



**OCR Group Berhad**  
(Registration No: 199701025005 (440503-K))  
(Incorporated in Malaysia)

*Condensed Consolidated Statement of Comprehensive Income (Unaudited)*  
For the financial quarter ended 31 December 2019

|  | Note | Individual Quarter                              |  | Cumulative Period                               |  |
|--|------|---|--|---|--|
|  |      | Current Year<br>Quarter<br>31.12.2019<br>RM'000 | Preceding Year<br>Quarter<br>N/A<br>RM'000 | Current<br>Year To Date<br>31.12.2019<br>RM'000 | Preceding Year<br>To Date<br>N/A<br>RM'000 |
| Revenue  |      | 21,236  | -  | 81,830  | -  |
| Cost of sales  |      | (17,871)  | -  | (62,537)  | -  |
| Gross profit   |      | 3,365   | -  | 19,293  | -  |
| Other income   |      | 1,669   | -  | 2,703   | -  |
| Other operating expenses                                   |      | (172)   | -  | (796)   | -  |
| Administrative expenses                                    |      | (1,470)   | -  | (8,755)   | -  |
| Finance costs  |      | (489)   | -  | (1,708)   | -  |
| Share of loss from associate                               |      | (25)  | -  | (102)   | -  |
| Profit before tax  |      | 2,878   | -  | 10,635  | -  |
| Income tax expense   | B5   | (165)   | -  | (1,597)   | -  |
| <b>Profit after taxation for the financial period</b>      |      | 2,713   | -  | 9,038   | -  |
| <b>Other Comprehensive Income</b>                          |      | -   | -  | -   | -  |
| <b>Total Comprehensive Income for the financial period</b> | B11  | 2,713   | -  | 9,038   | -  |

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.*

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



**OCR Group Berhad**  
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*Condensed Consolidated Statement of Comprehensive Income (Unaudited)*  
*For the financial quarter ended 31 December 2019 (Cont'd)*

|  | Note | Individual Quarter                              |  | Cumulative Period                               |  |
|--|------|---|--|---|--|
|  |      | Current Year<br>Quarter<br>31.12.2019<br>RM'000 | Preceding Year<br>Quarter<br>N/A<br>RM'000 | Current<br>Year To Date<br>31.12.2019<br>RM'000 | Preceding<br>Year To Date<br>N/A<br>RM'000 |
| <b>Profit after taxation attributable to:</b>      |      |   |  |   |  |
| Owners of the Company                              |      | 2,460   | -  | 8,921   | -  |
| Non-Controlling Interests                          |      | 253   | -  | 117   | -  |
|  |      | <hr/>   | <hr/>                                      | <hr/>   | <hr/>                                      |
|  |      | 2,713   | -  | 9,038   | -  |
|  |      | <hr/>   | <hr/>                                      | <hr/>   | <hr/>                                      |
| <b>Total Comprehensive Income attributable to:</b> |      |   |  |   |  |
| Owners of the Company                              | B11  | 2,460   | -  | 8,921   | -  |
| Non-Controlling Interests                          |      | 253   | -  | 117   | -  |
|  |      | <hr/>   | <hr/>                                      | <hr/>   | <hr/>                                      |
|  |      | 2,713   | -  | 9,038   | -  |
|  |      | <hr/>   | <hr/>                                      | <hr/>   | <hr/>                                      |
| Earnings per share (“EPS”) (in sen)                |      |   |  |   |  |
| - Basic  | B10  | 0.76  | -  | 2.75  | -  |
|  |      | <hr/>   | <hr/>                                      | <hr/>   | <hr/>                                      |
| - Diluted  | B10  | 0.62  | -  | 2.24  | -  |
|  |      | <hr/>   | <hr/>                                      | <hr/>   | <hr/>                                      |

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



**OCR Group Berhad**  
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*Condensed Consolidated Statement of Financial Position*  
*As at 31 December 2019*

|   | Note | As at 31.12.2019<br>(Unaudited)<br>RM'000 | As at 31.12.2018<br>(Audited)<br>RM'000 |
|---|------|---|---|
| <b>ASSETS</b>   |      |   |   |
| <b>Non-Current Assets</b>   |      |   |   |
| Property, plant and equipment   |      | 2,238                                     | 2,464                                   |
| Deferred Tax Asset  |      | 2,522                                     | 757                                     |
| Investment property   |      | 1,812                                     | 1,854                                   |
| Inventories   |      | 29,764                                    | 55,336                                  |
| Investment in an associate  |      | 385                                       | 486                                     |
| Other receivable  |      | 14,456                                    | 13,323                                  |
|   |      | 51,177                                    | 74,220                                  |
| <b>Current Assets</b>   |      |   |   |
| Contract assets   |      | 31,365                                    | 16,098                                  |
| Inventories   |      | 124,119                                   | 80,167                                  |
| Trade and others receivables  |      | 98,154                                    | 82,292                                  |
| Current tax assets  |      | 8   | 795                                     |
| Cash and cash equivalents   |      | 21,454                                    | 16,293                                  |
|   |      | 275,100                                   | 195,645                                 |
| <b>TOTAL ASSETS</b>   |      | 326,277                                   | 269,865                                 |
| <b>EQUITY AND LIABILITIES</b>   |      |   |   |
| Share capital   |      | 119,321                                   | 88,457                                  |
| Irredeemable convertible preference shares  |      | 27,637                                    | 32,187                                  |
| Reserves  |      | (20,486)                                  | (7,613)                                 |
| Shareholders' funds   |      | 126,472                                   | 113,031                                 |
| Non-controlling interests   |      | (1,290)                                   | (1,407)                                 |
| <b>TOTAL EQUITY</b>   |      | 125,182                                   | 111,624                                 |
| <b>Non-Current Liabilities</b>  |      |   |   |
| Long-term bank borrowings   | B7   | 47,373                                    | 38,998                                  |
| Deferred tax liabilities  |      | 179                                       | 179                                     |
| Other payable   |      | 42,180                                    | 40,503                                  |
|   |      | 89,732                                    | 79,680                                  |
| <b>Current Liabilities</b>  |      |   |   |
| Trade and other payables  |      | 74,500                                    | 46,564                                  |
| Contract liability  |      | -   | 2,262                                   |
| Short-term borrowings   | B7   | 33,506                                    | 29,132                                  |
| Current tax liabilities   |      | 3,357                                     | 603                                     |
|   |      | 111,363                                   | 78,561                                  |
| <b>TOTAL LIABILITIES</b>  |      | 201,095                                   | 158,241                                 |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |      | 326,277                                   | 269,865                                 |
| <b>Net assets per share attributable to ordinary equity holders of the Company (RM)</b> |      | 0.26                                      | 0.32                                    |

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.*



**OCR Group Berhad**  
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*Condensed Consolidated Statement of Changes in Equity*  
*For the financial period ended 31 December 2019*

|  | <-----Attributable to owners of the company-----> |                            |                               |   |                                 |                 |  | Total<br>Equity<br>RM'000 |
|--|---|----------------------------|-------------------------------|---|---------------------------------|-----------------|--|---------------------------|
|  | <-----Non-Distributable----->                     |                            |                               | Distributable   |                                 |                 |  |                           |
|  | Share<br>Capital<br>RM'000                        | Share<br>Premium<br>RM'000 | Warrants<br>Reserve<br>RM'000 | Irredeemable<br>Convertible<br>Preference<br>Shares<br>(‘ICPS’)<br>RM'000 | Accumulated<br>Losses<br>RM'000 | Total<br>RM'000 | Non-<br>Controlling<br>Interests<br>RM'000 |                           |
| Balance as at<br>1 January 2019                              | 88,457  | 18,126                     | 890                           | 32,187  | (26,629)                        | 113,031         | (1,407)                                    | 111,624                   |
| Initial application of<br>MFRS 9                             | -   | -                          | -                             | -   | (3,668)                         | (3,668)         | -  | (3,668)                   |
| Balance as at<br>1 January 2019<br>(restated)                | 88,457  | 18,126                     | 890                           | 32,187  | (30,297)                        | 109,363         | (1,407)                                    | 107,956                   |
| Profit after taxation<br>for the period                      | -   | -                          | -                             | -   | 8,921                           | 8,921           | 117  | 9,038                     |
| Other comprehensive<br>expense for the<br>period, net of tax | -   | -                          | -                             | -   | -                               | -               | -  | -                         |
| Total comprehensive<br>Income for the<br>period              | -   | -                          | -                             | -   | 8,921                           | 8,921           | 117  | 9,038                     |
| Transaction with<br>owners of the<br>company:                |   |                            |                               |   |                                 |                 |  |                           |
| Issuance of ordinary<br>share pursuant to:                   |   |                            |                               |   |                                 |                 |  |                           |
| - exercise of  |   |                            |                               |   |                                 |                 |  |                           |
| - ICPS   | 4,550   | -                          | -                             | (4,550)   | -                               | -               | -  | -                         |
| - Warrant D  | 1   | -                          | -                             | -   | -                               | 1               | -  | 1                         |
| - Private<br>Placement                                       | 8,187   | -                          | -                             | -   | -                               | 8,187           | -  | 8,187                     |
| Transfer from share<br>premium                               | 18,126  | (18,126)                   | -                             | -   | -                               | -               | -  | -                         |
| Balance as at<br>31 December 2019                            | 119,321   | -                          | 890                           | 27,637  | (21,376)                        | 126,472         | (1,290)                                    | 125,182                   |

*The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.*



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*Condensed Consolidated Statement of Changes in Equity*  
*For the financial period ended 31 December 2019 (Cont'd)*

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

|  | <-----Non Distributable-----> |                            |                               |   |   | Distributable                   |                 |  |                           |
|--|-------------------------------|----------------------------|-------------------------------|---|---|---------------------------------|-----------------|--|---------------------------|
|  | Share<br>Capital<br>RM'000    | Share<br>Premium<br>RM'000 | Warrants<br>Reserve<br>RM'000 | Foreign<br>Exchange<br>Translation<br>Reserve<br>RM'000 | Irredeemable<br>Convertible<br>Preference<br>Shares<br>'ICPS'<br>RM'000 | Accumulated<br>Losses<br>RM'000 | Total<br>RM'000 | Non-<br>Controlling<br>Interests<br>RM'000 | Total<br>Equity<br>RM'000 |
| Balance as at<br>1 August 2017   | 68,745                        | 18,475                     | 1,721                         | 572   | 32,232  | (19,592)                        | 102,153         | (817)                                      | 101,336                   |
| Loss after taxation<br>for the period  | -                             | -                          | -                             | -   | -   | (7,037)                         | (7,037)         | (293)                                      | (7,330)                   |
| Other comprehensive<br>Income for the<br>period, net of tax<br>- Foreign currency<br>translation | -                             | -                          | -                             | (572)   | -   | -                               | (572)           | -  | (572)                     |
| Total comprehensive<br>expense<br>for the period   | -                             | -                          | -                             | (572)   | -   | (7,037)                         | (7,609)         | (293)                                      | (7,902)                   |
| Issuance of  |                               |                            |                               |   |   |                                 |                 |  |                           |
| - exercise of SIS  | 2,805                         | -                          | -                             | -   | -   | -                               | 2,805           | -  | 2,805                     |
| - exercise of<br>ICPS  | 90                            | -                          | -                             | -   | -   | -                               | 90              | -  | 90                        |
| - Private placement  | 15,941                        | -                          | -                             | -   | -   | -                               | 15,941          | -  | 15,941                    |
| Transfer upon<br>conversion of ICPS  | 45                            | -                          | -                             | -   | (45)  | -                               | -               | -  | -                         |
| Transfer upon SIS<br>exercised   | 831                           | -                          | (831)                         | -   | -   | -                               | -               | -  | -                         |
| Direct expenses  | -                             | (349)                      | -                             | -   | -   | -                               | (349)           | -  | (349)                     |
| Acquisition of<br>subsidiary   | -                             | -                          | -                             | -   | -   | -                               | -               | (297)                                      | (297)                     |
| Balance as at<br>31 December 2018  | 88,457                        | 18,126                     | 890                           | -   | 32,187  | (26,629)                        | 113,031         | (1,407)                                    | 111,624                   |

*The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.*



**OCR Group Berhad**  
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*Condensed Consolidated Statement of Cash Flows*  
*For the financial period ended 31 December 2019*

|   | <b>Current<br/>Year to date<br/>31.12.2019<br/>RM'000</b> | <b>Preceding<br/>Year to date<br/>N/A<br/>RM'000</b> |
|---|---|--|
| <b>Cash Flows from Operating Activities</b>                         |   |  |
| <b>Profit before tax</b>  | <b>10,635</b>   | -  |
| Adjustments for:  |   |  |
| Non-cash items  | 938   | -  |
| Non-operating items   | 522   | -  |
| <i>Operating profit before working capital changes</i>              | <b>12,095</b>   | -  |
| Net change in current assets  | (56,570)  | -  |
| Net change in current liabilities                                   | 30,142  | -  |
| <i>Cash used in operations</i>                                      | <b>(14,333)</b>   | -  |
| Tax paid  | (353)   | -  |
| <i>Net cash used in operating activities</i>                        | <b>(14,686)</b>   | -  |
| <b>Cash Flows from Investing Activities</b>                         |   |  |
| Proceed from disposal of property, plant and equipment              | 90  | -  |
| Purchase of property, plant and equipment                           | (153)   | -  |
| Interest received   | 1,186   | -  |
| <i>Net cash from investing activities</i>                           | <b>1,123</b>  | -  |
| <b>Cash Flows from Financing Activities</b>                         |   |  |
| Interest paid   | (1,708)   | -  |
| Proceeds from issuance of ordinary shares pursuant to:              |   |  |
| -Private placement, net of expenses                                 | 8,187   | -  |
| -Warrant D  | 1   | -  |
| Drawdown of bank borrowings   | 18,412  | -  |
| Repayment of bank borrowings  | (8,982)   | -  |
| Placement of fixed deposit pledged with a licensed bank             | (2,547)   | -  |
| <i>Net cash generated from financing activities</i>                 | <b>13,363</b>   | -  |
| <i>Net cash decreased in cash and cash equivalents</i>              | <b>(200)</b>  | -  |
| <i>Cash and cash equivalents at beginning of the financial year</i> | <b>(4,160)</b>  | -  |
| <i>Cash and cash equivalents at end of the financial period</i>     | <b>(4,360)</b>  | -  |



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*Condensed Consolidated Statement of Cash Flows*  
*For the period ended 31 December 2019 (Cont'd)*

|   | <b>Current<br/>Year To Date<br/>31.12.2019<br/>RM'000</b> | <b>Preceding<br/>Year To Date<br/>N/A<br/>RM'000</b> |
|---|---|--|
| <b>Analysis of cash and cash equivalents:</b> |   |  |
| Fixed deposits with licensed banks            | 18,137  | -  |
| Cash and bank balances                        | 3,317   | -  |
| Bank overdrafts                               | (7,677)   | -  |
|   | <hr/>   |  |
|   | <b>13,777</b>   | -  |
| Less: Fixed deposit pledged to licensed banks | (18,137)  | -  |
|   | <hr/>   |  |
|   | <b>(4,360)</b>  | -  |
|   | <hr/>   |  |

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



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

**PART A**  
**EXPLANATORY NOTES PURSUANT TO MFRS 134**

**1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with MFRS 134, Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The report should be read in conjunction with the annual audited financial statements of the Group for the year ended 31 December 2018.

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted in the latest audited financial statements for the financial year ended 31 December 2018. The adoption of the MFRSs and Amendments to MFRSs that came into effect after 1 January 2019 did not have any significant impact on the interim financial statements upon their initial application.

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

| <b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>   | <b>Effective Date</b> |
|---|-----------------------|
| MFRS 17 Insurance Contracts   | 1 January 2021        |
| Amendments to MFRS 3: Definition of a Business  | 1 January 2020        |
| Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform   | 1 January 2020        |
| 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 References to the Conceptual Framework in MFRS Standards  | 1 January 2020        |



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

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

**1. Basis of Preparation (Cont'd)**

The adoption of the above accounting 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.

**2. Status of Audit Qualifications**

The audited financial statements of the Group for the financial year ended 31 December 2018 was not subject to any audit qualification.

**3. Seasonality or Cyclically of Operations**

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

**4. Unusual Items**

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

**5. Changes in Estimates**

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



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

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

- (i) There are total of 9,099,840 ordinary shares of RM0.50 each have been issued pursuant to the conversion of 90,998,400 ICPS to 9,099,840 new ordinary shares by the conversion ratio of 10 units ICPS to 1 new ordinary share during the financial period ended 31 December 2019.
- (ii) On 5 September 2019, the Company allotted 4,571 new ordinary shares at an exercise price of RM0.22 per share for cash pursuant to the conversion of Warrant D undertaken by the warrant holders of the Company.

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

**7. Dividend**

There were no dividends paid during the current quarter.

**8. Segment Information**

The following is an analysis of the consolidated revenue and consolidated result of the Group by segment of its operating activities for the current quarter ended 31 December 2019: -

| 31 December 2019                      | Construction<br>RM'000 | Property<br>Development<br>RM'000 | Others<br>RM'000 | Elimination<br>RM'000 | Consolidation<br>RM'000 |
|---------------------------------------|------------------------|-----------------------------------|------------------|-----------------------|-------------------------|
| External Sales                        | 7,583                  | 17,794                            | 1,609            | (5,750)               | 21,236                  |
| Segment Results (EBITDA)              | 1,488                  | 1,719                             | 697              | (307)                 | 3,597                   |
| Finance Cost                          | (214)                  | (2)                               | (273)            | -                     | (489)                   |
| Depreciation and Amortisation         | (30)                   | (122)                             | (78)             | -                     | (230)                   |
| <b>Consolidated Profit Before Tax</b> |                        |                                   |                  |                       | <b>2,878</b>            |
| <b>ASSETS</b>                         |                        |                                   |                  |                       |                         |
| Segment Assets                        | 155,373                | 175,378                           | 122,569          | (127,043)             | 326,277                 |
| <b>LIABILITIES</b>                    |                        |                                   |                  |                       |                         |
| Segment Liabilities                   | 103,690                | 162,729                           | 44,535           | (109,859)             | 201,095                 |
| <b>OTHER INFORMATION</b>              |                        |                                   |                  |                       |                         |
| Capital Expenditure                   | -                      | -                                 | -                | -                     | -                       |
| Depreciation and Amortisation         | 30                     | 122                               | 78               | -                     | 230                     |
| Other Non-Cash Expenses               | -                      | -                                 | -                | -                     | -                       |



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

**8. Segment Information (Cont'd)**

***GEOGRAPHICAL SEGMENT***

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

|                       | Revenue by location of customers |               | Segments assets by location of assets |               | Capital expenditure by location of assets |               |
|-----------------------|----------------------------------|---------------|---------------------------------------|---------------|---|---------------|
|                       | 31 December 2019<br>RM'000       | N/A<br>RM'000 | 31 December 2019<br>RM'000            | N/A<br>RM'000 | 31 December 2019<br>RM'000                | N/A<br>RM'000 |
| Malaysia              | 21,236                           | -             | 326,277                               | -             | -   | -             |
| Other Asian Countries | -                                | -             | -                                     | -             | -   | -             |
| Others                | -                                | -             | -                                     | -             | -   | -             |
| <b>Total</b>          | <b>21,236</b>                    | <b>-</b>      | <b>326,277</b>                        | <b>-</b>      | <b>-</b>                                  | <b>-</b>      |

**9. Valuation of Property, Plant and Equipment**

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

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

There were no material events subsequent to the reporting period up to 20 February 2020, being the latest practicable date, which is not earlier than 7 days from the date of issue of this quarterly report, that have not been reflected in the financial statements for the current quarter ended 31 December 2019, except for the following:

On 2 January 2020, 10 January 2020, 28 January 2020 and 6 February 2020, there are total of 1,340,000 ordinary shares of RM0.50 each have been issued pursuant to the conversion of 13,400,000 ICPS to 1,340,000 new ordinary shares by the conversion ratio of 10 units ICPS to 1 new ordinary share.

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

There were no changes in the composition of the Group for the current quarter ended 31 December 2019.



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

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

Since the last annual balance sheet date, there were no material changes in contingent liabilities for the Group as at 20 February 2020, being the last practicable date from the date of issue of this quarterly report that are expected to have an operational or financial impact on the Group.

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

|  | <b>Company</b>                         |                                       |
|--|--|---------------------------------------|
|  | <b>As at<br/>31.12.2019<br/>RM'000</b> | <b>As at<br/>30.9.2019<br/>RM'000</b> |
| Corporate guarantees extended:   |  |                                       |
| - to financial institutions for credit facilities granted<br>to subsidiaries | 60,610                                 | 55,002                                |

There were no contingent assets since the last annual balance sheet as at 31 December 2019.

**13. Capital Commitments**

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

**14. Significant Inter Company and Related Party Transactions**

|  | <b>Group</b>  |  |
|--|---|--|
|  | <b>Current<br/>Year To Date<br/>31.12.2019<br/>RM'000</b> | <b>Preceding<br/>Year To Date<br/>N/A<br/>RM'000</b> |
| <b><u>Inter Company Transactions</u></b>   |   |  |
| Progress billing to a company which is connected to a director of the company    | 26,288  | -  |
| Marketing fee to a company which a director has a substantial financial interest | 4,247   | -  |

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



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**PART B**

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

**1. Detailed Analysis of the Performance of all Operating Segments**

|                   | Individual Quarter   |               | Cumulative Period    |               |
|-------------------|----------------------|---------------|----------------------|---------------|
|                   | 31.12.2019<br>RM'000 | N/A<br>RM'000 | 31.12.2019<br>RM'000 | N/A<br>RM'000 |
| Revenue           | 21,236               | -             | 81,830               | -             |
| Profit before tax | 2,878                | -             | 10,635               | -             |

For the current quarter and cumulative period under review, the Group's revenue was mainly contributed by the construction and property development segments. The profit before tax was contributed by the progressive revenue recognition by the property development and construction segments in the cumulative period under review.

Further Analysis by Segments

Construction Segment

The revenue and profit before tax in the current and cumulative period were mainly contributed by the progressive revenue recognised by the 'YOLO at Sunway Mentari' project and the 'PANO at Jalan Ipoh' .

Property Development Segment

The revenue and profit before tax in the current and cumulative periods under review was a result of progressive recognition of revenue mainly contributed by Isola at KLCC and PRIYA at Kuantan.

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

|                   | Individual Quarter   |                     |
|-------------------|----------------------|---------------------|
|                   | 31.12.2019<br>RM'000 | 30.9.2019<br>RM'000 |
| Revenue           | 21,236               | 17,659              |
| Profit before tax | 2,878                | 2,752               |

The Group recorded profit before tax of RM 2.9 million for the current quarter as compared to the immediate preceding quarter profit before tax of RM 2.8 million. The profit before tax was mainly contributed by the progressive revenue recognised from the property development and construction segments.



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**3. Current Year Prospects**

With the recent soft-launch of the Group’s latest project – The Mate, in the fourth quarter of 2019, the Group currently has a total of 3 on-going development projects with a combined gross development value (“GDV”) of RM583mil across Klang Valley and Kuantan, Pahang. These projects are namely Isola @ KLCC, PRIYA Scheme Kuantan and The Mate at Damansara Jaya, each with its own unique proposition and offering. Meanwhile, the construction business has been progressing well with construction of the commercial development in Yolo at Sunway Mentari, Bandar Sunway continues to be on track for delivery in 2021.

Moving forward, the Group still has more than RM1.2bil GDV of projects planned to be launch in the next 3 years, which includes Vertex – a RM268mil GDV mixed development located in the city centre of Kuantan, Pahang. Slated to be launched during the year, the project will be the tallest development in Kuantan, Pahang. With the rapid-development of Kuantan, coupled with major industrial and infrastructure development across the East Coast of Peninsular Malaysia, the Group believes that Vertex will contribute positively to the Group.

Apart from the existing pipelines, the Group will continue to be on the constant lookout for potentially earnings-accreditve opportunities across its property development, construction, project management consultant and related businesses.

**4. Variances Between Actual Profit and Forecast Profit**

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

**5. Tax Expense**

|                    | <b>Group</b>        |                     |
|--------------------|---------------------|---------------------|
|                    | <b>Current</b>      | <b>Preceding</b>    |
|                    | <b>Year to date</b> | <b>Year to date</b> |
|                    | <b>31.12.2019</b>   | <b>N/A</b>          |
|                    | <b>RM'000</b>       | <b>RM'000</b>       |
| Income tax         | 3,362               | -                   |
| Deferred tax       | (1,765)             | -                   |
| Profit before tax  | 1,597               | -                   |
| Effective tax rate | 15%                 |                     |



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**5. Tax Expense (Cont'd)**

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

**6. Status of Corporate Proposals**

There were no corporate proposals announced but not completed as at 20 February 2020, being the last practicable date from the date of the issue of this report.

**7. Borrowings and Debt Securities**

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

|                         | <b>As at<br/>31.12.2019<br/>RM'000</b> |
|-------------------------|--|
| Secured:                |  |
| Current liabilities     |  |
| - Bank overdrafts       | 7,677                                  |
| - Revolving credit      | 15,000                                 |
| - Term loan             | 6,149                                  |
| - Trust receipt         | 4,991                                  |
|                         | <hr/> 33,817                           |
| Non-current liabilities |  |
| - Term loan             | 46,914                                 |
|                         | <hr/> 46,914                           |
| Unsecured:              |  |
| Current liabilities     |  |
| - Hire purchase payable | 189                                    |
|                         | <hr/> 189                              |
| Non-current liabilities |  |
| - Hire purchase payable | 469                                    |
|                         | <hr/> 469                              |
| Total Borrowings        | <hr/> <hr/> <b>81,389</b>              |

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



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**7. Borrowings and Debt Securities (Cont'd)**

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

|                  | <b>As at</b>      |
|------------------|-------------------|
|                  | <b>31.12.2019</b> |
|                  | <b>RM'000</b>     |
| Ringgit Malaysia | 81,389            |

**8. Material Litigation**

Since the date of the last annual statement of financial position, there was no pending material litigation as at 20 February 2020, except the following:

**Ismail bin Othman v Duta Skyline Sdn Bhd & Amazing Symphony Sdn Bhd**

Duta Skyline Sdn Bhd ("DSSB") entered into a joint venture agreement dated 22 April 2019 ("JVA") with Amazing Symphony Sdn Bhd ("ASSB") to develop a parcel of freehold land held under GRN 23940, Lot 613, Mukim Ulu Semenyih, Daerah Ulu Langat, Selangor Darul Ehsan measuring approximately 501.5 acres ("Land") owned by DSSB.

On 6 September 2019, ASSB was served with an Originating Summons dated 28 August 2019 ("OS") and a Notice of Application dated 28 August 2019 ("Injunction Application") by Messrs Rosley Zechariah, solicitors for Encik Ismail bin Othman ("Plaintiff"), one of the directors of DSSB.

In the OS, the Plaintiff is seeking for, among others, the following relief:

- 1) a declaration that the JVA between the DSSB and ASSB is null and void ab initio and of no effect whatsoever;
- 2) as a consequence of the above, an order that a power of attorney ("POA") granted in favour of ASSB pursuant to the JVA be revoked and/or cancelled forthwith;
- 3) costs; and
- 4) such further or other relief as the Court deems fit and proper to grant.

The Plaintiff had also filed the Injunction Application to restrain DSSB and ASSB from, among others, acting upon and/or giving effect in any manner to the JVA and POA and dealing with the Land in any manner.

On 11 September 2019, the Plaintiff's solicitors had orally applied for an ad interim injunction to be granted. After hearing from both parties, the Court had ordered as follows:

- 1) that the Plaintiff's application for an ad interim injunction be allowed until 30 September 2019 to preserve the status quo of the matter;
- 2) that the OS and Injunction Application be fixed for case management on 30 September 2019; and
- 3) that DSSB and ASSB are to file their respective affidavits in reply within 2 weeks from 11 September 2019.



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

#### **8. Material Litigation (Cont'd)**

On 30 September 2019, the Plaintiff's solicitors had orally applied for another ad interim injunction to be granted pending the hearing of the Injunction Application and both DSSB and ASSB had opposed to the Plaintiff's said oral application. After hearing parties, the Court had directed as follows:

- 1) that the OS, the Injunction Application, ASSB's Striking Out Application and DSSB's Striking Out Application be fixed for hearing on 14 October 2019; and
- 2) that the Plaintiff's application for ad interim injunction be allowed until 14 October 2019 to preserve the status quo of the matter.

On 14 October 2019, YA Dato' Haji Mohamad Shariff bin Hj Abu Samah ("YA Dato' Shariff") had informed parties that His Lordship would not be hearing the OS, the Injunction Application, ASSB's Striking Out Application and DSSB's Striking Out Application and that the same would be transferred to another Judge. The Plaintiff's solicitors then orally applied for an extension of the ad interim injunction until the disposal of the Injunction Application, ASSB's Striking Out Application and DSSB's Striking Out Application and our solicitors had opposed to their said application. After hearing parties, YA Dato' Shariff directed that:

- 1) the OS, the Injunction Application, ASSB's Striking Out Application and DSSB's Striking Out Application be fixed for case management before the Registrar on 13 November 2019; and
- 2) the Plaintiff's application for an extension of ad interim injunction until the disposal of the Injunction Application, ASSB's Striking Out Application and DSSB's Striking Out Application is allowed, subject to undertaking as to damages by the Plaintiff.

During the case management on 13 November 2019, the Court directed that the OS, Injunction Application, ASSB's Striking Out Application and DSSB's Striking Out Application is fixed for hearing before a new Judge on 10 January 2020.

On 10 January 2020, the hearing was vacated as the new Judge had to attend a function. The next hearing is fixed on 20 April 2020.

#### **9. Dividend**

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



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

**10. Earnings Per Share**

|  | Individual Quarter                              |  | Cumulative Period                               |   |
|--|---|--|---|---|
|  | Current Year<br>Quarter<br>31.12.2019<br>RM'000 | Preceding<br>Year Quarter<br>N/A<br>RM'000 | Current<br>Year To Date<br>31.12.2019<br>RM'000 | Preceding Year<br>Period<br>N/A<br>RM'000 |
| <b>(a) Basic earnings per share</b>                        |   |  |   |   |
| Net profit for the period                                  | 2,460   | -  | 8,921   | -   |
| Weighted average number of ordinary shares issued ('000)   | 292,465   | -  | 292,465   | -   |
| Effects of: -  |   |  |   |   |
| - Private placement ('000)                                 | 28,598  | -  | 28,598  | -   |
| - ICPS ('000)  | 3,034   | -  | 3,034   | -   |
| - Warrant D ('000)   | 1   | -  | 1   | -   |
| Weighted average number of ordinary shares in issue ('000) | 324,102   | -  | 324,102   | -   |
| Basic earnings per share (sen)                             | 0.76  | -  | 2.75  | -   |

**(b) Diluted earnings per share**

|  | Individual Quarter                              |  | Cumulative Period                               |   |
|--|---|--|---|---|
|  | Current Year<br>Quarter<br>31.12.2019<br>RM'000 | Preceding<br>Year Quarter<br>N/A<br>RM'000 | Current<br>Year To Date<br>31.12.2019<br>RM'000 | Preceding Year<br>Period<br>N/A<br>RM'000 |
| Net profit for the period  | 2,460   | -  | 8,921   | -   |
| Weighted average number of ordinary shares in issue ('000)                       | 324,102   | -  | 324,102   | -   |
| - Adjustments for assumed conversion of ICPS ('000)                              | 55,275  | -  | 55,275  | -   |
| - Adjustment for assumed conversion of Warrant D ('000)                          | 18,162  | -  | 18,162  | -   |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | 397,539   | -  | 397,539   | -   |
| Diluted earnings per share (sen)   | 0.62  | -  | 2.24  | -   |



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

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

|   | <b>Group</b>  |   |
|---|---|---|
|   | <b>Current Year<br/>Quarter<br/>31.12.2019<br/>RM'000</b> | <b>Current<br/>Year to date<br/>31.12.2019<br/>RM'000</b> |
| Interest income                                   | (348)   | (1,186)   |
| Interest expense                                  | 489   | 1,708   |
| Depreciation and amortization                     | 230   | 854   |
| Rental expenses                                   | 120   | 542   |
| Rental income                                     | (23)  | (119)   |
| Gain on disposal of property, plant and equipment | -   | (18)  |
| Allowance for impairment losses                   | 906   | 906   |
| Gain on disposal of subsidiary                    | (1,259)   | (1,259)   |

**12. Fair Value Changes for Financial Liabilities**

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

By order of the Board  
OCR Group Berhad

Ong Kah Hoe  
Group Managing Director  
27 February 2020