OCK GROUP BERHAD (Company No: 955915 – M)

QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CURRENT QUARTER ENDED 31-Dec-18 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31-Dec-17 RM'000	CURRENT YEAR TO DATE ENDED 31-Dec-18 RM'000	PRECEDING YEAR TO DATE ENDED 31-Dec-17 RM'000
Revenue	134,505	141,168	457,352	492,189
Cost of sales	(103,018)	(109,081)	(335,744)	(371,008)
Gross profit	31,487	32,087	121,608	121,181
Other income	3,347	4,623	5,832	6,697
Administrative expenses	(14,027)	(16,000)	(59,444)	(60,473)
Unrealised FOREX gain/ (loss)	640	(831)	309	(406)
Operating profit	21,447	19,879	68,305	66,999
Finance costs	(8,043)	(7,713)	(22,267)	(21,997)
Share of results of associates/ JV	(195)	-	(195)	-
Profit before tax	13,209	12,166	45,843	45,002
Taxation	(5,737)	(3,723)	(14,590)	(13,062)
Profit for the financial period	7,472	8,443	31,253	31,940
Other comprehensive income, net of tax:				
Realisation of revaluation reserve	99	-	99	-
Actuarial gain from employee benefits	-	30	-	30
Foreign currency translation	7,570	(20,640)	(9,146)	(20,131)
Total comprehensive income for the financial period	15,141	(12,167)	22,206	11,839
Profit attributable to:				
Owners of the Company	6,918	7,034	24,059	24,629
Non-controlling interests	554	1,409	7,194	7,311
	7,472	8,443	31,253	31,940
Total comprehensive income attributable to:				
Owners of the Company	14,317	(9,545)	12,834	7,609
Non-controlling interests	824	(2,622)	9,372	4,230
	15,141	(12,167)	22,206	11,839

Note:

The Condensed Consolidated Statement of Comprehensive Income for the fourth quarter ended 31 December 2018 should be read in conjunction with the Audited Financial Statements for the financial year ended ("FYE") 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	UNAUDITED As at 31-Dec-18 RM'000	AUDITED As at 31-Dec-17 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	466,666	383,457
Investment properties	17,861	16,800
Deferred tax assets	2,741	633
Intangible assets	162,862	163,986
Investment in joint ventures / associates	226	-
Trade and other receivables	-	23,333
	650,356	**588,209**
Current Assets		
Inventories	73,524	70,791
Amount due from contract customers	11,195	12,012
Trade and other receivables	306,767	307,081
Tax recoverable	597	4,421
Fixed deposits placed with licensed banks	21,651	41,207
Cash and bank balances	55,055	77,677
	468,789	**513,189**
TOTAL ASSETS	**1,119,145**	**1,101,398**
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	244,305	244,305
Warrant reserve	84,134	84,134
Revaluation reserve	6,952	4,306
Foreign currency translation reserve	(33,111)	(18,633)
Reserve arising from reverse acquisition	(17,007)	(17,007)
Other reserve	954	546
Retained earnings	139,926	115,700
	426,153	413,351
Non-controlling interests	60,087	53,041
Total Equity	**486,240**	**466,392**
Non-Current Liabilities		
Loan and borrowings	313,271	180,134
Deferred tax liabilities	12,653	13,637
Trade payables	-	3,699
Provision for liabilities	3,578	2,201
Post employment benefit liabilities	473	368
	329,975	**200,039**
Current Liabilities		
Amount due to contract customers	-	875
Trade and other payables	126,244	160,351
Loan and borrowings	175,112	268,159
Derivative financial liabilities	2	6
Tax payables	1,572	5,576
	302,930	**434,967**
TOTAL LIABILITIES	**632,905**	**635,006**
TOTAL EQUITY AND LIABILITIES	**1,119,145**	**1,101,398**
Net assets per share attributable to owners of the Company (RM)	**0.49**	**0.47**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018 (CONT'D)

Note:

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2018

	Attributable to owners of the Company									
	Non-distributable						Distributable			
	Share Capital	Share Premium	Warrant Reserve	Translation / Revaluation Reserve	Reverse Acquisition Reserve	Other Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	244,305	-	84,134	(14,327)	(17,007)	546	115,700	413,351	53,041	466,392
Prior year adjustments	-	-	-	-	-	-	68	68	-	68
Dividend paid	-	-	-	-	-	-	-	-	(2,327)	(2,327)
Foreign currency translation	-	-	-	(11,733)	-	408	-	(11,325)	2,179	(9,146)
Realisation of revaluation reserve	-	-	-	(99)	-	-	99	-	-	-
Total comprehensive income for the financial period	-	-	-	-	-	-	24,059	24,059	7,194	31,253
At 31 December 2018	244,305	-	84,134	(26,159)	(17,007)	954	139,926	426,153	60,087	486,240
At 1 January 2017	87,147	157,150	84,136	2,818	(17,007)	-	100,619	414,863	49,038	463,901
Subscription of shares by NCI in subsidiaries	-	-	-	-	-	-	-	-	1,970	1,970
Dividend paid	-	-	-	-	-	-	(8,715)	(8,715)	(2,349)	(11,064)
Bonus Issue in a subsidiary	-	-	-	-	-	208	(400)	(192)	192	-
Exercise of Warrants	8	-	(2)	-	-	-	-	6	-	6
Changes in ownership interests in a subsidiary	-	-	-	-	-	-	-	-	(300)	(300)
Arising from acquisition of a subsidiary	-	-	-	-	-	338	(558)	(220)	260	40
Actuarial gain from employee benefits	-	-	-	-	-	-	26	26	4	30
Foreign currency translation	-	-	-	(17,046)	-	-	-	(17,046)	(3,085)	(20,131)
Realisation of revaluation reserve	-	-	-	(99)	-	-	99	-	-	-
Total comprehensive income for the financial period	-	-	-	-	-	-	24,629	24,629	7,311	31,940
Transfer to share capital	157,150	(157,150)	-	-	-	-	-	-	-	-
At 31 December 2017	244,305	-	84,134	(14,327)	(17,007)	546	115,700	413,351	53,041	466,392

Note:

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2018

	Current Year To Date Ended 31-Dec-18 RM'000	Preceding Year To Date Ended 31-Dec-17 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	45,843	45,002
Adjustments for:		
Depreciation	33,613	31,244
Goodwill written off		
Net unrealised loss/(gain) on foreign exchange	-	406
Amortisation of intangibles	2,644	2,945
Reversal of fair value gain on derivatives	-	174
Fair value loss/(gain) on derivative instruments	-	27
Fair value loss/(gain) on investment properties	-	(50)
Provision for post employment benefits	-	113
Gain on disposal of property, plant and equipment	-	27
Gain on disposal of a subsidiary		
Interest expenses	22,267	19,751
Income from short term cash investments	-	(79)
Interest income	(514)	(4,191)
Property, plant and equipment written off	-	296
Share of results of an associate	195	-
	104,048	95,665
Changes in working capital:		
Inventories	(2,733)	(20,367)
Receivables	23,647	(17,767)
Payables	(37,303)	(42,678)
Amount due from customer for contract works	817	2,097
	88,476	16,950
Tax paid	(17,863)	(15,707)
Tax refunded	-	337
Interests received	514	4,191
Net cash flows used in operating activities	71,127	5,771
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary	-	(215,965)
Advances to ultimate holding company	-	(55)
Advances to an associated company	-	(871)
Change in pledged deposits	259	(465)
Income from short term cash investments	-	79
Purchase of property, plant and equipment and investment properties	(117,883)	(83,661)
Capital development expenditure		
Proceeds from disposal of property plant and equipment	-	601
Investment in an associate	(20)	-
Investment in joint venture	(400)	-
Other investments	-	226
Net cash flows used in investing activities	(118,044)	(300,111)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2018 (CONT'D)

	Current Year To Date Ended 31-Dec-18 RM'000	Preceding Year To Date Ended 31-Dec-17 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from shareholder of a subsidiary	-	415
Interests paid	(22,267)	(19,751)
Net drawdown of borrowings	7,849	310,524
Proceeds from exercise of warrants	-	5
Subscription of shares by non-controlling interests in a subsidiary	-	1,970
Dividends paid to:		
- owners of the Company	-	(8,715)
- non-controlling interests	(2,327)	(2,349)
Net cash flows used in/ from financing activities	(16,745)	282,099
Net change in cash and cash equivalents	(63,662)	(12,241)
Effects of exchange rate changes	(15,016)	10,227
Cash and cash equivalents:		
At the beginning of the financial period	82,811	84,825
At the end of the financial period	4,133	82,811
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	55,055	77,677
Fixed deposits	21,651	41,207
Bank overdraft	(56,046)	(23,805)
	20,660	95,079
Less: Fixed deposits pledged with licensed banks	(16,527)	(12,268)
	4,133	82,811

<u>Note:</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with Audited Financial Statements for the FYE 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2018

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED ("FPE") 31 DECEMBER 2018

A. NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (MFRS 134):

A1. Basis of Preparation

These condensed consolidated interim financial statements ("interim financial report") have 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 interim financial statements should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

The significant accounting policies and methods adopted for the unaudited condensed financial statements are consistent with those adopted for the audited financial statements for the FYE 31 December 2017.

The Group has decided to change the functional currency of OCK Yangon Pte Ltd from Myanmar Kyat to United States Dollar from 1 January 2018 onwards. Hence the financial results were prepared and adjusted based on the new currency accordingly.

A2. Summary of Significant Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the FYE 31 December 2017 except for the adoption of the following MFRSs, IC Interpretation and Amendments to MFRSs effective for financial year beginning on or after 1 January 2018.

New MFRSs:

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

Amendments/Improvements to MFRSs:

MFRS 1	First-time adoption of MFRSs
MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 128	Investments in Associates and Joint Ventures
MFRS 140	Investment Property

The adoption of the above did not have any significant effects on the interim financial report upon their initial application.

A3. Auditors' Report

There was no qualification on the audited financial statements of the Company and its subsidiary companies for the FYE 31 December 2017.

A4. Comments about Seasonal or Cyclical Factors

The Group's businesses did not experience significant fluctuations due to seasonal or cyclical factors during the current quarter under review.

A5. Items of Unusual Nature and Amount

There were no unusual items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence during the current quarter under review.

A6. Material Changes in Estimates

There were no changes in the estimates of amounts reported in prior year that had a material effect in the current quarter under review.

A7. Issuances, Cancellations, Repurchase, Resale and Repayments of Debts and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period under review.

A8. Dividends Paid

There is no dividend paid in the current quarter under review.

A9. Segmental Information

The segmental results of the Group for the FPE 31 December 2018 based on segment activities are as follows:

Cumulative Quarter 31 December 2018	Telecommunication Network Services RM'000	Green Energy and Power Solution RM'000	Trading RM'000	M&E Engineering Services RM'000	Investment Holding Company RM'000	Elimination RM'000	Group RM'000
Revenue from External customers	390,381	29,900	15,841	21,230	-	-	457,352
Inter-segment revenue	16,364	1,198	5,872	1,023	-	(24,457)	-
Total Revenue	406,745	31,098	21,713	22,253	-	(24,457)	457,352
Profit before tax	44,472	1,133	2,844	454	6,129	(9,189)	45,843
Taxation	(11,931)	(555)	(731)	(155)	(1,995)	777	(14,590)
Profit for the financial period	32,541	578	2,113	299	4,134	(8,412)	31,253

Cumulative Quarter 31 December 2017	Telecommunication Network Services RM'000	Green Energy and Power Solution RM'000	Trading RM'000	M&E Engineering Services RM'000	Investment Holding Company RM'000	Elimination RM'000	Group RM'000
Revenue from External customers	423,179	38,325	4,419	26,266	-	-	492,189
Inter-segment revenue	33,946	2,521	3,976	4,579	3,171	(48,193)	-
Total Revenue	457,125	40,846	8,395	30,845	3,171	(48,193)	492,189
Profit before tax	32,853	3,764	1,283	1,086	10,452	(4,436)	45,002
Taxation	(10,846)	(1,101)	(297)	(437)	(1,687)	1,306	(13,062)
Profit for the financial period	22,007	2,663	986	649	8,765	(3,130)	31,940

A9. Segmental Information (Cont'd)

The segmental results of the Group for the FPE 31 December 2018 based on geographical segment are as follows:

Cumulative Quarter 31 December 2018	Malaysia RM'000	Regional RM'000	Elimination RM'000	Group RM'000
Revenue from				
External customers	282,453	174,899	-	457,352
Inter-segment revenue	23,246	1,211	(24,457)	-
Total Revenue	305,699	176,110	(24,457)	457,352
Profit before tax	26,143	28,889	(9,189)	45,843
Taxation	(8,723)	(6,644)	777	(14,590)
Profit for the financial period	17,420	22,245	(8,412)	31,253

Cumulative Quarter 31 December 2017	Malaysia RM'000	Regional RM'000	Elimination RM'000	Group RM'000
Revenue from				
External customers	322,652	169,537	-	492,189
Inter-segment revenue	41,254	6,939	(48,193)	-
Total Revenue	363,906	176,476	(48,193)	492,189
Profit before tax	38,807	10,631	(4,436)	45,002
Taxation	(9,831)	(4,537)	1,306	(13,062)
Profit for the financial period	28,976	6,094	(3,130)	31,940

A10. Valuation of property, plant and equipment

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

A11. Capital Commitments

As at 31 December 2018, the capital commitments are as follows:

	UNAUDITED as at 31-Dec-18 RM'000	UNAUDITED as at 31-Dec-17 RM'000
Capital expenditure approved and contracted for	9,314	77,284

A12. Material subsequent event

There are no material events subsequent to the end of the current financial quarter under review.

A13. Changes in the Composition of the Group

There are no changes in the composition of the Group in current quarter under review.

A14. Contingent Liabilities and Contingent Assets

As at 31 December 2018, the contingent liabilities are as follows:

	UNAUDITED as at 31-Dec-18 RM'000	UNAUDITED as at 31-Dec-17 RM'000
Financial guarantees given by OCK Group Berhad to licensed banks for facilities granted to subsidiaries	487,629	432,106
Financial guarantees given to a third party for the sales of goods to a subsidiary	193	24,796

A15. Significant Related Party Transaction

Save as disclosed below, there was no other significant related party transactions for the current quarter under review:

Nature of Transactions	UNAUDITED as at 31-Dec-18 RM'000	UNAUDITED as at 31-Dec-17 RM'000
Sales	(2,231)	(6,712)

All the above transactions were carried out on terms and conditions not materially different from those obtainable in transactions with unrelated parties and in the ordinary course of business of the Group.

B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. Review of Performance

Individual Quarter 31 December 2018	Telecommunication Network Services RM'000	Green Energy and Power Solution RM'000	Trading RM'000	M&E Engineering Services RM'000	Investment Holding Company RM'000	Elimination RM'000	Group RM'000
Total Revenue	113,459	3,829	10,165	11,814	-	(4,762)	134,505
Profit before tax	11,231	(1,071)	1,306	853	3,734	(2,844)	13,209

Individual Quarter 31 December 2017	Telecommunication Network Services RM'000	Green Energy and Power Solution RM'000	Trading RM'000	M&E Engineering Services RM'000	Investment Holding Company RM'000	Elimination RM'000	Group RM'000
Total Revenue	105,373	7,534	1,841	15,688	3,171	7,561	141,168
Profit before tax	248	(267)	137	971	11,559	(482)	12,166

For the current quarter ended 31 December 2018, the Group reported a lower revenue as compared to the corresponding quarter of previous year, mainly due to lower revenue contribution from green energy and power solution, and M&E engineering services.

B2. Material Changes in the Current Quarter's results compared to the results of the immediate Preceding Quarter

Individual Quarter 31 December 2018	Telecommunication Network Services RM'000	Green Energy and Power Solution RM'000	Trading RM'000	M&E Engineering Services RM'000	Investment Holding Company RM'000	Elimination RM'000	Group RM'000
Total Revenue	113,459	3,829	10,165	11,814	-	(4,762)	134,505
Profit before tax	11,231	(1,071)	1,306	853	3,734	(2,844)	13,209

Individual Quarter 30 September 2018	Telecommunication Network Services RM'000	Green Energy and Power Solution RM'000	Trading RM'000	M&E Engineering Services RM'000	Investment Holding Company RM'000	Elimination RM'000	Group RM'000
Total Revenue	96,259	9,629	5,645	4,859	-	(6,609)	109,783
Profit before tax	14,627	394	762	109	3,301	(3,796)	15,397

The total revenue of RM134.5 million recorded for the current quarter was higher as compared to the revenue in the preceding quarter of RM109.8 million mainly due to higher revenue contribution from Telecommunication Network Services ("TNS"), Trading, and M&E engineering services in current quarter.

B3. Prospects

To date, OCK is the largest Telecommunication Network Services ("TNS") provider in Malaysia and a rapidly-growing regional independent Tower Company ("TowerCo"). Despite a competitive telecommunication ("telco") industry landscape, OCK is expecting a positive growth trajectory for the Group going forward.

OCK's outlook on the industry in Malaysia is in line with the rest of the Mobile Network Operators ("MNOs") and that is to expand and upgrade their 4G long-term evolution ("LTE") network coverage. The Group is also optimistic about the new direction taken by the Government with regard to implementation of the National Fiber Optic and Connectivity Plan outlined in Budget 2019, as well as opportunities to build and own telecommunication sites in various states. In addition, OCK sees prospects from an aggressive geographical expansion from one of the MNO in Malaysia, which will allow the Group to build its tower portfolio.

Where managed services is concerned, the Group has identified a new trend in Malaysia, where MNOs are starting to outsource internal managed services to third parties in the industry. This is positive for the Group since we currently manage more than 28,000 telco sites in Malaysia and Indonesia. As such, the prospects going forward seems positive, as we strive to maintain our leadership position as the largest TNS provider in Malaysia.

B3. Prospects (Cont'd)

In Myanmar, to date, the Group has completed and handed over 902 telecommunication sites and is still rolling out its current outstanding orderbook of more than 500 telecommunication sites. The Group has achieved a milestone of securing built-to-suit and co-location contracts with all four MNOs, namely Telenor Myanmar Limited, Myanmar Posts and Telecommunications, Telecom International Myanmar Company Limited and Ooredoo Myanmar Limited. That said, the Group will be aggressive in its initiatives to build more sites to cater to the growing demand of daily data usage in this greenfield telecommunication market.

In Vietnam, the Group is currently the largest independent TowerCo, owning more than 2,500 sites. As the Towerco ecosystem is fragmented, the Group foresees consolidation opportunities. The focus in this country will be on both brown and greenfield opportunities as the market gears up for the rolling out of 4G LTE network.

To date, The Group has built a tower portfolio of more than 3,700. Upon the completion of the outstanding order book, the Group will own a tower portfolio of more than 4,400 sites across Myanmar, Vietnam and Malaysia. In our aspirations to build an Asean TowerCo, the Group will continue to venture into the Asean region to secure more valuable telco sites.

As for the Group's Green Energy business segment. The Group is optimistic with the recent announcement from the government to open tender for the third round of the 500MW large-scale solar projects worth an estimated value of RM2 billion.

B4. Profit forecast

No profit forecast has been issued by the Group previously in any public document.

B5. Taxation

	Quarter Ended		Year-To-Date Ended	
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Taxation for the period	4,010	5,940	17,682	12,859
Deferred Tax	1,727	(2,217)	(3,091)	203
Total taxation	5,737	3,723	14,590	13,062

The Group's effective tax rate for the current quarter and financial year to date is higher than statutory tax rate 24% mainly due to under provision of taxation in prior years.

B6. Status of Corporate Proposal

There was no corporate proposal announced but not completed as at the date of this announcement.

B7. Group borrowings and debt securities

The Group's borrowings as at 31 December 2018 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Long term borrowings:-			
Hire purchase	4,477	-	4,477
Term loans	308,794	-	308,794
	313,271	-	313,271
Short term borrowings:-			
Overdraft	56,046	-	56,046
Bankers' acceptance	14,676	-	14,676
Bonds	-	754	754
Revolving project loan	26,681	-	26,681
Hire purchase payables	4,358	-	4,358
Term loans	72,597	-	72,597
	174,358	754	175,112

The above borrowings are denominated in Ringgit Malaysia, except for term loans amounting to RM302.1 million and RM4.6 million which are denominated in USD and IDR, respectively.

B8. Material Litigation

Since the preceding FYE 31 December 2017, there is no change in material litigation as at the date of this announcement, except as follows:

The Board of Directors of the Company announced that an Application for Arbitration dated 19 November 2018 was filed to the China International Economic and Trade Arbitration Commission ("CIETAC") in Shanghai, China against Nokia Shanghai Bell Co., Ltd (formerly known as Alcatel-Lucent Shanghai Bell Co., Ltd) and Branch of Alcatel-Lucent Shanghai Bell Co.,Ltd (collectively, the "Respondents"). The Company vide its subsidiary, OCK Phnom Penh Pte. Ltd ("OCK Phnom Penh") has commenced arbitration against the Respondents for breach of the Subcontract Agreement entered between OCK Phnom Penh and the Respondents in April 2014 (the "Agreement").

OCK Phnom Penh had in April 2014 entered into the Agreement with the Respondents, pursuant to which the Respondents subcontracted the works and/or supply of materials or services in relation to Greater Mekong Telecommunication Backbone Network Project located in Cambodia. Pursuant to the Agreement, the total agreement price was estimated to be USD6,301,345.85 which shall be payable by the Respondents to OCK Phnom Penh for the works done subject to the terms and conditions of the Agreement.

B8. Material Litigation (Cont'd)

During the course of the performance of the Agreement, the parties have made adjustment to the quantities of the works and subsequently entered into a GMTBNP Project Contract Extension Proposal in March 2016 and the final agreement price has been adjusted to USD3,687,568.14. The total sum of USD1,801,299.33 being the variable quantities for the actual works done has been incurred by OCK Phnom Penh in accordance to the Respondents' on-site instructions and other related written instructions ("Variance Amount"). Therefore, the total sum for the works done that is due and payable by the Respondents shall be USD5,488,867.47.

To date, the Respondents have only made a partial payment of USD2,558,743.12 and the Respondents still failed to pay the outstanding progressive payment of USD1,128,825.02 and the Variance Amount of USD1,801,299.33 to OCK Phnom Penh.

Following the Respondents' breach of the Agreement, OCK Phnom Penh had, on 24 April 2018, issued a notice for good faith negotiation to the Respondents to demand for the outstanding sum in accordance to the terms of the Agreement, however, the Respondents have not made payment of the outstanding progressive payment of USD1,128,825.02 and the Variance Amount of USD1,801,299.33 that presently due and owing to OCK Phnom Penh, excluding interest and costs.

Given the Respondents' failure to make payment of the said outstanding progressive payment of USD1,128,825.02 and the Variance Amount of USD1,801,299.33 excluding interest and costs, the Company has commenced arbitration proceedings in China to claim the amount stated above in full, plus late payment interest at the rate of 4.75% per annum from the date on which the amount became due until payment is made. The amount is USD186,142.00 as at 9 November 2018 and other costs, damages, interest and reliefs.

The arbitration proceeding is not expected to have any business, financial and operational impact on the Company.

B9. Earnings Per Share

The basic and diluted earnings per share is calculated based on the Group's profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares as follows:

	Quarter Ended		Year-To-Date Ended	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Group's profit attributable to equity holders of the Company (RM'000)	6,918	7,034	24,059	24,629
Weighted average number of ordinary shares ('000)	871,473	871,471	871,473	871,471
Upon conversion of warrants ('000)	-	53,408	-	53,408
Adjusted weighted average number of ordinary shares ('000)	871,473	924,879	871,473	924,879
Earnings per share (sen):				
- Basic ^	0.79	0.81	2.76	2.83
- Diluted *	0.79	0.76	2.76	2.66

B9. Earnings Per Share (Cont'd)

Notes:

^ Basic earnings per share are based on the profit attributable to owners of the Company and weighted average number of ordinary shares outstanding during the quarter/period.

* Diluted earnings per share are based on the profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the quarter/period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

B10. Profit for the year

	Quarter Ended		**Year-To-Date Ended**	
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before tax is arrived at after charging/(crediting):	13,209	12,166	45,843	45,002
- depreciation and amortisation	9,611	10,967	36,257	34,189
- interest expenses	8,043	7,713	22,267	21,997
- interest income	(119)	(3,842)	(514)	(4,191)
- (gain)/loss on foreign exchange	(620)	1,378	255	919
- other income	(3,228)	770	(5,318)	(955)

B11. Dividend

No interim dividend has been proposed or declared for the current financial period ended 31 December 2018

By Order of the Board

Wong Youn Kim (MAICSA 7018778)
Company Secretary
Kuala Lumpur
Date: 26 February 2019