segment assets	17,266,371	11,325,808	48,077,405	71,908,106	23,597,546	172,175,236
Current tax assets	24,545	–	–	320,000	–	344,545
Deferred tax asset	–	–	–	420,000	–	420,000
Consolidated total assets	17,290,916	11,325,808	48,077,405	72,648,106	23,597,546	172,939,781
Liabilities						
Segment liabilities	5,046,005	5,838,791	23,996,726	32,754,734	1,514,001	69,150,257
Deferred tax liability	258,000	–	–	–	–	258,000
Current tax liabilities	–	62,975	2,131,736	–	–	2,194,711
Consolidated total liabilities	5,304,005	5,901,766	26,128,462	32,754,734	1,514,001	71,602,968
Other segment items						
Additions to non-current assets other than financial instruments:-						
- property, plant and equipment	135,747	41,761	18,640	1,677,186	425,781	2,299,115

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

(a) Other material items of income consist of the following:-

	The Group	
	31.12.2018 RM	31.7.2017 RM
Gain on disposal of property, plant and equipment	–	64,426
Gain on disposal of subsidiaries	5,486,952	–
Bad debts recovered	2,425	6,557
Reversal of impairment losses on trade receivables	44,747	20,702
Unrealised gain on foreign exchange	–	76,284
	5,534,124	167,969

(b) Other material items of expenses consist of the following:-

	The Group	
	31.12.2018 RM	31.7.2017 RM
Allowance for impairment losses on:		
- trade receivables	44,749	1,521,959
Bad debts written off	79,470	488,407
Impairment loss of property, plant and equipment	706,392	–
Property, plant and equipment written off	–	35,157
Realised loss on foreign exchange	8,347	40,541
Share options expense	–	1,081,668
	838,958	3,167,732

Notes to the Financial Statements (Cont'd)

35. OPERATING SEGMENTS (CONT'D)

35.2 GEOGRAPHICAL INFORMATION

The Group operates predominantly in one business segment in Malaysia. Accordingly, the information by business and geographical segments is not presented.

35.3 MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group's total revenue.

	Revenue 1.8.2017 to 31.12.2018 RM	Revenue 1.8.2016 to 31.7.2017 RM	Segment
Customer#1	–	33,215,145	Construction
Customer#2	–	9,924,500	Construction

36. CAPITAL COMMITMENT

	The Group 31.12.2018 RM	The Group 31.7.2017 RM
Acquisition of new subsidiaries	–	2,183,247

37. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

37.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

	United States Dollar RM	Singapore Dollar RM	Others RM	Ringgit Malaysia RM	Total RM
The Group					
31.12.2018					
Financial Assets					
Trade and other receivables	–	–	–	92,476,619	92,476,619
Fixed deposits with licensed banks	–	–	–	15,590,344	15,590,344
Cash and bank balances	–	–	–	702,596	702,596
	–	–	–	108,769,559	108,769,559
Financial Liabilities					
Hire purchase payables	–	–	–	291,503	291,503
Term loans	–	–	–	44,286,386	44,286,386
Revolving credit				15,000,000	15,000,000
Trust receipt	–	–	–	3,688,945	3,688,945
Trade and other payables	–	–	–	87,065,887	87,065,887
Bank overdrafts	–	–	–	4,863,360	4,863,360
	–	–	–	155,196,081	155,196,081
Net financial liabilities	–	–	–	(46,426,522)	(46,426,522)
Less: Net financial liabilities denominated in the respective entities' functional currencies	–	–	–	46,426,522	46,426,522
Currency Exposure	–	–	–	–	–

Notes to the Financial Statements (Cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Singapore Dollar RM	Others RM	Ringgit Malaysia RM	Total RM
The Group					
31.12.2017					
Financial Assets					
Trade and other receivables	184,640	5,725,845	55,373	55,524,253	61,490,111
Fixed deposits with licensed banks	–	–	–	5,128,055	5,128,055
Cash and bank balances	126,517	1,519,110	16,431	1,078,813	2,740,871
	311,157	7,244,955	71,804	61,731,121	69,359,037
Financial Liabilities					
Hire purchase payables	–	681,241	–	560,398	1,241,639
Term loans	–	–	–	10,542,702	10,542,702
Factoring loan	–	1,736,295	–	–	1,736,295
Trade and other payables	547,938	3,271,752	278,588	45,484,051	49,582,329
Bank overdrafts	–	–	–	6,047,292	6,047,292
	547,938	5,689,288	278,588	62,634,443	69,150,257
Net financial (liabilities)/assets	(236,781)	1,555,667	(206,784)	(903,322)	208,780
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	–	(1,555,667)	–	903,322	(652,345)
Currency Exposure	(236,781)	–	(206,784)	–	(443,565)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	Singapore Dollar RM	Ringgit Malaysia RM	Total RM
The Company			
31.12.2018			
Financial Assets			
Trade and other receivables	–	97,737,074	97,737,074
Fixed deposits with licensed banks	–	10,322,011	10,322,011
Cash and bank balances	–	160,257	160,257
	–	108,219,342	108,219,342
Financial Liabilities			
Hire purchase payables	–	144,630	144,630
Revolving credit	–	15,000,000	15,000,000
Term loans	–	439,376	439,376
Trade and other payables	–	529,749	529,749
	–	16,113,755	16,113,755
Net financial assets	–	92,105,587	92,105,587
Less: Net financial assets denominated in the Company's functional currency	–	(92,105,587)	(92,105,587)
Currency Exposure	–	–	–

Notes to the Financial Statements (Cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	Singapore Dollar RM	Ringgit Malaysia RM	Total RM
The Company			
31.7.2017			
Financial Assets			
Trade and other receivables	1,743,185	71,603,301	73,346,486
Cash and bank balances	–	744,385	744,385
	1,743,185	72,347,686	74,090,871
Financial Liabilities			
Trade and other payables	–	753,705	753,705
Hire purchase payables	–	205,059	205,059
Term loans	–	542,702	542,702
	–	1,501,466	1,501,466
Net financial assets	1,743,185	70,846,220	72,589,405
Less: Net financial assets denominated in the Company's functional currency	–	(70,846,220)	(70,846,220)
Currency Exposure	1,743,185	–	1,743,185

Foreign Currency Risk Sensitivity Analysis

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have material impact on the profit/loss after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate borrowings and fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since the neither carrying amounts nor the future cash flows will flucture because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 21, Note 22 and Note 24 to the financial statements.

Interest Rate Risk Sensitivity Analysis

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

The Company provides corporate guarantee to financial institutions for credit facilities granted to certain subsidiaries and a former subsidiary. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amount owing by 2 customers which constituted approximately 82% of its trade receivables (including related parties) as at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including related parties) at the end of the reporting period is as follows:-

	The Group	
	31.12.2018 RM	31.7.2017 RM
Malaysia	32,176,291	16,755,839
Other Asian Countries	–	5,603,644
European Countries	–	14,238
African Countries	–	21,002
	32,176,291	22,394,723

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing Analysis

The ageing analysis of trade receivables (including amount owing by related parties) is as follows:-

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
The Group				
31.12.2018				
Not past due	2,260,410	–	–	2,260,410
Past due:				
- less than 3 months	3,929,098	–	–	3,929,098
- more than 1 year	26,204,465	(217,682)	–	25,986,783
	32,393,973	(217,682)	–	32,176,291
31.7.2017				
Not past due	7,179,285	–	–	7,179,285
Past due:				
- less than 3 months	9,008,229	(927,157)	–	8,081,072
- 3 to 6 months	6,565,088	(842,568)	–	5,722,520
- more than 6 months	2,020,446	(608,600)	–	1,411,846
	24,773,048	(2,378,325)	–	22,394,723

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of these trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

Notes to the Financial Statements (Cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
The Group						
31.12.2018						
Non-derivative Financial Liabilities						
Hire purchase payables	4.73 - 7.14	291,503	320,090	96,156	223,934	–
Term loans	4.65 - 8.07	44,286,386	47,881,755	7,429,672	22,128,426	18,323,657
Trust receipt	8.40	3,688,945	3,688,945	3,688,945	–	–
Trade and other payables	7.85	87,065,887	92,112,108	56,129,139	35,982,969	–
Revolving credit	6.11	15,000,000	15,000,000	15,000,000	–	–
Bank overdrafts	8.20	4,863,360	4,863,360	4,863,360	–	–
		155,196,081	163,866,258	87,207,272	58,335,329	18,323,657
31.7.2017						
Non-derivative Financial Liabilities						
Hire purchase payables	4.62 - 7.14	1,241,639	1,409,358	373,078	997,120	39,160
Term loans	4.65 - 7.71	10,542,702	11,929,273	1,042,421	10,763,684	123,168
Factoring loan	–	1,736,295	1,736,295	1,736,295	–	–
Trade and other payables	7.85	49,582,329	55,236,788	27,361,835	–	27,874,953
Bank overdrafts	7.90 - 9.31	6,047,292	6,047,292	6,047,292	–	–
		69,150,257	76,359,006	36,560,921	11,760,804	28,037,281

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
The Company						
31.12.2018						
Non-derivative Financial Liabilities						
Trade and other payables	–	529,749	529,749	529,749	–	–
Hire purchase payables	5.26 - 7.14	144,630	159,785	53,400	106,385	–
Revolving credit	5.87 - 6.12	15,000,000	15,000,000	15,000,000	–	–
Term loans	4.65	439,376	514,203	77,475	436,728	–
Financial guarantee contracts in relation to corporate guarantee given to:						
- subsidiaries	–	–	52,497,100	52,497,100	–	–
- a former subsidiary	–	–	941,054	941,054	–	–
		16,113,755	69,641,891	69,098,778	543,113	–
31.7.2017						
Non-derivative Financial Liabilities						
Trade and other payables	–	753,705	753,705	753,705	–	–
Hire purchase payables	5.26 - 7.14	205,059	236,117	53,400	182,717	–
Term loans	4.65	542,702	625,273	100,421	401,684	123,168
Financial guarantee contracts in relation to corporate guarantee given to:						
- subsidiaries	–	–	14,937,645	14,937,645	–	–
- a former subsidiary	–	–	1,109,647	1,109,647	–	–
		1,501,466	17,662,387	16,954,818	584,401	123,168

37. FINANCIAL INSTRUMENTS (CONT'D)

37.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2018	**2017**
	RM	**RM**
Factoring loan (Note 21)	–	1,736,295
Bank overdrafts (Note 22)	4,863,360	6,047,292
Hire purchase payables (Note 23)	291,503	1,241,639
Term loans (Note 24)	44,286,386	10,542,702
Trust receipt (Note 21)	3,688,945	–
Revolving credit (Note 21)	15,000,000	–
	68,130,194	19,567,928
Less: Fixed deposits with licensed banks (Note 15)	(15,590,344)	(5,128,055)
Less: Cash and bank balances	(702,596)	(2,740,871)
Net debt	51,837,254	11,699,002
Total Equity	111,624,505	101,336,813
Debt-to-equity ratio	0.46	0.12

There was no change in the Group's approach to capital management during the financial period.

37. FINANCIAL INSTRUMENTS (CONT'D)

37.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	31.12.2018 RM	31.7.2017 RM	31.12.2018 RM	31.7.2017 RM
Financial Asset				
Loans and Receivables Financial Assets				
Trade and other receivables	92,476,619	61,490,111	97,737,074	73,346,486
Fixed deposits with licensed banks	15,590,344	5,128,055	10,322,011	–
Cash and bank balances	702,596	2,740,871	160,257	744,385
	108,769,559	69,359,037	108,219,342	74,090,871
Financial Liability				
Other Financial Liabilities				
Factoring loan	–	1,736,295	–	–
Hire purchase payables	291,503	1,241,639	144,630	205,059
Revolving credit	15,000,000	–	15,000,000	–
Term loans	44,286,386	10,542,702	439,376	542,702
Trust receipt	3,688,945	–	–	–
Trade payables and other payables	87,065,887	49,582,329	529,749	753,705
Bank overdrafts	4,863,360	6,047,292	–	–
	155,196,081	69,150,257	16,113,755	1,501,466

Notes to the Financial Statements (Cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

As the Group does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period.

The following table sets out the fair value profile of financial instruments are not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments not Carried at Fair Value				
	Level 1 RM	Level 2 RM	Level 3 RM	Total Fair Value RM	Carrying Amount RM
The Group					
31.12.2018					
Financial Asset					
Other receivable	–	13,322,938	–	13,322,938	13,322,938
Financial Liabilities					
Other payable	–	40,502,537	–	40,502,537	40,502,537
Hire purchase payables	–	291,503	–	291,503	291,503
Term loans	–	44,286,386	–	44,286,386	44,286,386
31.7.2017					
Financial Asset					
Other receivable	–	11,441,847	–	11,441,847	11,441,847
Financial Liabilities					
Other payable	–	22,220,494	–	22,220,494	22,220,494
Hire purchase payables	–	1,241,639	–	1,241,639	1,241,639
Term loans	–	10,542,702	–	10,542,702	10,542,702

37. FINANCIAL INSTRUMENTS (CONT'D)

37.4 FAIR VALUE INFORMATION (CONT'D)

	Fair Value of Financial Instruments not Carried at Fair Value Level 1 RM	Level 2 RM	Level 3 RM	Total Fair Value RM	Carrying Amount RM
The Group					
The Company					
31.12.2018					
Financial Liabilities					
Hire purchase payables	–	144,630	–	144,630	144,630
Revolving credit	–	15,000,000	–	15,000,000	15,000,000
Term loan	–	439,376	–	439,376	439,376
31.7.2017					
Financial Liabilities					
Hire purchase payables	–	205,059	–	205,059	205,059
Term loan	–	542,702	–	542,702	542,702

38. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

(a) On 10 August 2017, OCPK, a 90% subsidiary of the Company, has 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".

(b) On 7 November 2017, OCCSB, a wholly-owned subsidiary of the Company, has entered into a Sale and Purchase Agreement with Tropicana City Sdn. Bhd. to purchase a piece of freehold land for a total cash consideration of RM24,587,651.

(c) On 17 May 2018, JSSB, one of its wholly owned subsidiaries of the Company, has 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 part of land held under Lot 428 and Lot 745 located in Mukim of Tebrau, District of Johor Bahru, Johor, measuring approximately 47.87 acres.

Notes to the Financial Statements (Cont'd)

38. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (CONT'D)

(d) On 17 October 2018, the Company proposed to undertake a Private Placement. The Company announced to fix the issue price for the placement of 29,239,000 Placement Shares at RM0.28 per Placement Share on 27 December 2018.

The Proposed Private Placement was completed on 9 January 2019.

(e) On 3 December 2018, the Company proposed to undertake a bonus issue. On 28 January 2019, the Company has resolved to fix the following:-

(i) the Entitlement Basis at 2 Warrants D for every 7 existing Shares held; and

(ii) the exercise price of the Warrants D at RM0.22 per Warrant D.

Bonus Issue of Warrants has been completed following the listing and quotation of 91,967,721 Warrants D on the Main Market of Bursa Securities on 22 February 2019.

39. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) On 8 January 2019, 6 February 2019, 28 March 2019, 2 April 2019, 8 April 2019 and 18 April 2019, there are allotments of a total 272,000 new ordinary shares at an exercise price of RM0.50 each per share for cash pursuant to the conversion of ICPS of the Company.

(b) On 1 March 2019, Letter of Award dated 17 July 2017 entered between Damansara Realty (Johor) Sdn. Bhd. ("DRJ") and the Company for the appointment as the Turnkey Contractor for Pembangunan Perumahan Penjawat Awam 1Malaysia (PPA1M) Project had been terminated due to Perbadanan Putrajaya ("PJC") issuance of Notice of Termination dated 22 February 2019, received by DRJ on 25 February 2019 with a reason of national and public interests. The 3 months' notice for the said termination shall be effective from 25 February 2019.

Upon the execution of the LOA, the Company had paid approximately RM3.18 million (including 6% GST) as deposit to DRJ and the said sum is refundable by DRJ to the Company.

(c) On 25 March 2019, OCCSB has signed a Memorandum of Understanding with Hardie Development Sdn. Bhd. ("HDSB") for a joint development of Stage 2 and Stage 3 of the Princess Heights Projects situated in Menggatal Kota Kinabalu, Sabah.

40. COMPARATIVE FIGURES

The Company has changed its financial year end from 31 July to 31 December. Consequently, the comparative figures for the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and their related notes are not comparable to that of the current 17 month period ended 31 December 2018.

LIST OF PROPERTY

as at 31 December 2018

Location	Description	Tenure	Existing use, Age of Building and Building up Area	Net Book Value as at 31-12-2018 RM	Date of Revaluation
Lot No. 5619 Mukim Pekan Kinrara District of Petaling Selangor Darul Ehsan.	3½ storey shop-offices	Freehold	A unit of 5 years 3½ shop-offices with total built-up area 5,652 sq. ft.	1,853,747	24th October 2016

ANALYSIS OF SHAREHOLDINGS

as at 29 March 2019

Class of securities	:	Ordinary shares
Number of Shareholders	:	1,639
Voting rights	:	Each member of the Company, present in person or by proxy, shall have one (1) vote on a show of hands and in the case of a poll, shall have one (1) vote for every ordinary share held. A proxy may but need not be a member.

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	111	6.77	4,666	0.00
100 – 1,000	127	7.75	68,253	0.02
1,001 - 10,000	755	46.07	4,025,064	1.25
10,001 - 100,000	503	30.69	17,024,333	5.28
100,001 to less than 5% of issued shares	140	8.54	200,918,203	62.42
5% and above of issued shares	3	0.18	99,878,700	31.03
Total	**1,639**	**100.00**	**321,919,219**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS AT 29 MARCH 2019

Substantial shareholders (holding 5% or more of the capital) based on the Register of Substantial Shareholdings of the Company as at 29 March 2019 are as follows:-

Substantial Shareholders	Direct Interest No of shares held	% held	Indirect Interest No of shares held	% held
Ace Credit (M) Sdn. Bhd.	39,424,700	12.25	–	–
OCR Land Holdings Sdn. Bhd.	31,215,000	9.70	–	–
Dato' Koon Poh Tat	29,239,000	9.08	–	–
Ong Kah Hoe	24,442,600	7.59	41,378,800 (1)	12.85
Kumpulan Wang Persaraan (Diperbadankan)	–	–	22,939,400	7.13

Analysis of Shareholdings (Cont'd)

DIRECTORS' SHAREHOLDINGS AS AT 29 MARCH 2019

The respective Share, Irredeemable Convertible Preference Shares ("ICPS") and Warrants holdings of the Directors of OCR Group Berhad in the Company are as follows:-

Directors	SHARE HOLDINGS				ICPS HOLDINGS			
	Direct Interest		Indirect Interest		Direct Interest		Indirect Interest	
	No. of shares held	%	No. of shares held	%	No. of ICPS held	%	No. of ICPS held	%
YAM Tunku Azudinshah Ibni Tunku Annuar	–	–	–	–	–	–	–	–
Ong Kah Hoe	24,442,600	7.59	(1) 41,378,800	12.85	–	–	(2) 29,891,400	4.66
Tee Tze Chern, JP	88	0.00	–	–	–	–	–	–
Dato' Lim Heng Ee	–	–	–	–	–	–	–	–
Lee Chin Cheh	–	–	–	–	–	–	–	–
Hj. Abdullah Bin Abdul Rahman	–	–	–	–	–	–	–	–
Lim Teck Seng	–	–	–	–	–	–	–	–
Yap Sing Khon	–	–	–	–	–	–	–	–
Admiral (Retired) Tan Sri Dato' Sri Panglima Ahmad Kamarulzaman Hj Ahmad Badaruddin	–	–	–	–	–	–	–	–

Analysis of Shareholdings (Cont'd)

Directors	WARRANT C HOLDINGS				WARRANT D HOLDINGS			
	Direct Interest		Indirect Interest		Direct Interest		Indirect Interest	
	No. of Warrant C held	%	No. of Warrant C held	%	No. of Warrant D held	%	No. of Warrant D held	%
YAM Tunku Azudinshah Ibni Tunku Annuar	–	–	–	–	–	–	–	–
Ong Kah Hoe	–	–	(3) 2,989,140	4.52	6,983,599	7.59	(3) 11,822,514	12.86
Tee Tze Chern, JP	–	–	–	–	–	–	–	–
Dato' Lim Heng Ee	–	–	–	–	–	–	–	–
Lee Chin Cheh	–	–	–	–	–	–	–	–
Hj. Abdullah Bin Abdul Rahman	–	–	–	–	–	–	–	–
Lim Teck Seng	–	–	–	–	–	–	–	–
Yap Sing Khon	–	–	–	–	–	–	–	–
Admiral (Retired) Tan Sri Dato' Sri Panglima Ahmad Kamarulzaman Hj Ahmad Badaruddin	–	–	–	–	–	–	–	–

Notes:-

(1) Deemed interested by virtue of Mr. Ong Kah Hoe's interest in OCR Land Holdings Sdn. Bhd., pursuant to Section 8 of the Companies Act, 2016 and Mr. Ong Kah Hoe's parents and siblings' direct shareholdings.

(2) Deemed interested by virtue of Mr. Ong Kah Hoe's interest in OCR Land Holdings Sdn. Bhd., pursuant to Section 8 of the Companies Act, 2016 and Mr. Ong Kah Hoe's parents and siblings' direct ICPS holdings.

(3) Deemed interested by virtue of Mr. Ong Kah Hoe's interest in OCR Land Holdings Sdn. Bhd., pursuant to Section 8 of the Companies Act, 2016 and Mr. Ong Kah Hoe's parents and siblings' direct warrant holdings.

Analysis of Shareholdings (Cont'd)

THIRTY LARGEST SHAREHOLDERS AS AT 29 MARCH 2019

No.	Shareholders	No. of Shares	%
1	JF APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ACE CREDIT (M) SDN. BHD. (STA 1)	39,424,700	12.25
2	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR OCR LAND HOLDINGS SDN. BHD.	31,215,000	9.70
3	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KOON POH TAT	29,239,000	9.08
4	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB COMMERCE TRUSTEE BERHAD – KENANGA GROWTH FUND	14,733,400	4.58
5	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	13,674,900	4.25
6	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG KAH HOE (020) (THIRD PARTY)	9,405,400	2.92
7	JF APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN CHIN HOONG (MARGIN)	9,330,000	2.90
8	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AFFIN HWNG SM CF)	9,264,500	2.88
9	JF APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEE SEE YANG (MARGIN)	8,730,000	2.71
10	YAYASAN GURU TUN HUSSEIN ONN	8,000,000	2.49
11	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR STRONGLEAP SDN. BHD.	7,458,400	2.32
12	JF APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG KAH HOE (MARGIN)	6,873,700	2.14
13	JF APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM SHAVE HUAT (MARGIN)	6,512,600	2.02
14	THAM KIN FOONG (JOHN)	6,003,900	1.87
15	ASIA POLY HOLDINGS BERHAD	6,000,000	1.86
16	M & A NOMINEE (ASING) SDN. BHD. EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED (ACCOUNT CLIENT)	6,000,000	1.86
17	TEOH HWA PENG	5,025,714	1.56
18	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN BAN TATT	5,000,000	1.55
19	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG KAH HOE (6000713)	4,981,600	1.55

Analysis of Shareholdings (Cont'd)

THIRTY LARGEST SHAREHOLDERS AS AT 29 MARCH 2019 (CONT'D)

No.	Shareholders	No. of Shares	%
20	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. PEMBANGUNAN SUMBER MANUSIA BERHAD	4,314,900	1.34
21	UOB KAY HIAN NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	3,960,000	1.23
22	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG KAH WEE	3,181,900	0.99
23	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG KAH HOE	3,181,900	0.99
24	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG YEW MING	3,181,900	0.99
25	JF APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR STRONGLEAP SDN. BHD. (MARGIN)	2,663,800	0.83
26	JF APEX NOMINEES (TEMPATAN) SDN. BHD, PLEDGED SECURITIES ACCOUNT FOR TAN POO YOT (MARGIN)	2,600,000	0.81
27	JAG CAPITAL EQUITY SDN. BHD.	2,239,600	0.70
28	HLIB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KONG TIAM (CCTS)	2,070,000	0.64
29	JF APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WONG CHOI FONG (MARGIN)	1,988,300	0.62
30	LEE AH BENG	1,980,000	0.62
	TOTAL	**258,235,114**	**80.25**

ANALYSIS OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHAREHOLDINGS

as at 29 March 2019

Class of securities	:	Irredeemable Convertible Preference Shares ("ICPS")
Number of ICPS Holders	:	1,549
Voting rights	:	ICPS holders are not entitled to any voting right or participation in any rights, allotments and/or other distribution in the Company except where when the dividend or part of the dividend on the ICPS is in arrears for more than six (6) months, or there is a proposal to reduce the Company's share capital or a proposal for sanctioning the sale of the whole of the Company's property, business and undertaking, or a proposal that directly affects their rights and privileges attached to the ICPS, or a proposal for winding-up the Company or during the winding up of the Company until and unless such holders convert their ICPS into new shares.

DISTRIBUTION OF ICPS HOLDINGS

Size of Holdings	No. of ICPS Holders	%	No. of ICPS	%
Less than 100	4	0.26	65	0.00
100 – 1,000	15	0.97	8,300	0.00
1,001 - 10,000	149	9.62	1,203,467	0.19
10,001 - 100,000	759	49.00	41,093,550	6.41
100,001 to less than 5% of issued shares	620	40.03	457,311,615	71.28
5% and above of issued shares	2	0.12	141,906,900	22.12
Total	**1,549**	**100.00**	**641,523,897**	**100.00**

THIRTY LARGEST IRREDEEMABLE CONVERTIBLE PREFERENCE SHAREHOLDERS

AS AT 29 MARCH 2019

No.	Shareholders	No. of Shares	%
1	LEE SEE YANG	81,906,900	12.77
2	ACE PRIVATE EQUITY SDN. BHD.	60,000,000	9.35
3	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GAN BOON GUAT (028)	12,288,700	1.92
4	LEE AH BENG	9,664,000	1.51
5	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR HENG YONG KANG @ WANG YONG KANG (08HE101Q1-008)	8,694,000	1.36
6	CHIA BOON HAW	8,110,200	1.26
7	SEIK THYE KONG	7,772,800	1.21
8	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KWONG MING KWEI (08KW032ZQ-008)	7,308,000	1.14
9	NG CHOR KUAN	6,000,000	0.94
10	FOONG WEI KUONG	5,857,100	0.91

Analysis of Irredeemable Convertible Preference Shareholdings (Cont'd)

THIRTY LARGEST IRREDEEMABLE CONVERTIBLE PREFERENCE SHAREHOLDERS (CONT'D)
AS AT 29 MARCH 2019

No.	Shareholders	No. of Shares	%
11	CHONG TOH WEE	5,700,000	0.89
12	WONG CHOU HUI	5,510,000	0.86
13	CHAN WAI HOI	5,100,000	0.79
14	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR EOW CHEE KHAI	4,685,100	0.73
15	GAN WEN GUANG	4,001,000	0.62
16	AMINUDDIN BIN MOKRI	4,000,000	0.62
17	ONG KIAN HUAT	4,000,000	0.62
18	CHEAH SUN CHUANG	3,800,000	0.59
19	I.S.E.T ENGINEERING SDN.BHD	3,750,000	0.58
20	LIM CHEE LIANG	3,706,600	0.58
21	LIM POH FONG	3,528,115	0.55
22	LAI THIAM POH	3,500,000	0.55
23	JUTA KERJAYA SDN. BHD.	3,405,000	0.53
24	EOW CHEE SENG	3,300,000	0.51
25	NG SEH HAN @ NG TEK LAI	3,260,000	0.51
26	UOB KAY HIAN NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	3,244,800	0.51
27	NG CHIN SOON	3,228,400	0.50
28	LAI SUEN SENG	3,200,000	0.50
29	TAN YEAP HONG	3,100,000	0.48
30	KENANGA NOMINEES (TEMPATAN) SDN. BHD GAN BOON GUAT (EM1-P88)	3,009,100	0.47
	TOTAL	**284,629,815**	**44.36**

ANALYSIS OF WARRANT C (OCR-WC) HOLDINGS

as at 29 March 2019

Number of outstanding Warrant C	:	66,141,269 OCR-WC
Exercise period	:	The exercise period is five (5) years from the date issue on 25 July 2016 and maturing on 24 July 2021.
Exercise price	:	RM0.50 and subject to adjustment in accordance with the conditions provided in the Deed Poll dated 1 June 2016.
Warrant C Entitlement	:	Each Warrant C entitles the registered holder during the Exercise Period to subscribe for one (1) new ordinary share at the Exercise Price.
Number of Warrant C Holders	:	518

DISTRIBUTION OF WARRANT C HOLDING

Size of Holdings	No. of Warrant C Holders	%	No. of Warrants C	%
Less than 100	10	1.93	437	0.00
100 – 1,000	33	6.37	17,686	0.03
1,001 – 10,000	151	29.15	779,656	1.17
10,001 – 100,000	241	46.53	10,879,700	16.45
100,001 to less than 5% of issued shares	79	15.25	30,752,600	46.50
5% and above of issued shares	4	0.77	23,711,190	35.85
Total	**518**	**100.00**	**66,141,269**	**100.00**

THIRTY LARGEST WARRANT C (OCR-WC) HOLDERS AS AT 29 MARCH 2019

No.	Warrant C Holders	No. of Warrant C	%
1	LEE SEE YANG	9,364,500	14.16
2	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GAN BOON GUAT (028)	4,971,900	7.52
3	RHB NOMINEES (TEMPATAN) SDN. BHD. TOH HONG CHYE	4,826,190	7.30
4	CIMSEC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE LTD. (HOUSE ACCOUNT)	4,548,600	6.88
5	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR HENG YONG KANG @ WANG YONG KANG (08HE101Q1-008)	1,995,000	3.02
6	WONG CHOU HUI	1,653,400	2.50
7	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KWONG MING KWEI (08KW032ZQ-008)	1,603,600	2.42
8	ONG TICK GEE	1,550,000	2.34
9	KOH SOON XIANG	1,513,000	2.29
10	SEIK THYE KONG	1,271,300	1.92

Analysis of Warrant C (OCR-WC) Holdings (Cont'd)

THIRTY LARGEST WARRANT C (OCR-WC) HOLDERS AS AT 29 MARCH 2019 (CONT'D)

No.	Warrant C Holders	No. of Warrant C	%
11	LAI THIAM POH	899,000	1.36
12	WONG SAU BING	832,400	1.26
13	YOONG WOEI YEH	753,500	1.14
14	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WILLIAM THONG TUCK WENG	671,000	1.01
15	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KWONG MING KWEI (6000329)	663,100	1.00
16	LEE KOK SEE	660,000	1.00
17	INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHEAH TUCK HING (AC0048)	590,000	0.89
18	ON HAI SWEE	550,000	0.83
19	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR MOK SWEE YEN (E-TSA)	550,000	0.83
20	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LAU SEN KEONG (E-TSA)	523,000	0.79
21	LAU YUET MING	500,000	0.76
22	KWONG MING MEAN	499,000	0.75
23	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. CHEN CHING YEE	477,500	0.72
24	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LANG AH CHOI (033)	453,600	0.69
25	LEE LIH CHOO	435,000	0.66
26	ANG KHANG WEI	425,000	0.64
27	LEONG KHAI THYE	400,000	0.60
28	SYED HASNUL HAFIZ BIN SYED MAHAMUD	390,100	0.59
29	KOK CHIN HENG	351,400	0.53
30	TAN YANG BOOI	350,000	0.53
	TOTAL	**44,271,090**	**66.93**

ANALYSIS OF WARRANT D (OCR-WD) HOLDINGS

as at 29 March 2019

Number of outstanding Warrant D	:	91,967,721 OCR-WD
Exercise period	:	The exercise period is three (3) years from the date issue on 22 February 2019 and maturing on 18 February 2022.
Exercise price	:	RM0.22 and subject to adjustment in accordance with the conditions provided in the Deed Poll dated 12 February 2019.
Warrant D Entitlement	:	Each Warrant D entitles the registered holder during the Exercise Period to subscribe for one (1) new ordinary share at the Exercise Price.
Number of Warrant D Holders	:	1,569

DISTRIBUTION OF WARRANT D HOLDING

Size of Holdings	No. of Warrant D Holders	%	No. of Warrants D	%
Less than 100	219	13.96	6,267	0.01
100 – 1,000	360	22.94	190,818	0.21
1,001 – 10,000	673	42.89	2,546,858	2.76
10,001 – 100,000	237	15.11	7,999,988	8.70
100,001 to less than 5% of issued shares	77	4.91	52,687,019	57.29
5% and above of issued shares	3	0.19	28,536,771	31.03
Total	**1,569**	**100.00**	**91,967,721**	**100.00**

THIRTY LARGEST WARRANT D (OCR-WD) HOLDERS AS AT 29 MARCH 2019

No.	Warrant D Holders	No. of Warrant D	%
1	JF APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ACE CREDIT (M) SDN. BHD. (STA 1)	11,264,200	12.25
2	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR OCR LAND HOLDINGS SDN. BHD.	8,918,571	9.70
3	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KOON POH TAT	8,354,000	9.08
4	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB COMMERCE TRUSTEE BERHAD – KENANGA GROWTH FUND	4,209,542	4.58
5	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	3,255,914	3.54
6	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD, PLEDGED SECURITIES ACCOUNT FOR CHAN YIN PENG	3,000,000	3.26
7	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHONG MEE FAH @ FEDERICK CHONG	2,750,100	2.99
8	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG KAH HOE (020) (THIRD PARTY)	2,687,257	2.92

Analysis of Warrant D (OCR-WD) Holdings (Cont'd)

THIRTY LARGEST WARRANT D (OCR-WD) HOLDERS AS AT 29 MARCH 2019 (CONT'D)

No.	Warrant D Holders	No. of Warrant D	%
9	YAYASAN GURU TUN HUSSEIN ONN	2,285,714	2.49
10	JF APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG KAH HOE (MARGIN)	1,963,914	2.14
11	THAM KIN FOONG (JOHN)	1,715,400	1.87
12	M & A NOMINEE (ASING) SDN. BHD. EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED (ACCOUNT CLIENT)	1,714,285	1.86
13	TEOH HWA PENG	1,435,918	1.56
14	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN BAN TATT	1,428,571	1.55
15	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG KAH HOE (6000713)	1,423,314	1.55
16	ONG BENG TIONG	1,250,000	1.36
17	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. PEMBANGUNAN SUMBER MANUSIA BERHAD	1,232,828	1.34
18	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR RAVINDRA A/L PANCHALINGAM (MARGIN)	1,200,000	1.30
19	LEE AH BENG	1,104,742	1.20
20	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GOH YOON SEN	1,000,000	1.09
21	HLB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACOUNT FOR LEE YEN LANG	960,100	1.04
22	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG KAH WEE	909,114	0.99
23	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG KAH HOE	909,114	0.99
24	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG YEW MING	909,114	0.99
25	YEOH HSIEN HUI	790,000	0.86
26	JF APEX NOMINEES (TEMPATAN) SDN. BHD, PLEDGED SECURITIES ACCOUNT FOR TAN POO YOT (MARGIN)	742,857	0.81
27	HLIB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KONG TIAM (CCTS)	562,857	0.61
28	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SIOW KHIEN MENG	540,000	0.59
29	ZAKARIA BIN ARSHAD	521,600	0.57
30	NENG AIK HONG	500,000	0.54
	TOTAL	**69,539,026**	**75.62**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-First Annual General Meeting of the Company will be held at Level 16, Persoft Tower, 6B Persiaran Tropicana, Tropicana Golf and Country Resort, 47410 Petaling Jaya, Selangor, Malaysia on Wednesday, 29 May 2019, at 2:00 p.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements of the Company and of the Group for the financial period ended 31 December 2018 together with the Directors' and Auditors' Reports thereon. ***(Please refer Explanatory Note 1)***

2. To approve the payment of Directors' fees amounting to RM308,000 for the period of 1 August 2017 until the financial period ended 31 December 2018 of the Company in year 2018. ***(Ordinary Resolution 1)***

3. To approve the payment of Directors' benefits of RM3,800 for the period from 1 August 2017 until the financial period ended 31 December 2018 of the Company in year 2018. ***(Ordinary Resolution 2)***

4. To approve the payment of Directors' fees and benefits of not exceeding RM500,000 for the period from 1 January 2019 up to the next Annual General Meeting to be held in year 2020. ***(Ordinary Resolution 3)***

5. To re-elect the following Directors who retire in accordance with Article 92 and Article 98 of the Company's Articles of Association, and being eligible, have offered themselves for re-election:-

   (i) Dato Lim Heng Ee ***(Ordinary Resolution 4)***
   (ii) Mr. Lee Chin Cheh ***(Ordinary Resolution 5)***
   (iii) Admiral (Retired) Tan Sri Dato' Sri Panglima Ahmad Kamarulzaman Hj Ahmad Badaruddin ***(Ordinary Resolution 6)***

6. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2019 and to authorise the Board of Directors to determine their remuneration. ***(Ordinary Resolution 7)***

Notice of Annual General Meeting (Cont'd)

AS SPECIAL BUSINESS: -

To consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications:-

7. **As Ordinary Resolution**
Proposed Authority to Directors to Allot and Issue New Ordinary Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016 ***(Ordinary Resolution 8)***

"THAT subject always to the Companies Act, 2016 ("the Act"), the Articles of Association of the Company (and the Constitution of the Company being adopted upon the passing of the Special Resolution below), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities (if any), the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Act to allot shares in the Company, from time to time, at such price, upon such terms and conditions, and for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are hereby empowered to obtain the approval for the listing of and quotation for additional shares so issued from Bursa Securities AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting."

8. **As Ordinary Resolution**
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ***(Ordinary Resolution 9)***

"THAT, subject always to the provisions of the Companies Act, 2016 ("the Act"), the Articles of Association of the Company (and the Constitution of the Company being adopted upon passing of the Special Resolution below), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the regulations, guidelines and guidance notes issued from time to time by Bursa Securities or any other regulatory authorities, approval be and is hereby given for the Company and its subsidiaries (collectively the "Group") to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Part A of Section 4(i) (the "Proposed Renewal of Shareholders' Mandate") of the Circular/Statement to Shareholders dated 30 April 2019 ("Circular/Statement") provided that such transactions and/or arrangements are:-

(a) necessary for the day-to-day operations of the Group;

(b) undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public; and

(c) are not prejudicial to the minority shareholders of the Company.

THAT the authority conferred by this resolution shall take effect immediately upon the passing of this resolution and the Proposed Renewal of Shareholders' Mandate shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company (following the AGM at which the Proposed Renewal of Shareholders' Mandate was passed) at which time it shall lapse unless by a resolution passed at such AGM, the authority is renewed; or

(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act [but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act]; or

(c) revoked or varied by a resolution passed by the shareholders of the Company at a general meeting,

whichever is the earlier.

THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate.

AND THAT the estimates given in respect of the recurrent related party transactions specified in Part A of Section 4(i) of the Circular/Statement being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amounts(s) thereof provided that such amount or amounts comply with the procedures set out in Part A of Section 5 of the Circular/Statement."

9. **As Ordinary Resolution**
Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature ***(Ordinary Resolution 10)***

"THAT, subject always to the provisions of the Companies Act, 2016 ("the Act"), the Articles of Association of the Company (and the Constitution of the Company being adopted upon passing of the Special Resolution below), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the regulations, guidelines and guidance notes issued from time to time by Bursa Securities or any other regulatory authorities, approval be and is hereby given for the Company and its subsidiaries (collectively the "Group") to enter into the additional new recurrent related party transactions of a revenue or trading nature with the related parties as specified in Part A of Section 4(ii) (the "Proposed New Shareholders' Mandate") of the Circular/ Statement to Shareholders dated 30 April 2019 ("Circular/Statement") provided that such transactions and/or arrangements are:-

(a) necessary for the day-to-day operations of the Group;

(b) undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public; and

(c) are not prejudicial to the minority shareholders of the Company.

Notice of Annual General Meeting (Cont'd)

THAT the authority conferred by this resolution shall take effect immediately upon the passing of this resolution and the Proposed New Shareholders' Mandate shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company (following the AGM at which the Proposed New Shareholders' Mandate was passed) at which time it shall lapse, unless by a resolution passed at such AGM, the authority is renewed; or

(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act [but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act]; or

(c) revoked or varied by a resolution passed by the shareholders of the Company at a general meeting,

whichever is the earlier.

THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed New Shareholders' Mandate.

AND THAT the estimates given in respect of the recurrent related party transactions specified in Part A of Section 4(ii) of the Circular/Statement being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amounts(s) thereof provided that such amount or amounts comply with the procedures set out in Part A of Section 5 of the Circular/Statement."

10. **As Special Resolution**
Proposed Adoption of a New Constitution of the Company in place of the Existing Memorandum and Articles of Association ("Proposed New Constitution") ***(Special Resolution)***

"THAT approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in the Appendix III of the Circular/Statement to Shareholders dated 30 April 2019 accompanying the Company's Annual Report for the financial period ended 31 December 2018 be and is hereby adopted as the Constitution of the Company.

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things and to take all such steps as they deem fit, necessary, expedient, and/or appropriate in order to complete and give full effect to the Proposed New Constitution with full powers to assent to any conditions, modifications, variation and/or amendment as may be required or imposed by the relevant authorities."

11. To transact any other business of which due notice have been given in accordance with the Companies Act, 2016.

Notice of Annual General Meeting (Cont'd)

By order of the Board,
OCR GROUP BERHAD
NG BEE LIAN (MAICSA 7041392)
Company Secretary

Melaka
30 April 2019

NOTES:

1. APPOINTMENT OF PROXY

(i) A proxy may but need not a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar of the Companies.

(ii) In the case of a corporate member, the instrument appointing a proxy shall be (a) under its Common Seal or (b) under the hand of a duly authorised officer or attorney and in the case of (b), be supported by a certified true copy of the resolution appointing such officer or certified true copy of the power attorney.

(iii) A member shall not, subject to Paragraphs (iv) and (v) below, be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, each proxy appointed shall represent a minimum of 100 shares and such appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.

(iv) Where a member is an authorised nominees, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with the ordinary shares of the Company. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.

(v) Where a member is an exempt authorised nominee ("EAN") as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.

(vi) Any alteration to the instrument appointing a proxy must be initialed. The instrument appointing a proxy must be deposited at the registered office of the Company at 49-B, Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka, Malaysia, not less than 48 hours before the time appointed for holding the meeting.

(vii) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR of Bursa Securities"), all resolutions set out in the Notice of 21st AGM will be put to vote on a poll.

2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 ("CA2016") for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

Notice of Annual General Meeting (Cont'd)

NOTES: (CONT'D)

3. RESOLUTIONS 1 TO 3 : PAYMENT OF DIRECTORS' FEES AND BENEFITS

Section 230(1) of the CA2016 provides that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval will be sought at this AGM on the Directors' fees and Directors' benefits for the period of 1 August 2017 until the financial period ended 31 December 2018 in year 2018 and the period from 1 January 2019 up to the next AGM to be held in year 2020.

4. RESOLUTIONS 4 TO 6 : RE-ELECTION OF DIRECTORS

Article 92 of the Articles of Association of the Company provides that one-third of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company and Article 98 of the Articles of Association stated that a Director so appointed shall hold office only until the next following AGM shall then be eligible for re-election.

Mr. Tee, Tze Chern, JP is scheduled for retirement by rotation as Director of the Company in accordance with Article 92 of the Company's Articles of Association at the 21st AGM.

As Mr. Tee had notified vide his letter to the Company of his intention not to seek for re-election, he shall retire as Director of the Company at the conclusion of the 21st AGM of the Company.

The Directors standing for re-election pursuant to the Company's Articles of Association are:-

(i) Dato Lim Heng Ee (Article 92)
(ii) Mr. Lee Chin Cheh (Article 92)
(iii) Admiral (Retired) Tan Sri Dato' Sri Panglima Ahmad Kamarulzaman Hj Ahmad Badaruddin (Article 98)

The Board has through the Nominating Committee, considered the assessment of the Directors and agreed that they meet the criteria as prescribed by Paragraph 2.20A of the MMLR of Bursa Securities on character, experience, integrity, competence and time to effectively discharge their roles as Directors.

5. RESOLUTION 7 : RE-APPOINTMENT OF AUDITORS

The Audit Committee had at its meeting held on 11 April 2019 assessed the suitability and independence of the External Auditors and recommended the re-appointment of Messrs. Crowe Malaysia PLT as External Auditors of the Company for the financial year ending 31 December 2019. The Board has in turn reviewed the recommendation of the Audit Committee and recommended the same be tabled to the shareholders for approval for the forthcoming AGM of the Company.

6. ORDINARY RESOLUTION 8 : PROPOSED AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE NEW ORDINARY SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016

The proposed Ordinary Resolution 8, if passed, is to empower the Directors to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening at a general meeting to approve such an issue of shares. This authority will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

NOTES: (CONT'D)

6. **ORDINARY RESOLUTION 8 : PROPOSED AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE NEW ORDINARY SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 (CONT'D)**

   This General Mandate will provide flexibility to the Company for allotment of shares for any possible fund raising activities including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

   As at the date of this Notice, the Company had allotted and issued 29,239,000 shares in relation to Private Placement pursuant to the mandate granted to the Directors at the 20th AGM of the Company held on 13 December 2017.

7. **ORDINARY RESOLUTION 9 : PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

   The proposed Ordinary Resolution 9, if passed, will **renew** the authority given to the Company and its subsidiaries (the "OCR Group") to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the OCR Group's day-to-day operations with the respective related parties, subject that the transactions are transacted in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

8. **ORDINARY RESOLUTION 10 : PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

   The proposed Ordinary Resolution 10, if passed, will authorise the OCR Group to enter into **new** recurrent related party transactions of a revenue or trading nature which are necessary for the OCR Group's day-to-day operations with the respective related parties, subject that the transactions are transacted in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

9. **SPECIAL RESOLUTION : PROPOSED NEW CONSTITUTION**

   The Special Resolution, if passed, will streamline the Company's Constitution with the new provisions of the Act, amendments made to the MMLR of Bursa Securities and enhance administrative efficiency. The Board proposed that the existing Memorandum and Articles of Association be amended in its entirety by replacement of a new Constitution in view of the substantial amount of the amendments. The proposed new Constitution shall take effect once it has been passed by a majority of not less than 75% of such members who are entitled to vote and do vote in person or by proxy at 21st AGM.

ANNUAL REPORT 2018 OF THE COMPANY

The Annual Report 2018 of the Company is in CD-ROM format.

A printed copy of the Annual Report 2018 shall be provided to the shareholders within four (4) market days from the date of receipt of their written request.

Shareholders who wish to receive the printed copy of the Annual Report 2018 or who require assistance with viewing the CD-ROM, kindly contact Ms. Tan (Tel. No. 03-7710 1000), email to corporate@ocrbhd.com or you may send the completed request form to 49-B Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka for a printed copy of the Annual Report 2018.

STATEMENT ACCOMPANYING THE NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

1. **Directors Standing for Re-election Pursuant to the Articles of Association of the Company are:-**

    (i) Dato' Lim Heng Ee
    (ii) Mr. Lee Chin Cheh
    (iii) Admiral (Retired) Tan Sri Dato' Sri Panglima Ahmad Kamarulzaman Hj Ahmad Badaruddin

    Details of the above Directors who are standing for re-election at the 21st AGM of the Company are set out in the Directors' profile appearing on pages 7 to 8 and page 10 of this Annual Report while their securities holdings are listed in the Analysis of Shareholdings – Directors' Shareholdings on pages 183 and 184 of this Annual Report.

    Mr. Tee, Tze Chern, who is an Executive Director of the Company, will retire at the conclusion of the 21st AGM in accordance with Article 92 of the Company's Articles of Association and he will not seeking for re-election as conveyed in his letter to the Company.

2. **Details of Attendance of Directors at Board Meetings**

    A total of eight (8) Board of Directors' Meetings were held during the financial period ended 31 December 2018, details of the Directors' attendances at Board meetings are found on page 35 of this Annual Report.

3. **Date, Time and Place of the Annual General Meeting**

    Date : Wednesday, 29 May 2019
    Time : 2:00 p.m.
    Place : Level 16 Persoft Tower
    6B Persiaran Tropicana
    Tropicana Golf and Country Resort
    47410 Petaling Jaya
    Selangor

OCR

OCR GROUP BERHAD (440503-K)

PROXY FORM	CDS A/C No.
	No. of shares held.

I/We ______________________________ (NRIC/Company No: ______________)
(Full Name in Capital Letters)

of ____
(Full Address)

being (a) member(s) of OCR GROUP BERHAD, hereby appoint the following:-

(1) PROXY "A": ______________________________
(full name in capital letters)

NRIC/Passport No: ______________________________

Address: ______________________________

or failing him ______________________________
(full name in capital letters)

NRIC/Passport No: ______________________________

Address: ______________________________

(2) PROXY "B": ______________________________
(full name in capital letters)

NRIC/Passport No: ______________________________

Address: ______________________________

or failing him ______________________________
(full name in capital letters)

NRIC/Passport No: ______________________________

Address: ______________________________

or failing him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Twenty-First Annual General Meeting of the Company to be held at Level 16, Persoft Tower, 6B Persiaran Tropicana, Tropicana Golf and Country Resort, 47410 Petaling Jaya, Selangor, Malaysia on Wednesday, 29 May 2019, at 2:00 p.m. and at any adjournment thereof.

The proportion of my/our holding to be represented by my/our proxies are as follows:

Proxy A	%	Proxy B	%	Total	100%

Mark either box with "X" if you wish to direct the proxy how to vote. If no mark is made, the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two (2) proxies and wish them to vote differently, this should be specified.

My/our proxy/proxies is/are to vote as indicated below:

Item	Agenda			
1.	To receive the Audited Financial Statements for the financial period ended 31 December 2018 together with the Directors' and Auditors' Reports thereon.			
		RESOLUTION	**FOR**	**AGAINST**
	Ordinary Resolution			
2.	To approve the payment of Directors' fees amounting to RM308,000 for the period of 1 August 2017 until the financial period ended 31 December 2018 of the Company in year 2018.	1		
3.	To approve the payment of Directors' benefits of RM3,800 for the period of 1 August 2017 until the financial period ended 31 December 2018 of the Company in year 2018.	2		
4.	To approve the payment of Directors' fees and benefits of not exceeding RM500,000 for the period from 1 January 2019 up to the next Annual General Meeting to be held in year 2020.	3		
5.	To re-elect the following Directors who retire in accordance with Article 92 and Article 98 of the Company's Articles of Association, and being eligible, have offered themselves for re-election:-			
	(i) Dato' Lim Heng Ee	4		
	(ii) Mr. Lee Chin Cheh	5		
	(iii) Admiral (Retired) Tan Sri Dato' Sri Panglima Ahmad Kamarulzaman Hj Ahmad Badaruddin	6		
6.	To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2019 and to authorise the Board of Directors to determine their remuneration.	7		
7.	To approve the Proposed Authority to Directors to Allot and Issue New Ordinary Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016.	8		
8.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	9		
9.	To approve the Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature.	10		
	Special Resolution			
10.	To approve the Proposed New Constitution.			

* Strike out whichever not applicable.

As witness *my/our hand this __________ day of ____________________, 2019

Telephone number during office hours:

____

____
Signature of member/Common Seal

Fold this flap for sealing

NOTES:

(i) Applicable to shares held through a nominee account.

(ii) A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar of the Companies.

(iii) In the case of a corporate member, the instrument appointing a proxy shall be (a) under its Common Seal or (b) under the hand of a duly authorised officer or attorney and in the case of (b), be supported by a certified true copy of the resolution appointing such officer or certified true copy of the power attorney.

(iv) A member shall not, subject to Paragraphs (v) and (vi) below, be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, each proxy appointed shall represent a minimum of 100 shares and such appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.

(v) Where a member is an authorised nominees, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with the ordinary shares of the Company. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.

(vi) Where a member is an exempt authorised nominee (“EAN”) as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.

(vii) Any alteration to the instrument appointing a proxy must be initialed. The instrument appointing a proxy must be deposited at the registered office of the Company at 49-B, Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka, Malaysia, not less than 48 hours before the time appointed for holding the meeting.

(viii) For the purpose of determining a member who shall be entitled to attend this 21st AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 66 of the Company’s Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 23 May 2019. Only a depositors whose name appears on the Record of Depositors as at 23 May 2019 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

Then fold here

AFFIX
STAMP

The Company Secretary

OCR GROUP BERHAD
49-B, Jalan Melaka Raya 8,
Taman Melaka Raya,
75000 Melaka.

1st fold here

OCR GROUP BERHAD (440503-K)

8.01, 8th Floor, Persoft Tower,
6B Persiaran Tropicana,
Tropicana Golf & Country Resort,
47410, Petaling Jaya, Selangor

Tel : +603 7806 3003
Fax : +603 7880 4003

www.ocrbhd.com