



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

Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For the financial quarter ended 30 September 2021

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter 30.09.2021 RM'000	Preceding Year Quarter 30.09.2020 RM'000	Current Year To Date 30.09.2021 RM'000	Preceding Year To Date 30.09.2020 RM'000
Revenue		5,553	13,806	30,135	45,741
Cost of sales		(9,040)	(11,127)	(38,496)	(38,438)
Gross (loss)/profit		(3,487)	2,679	(8,361)	7,303
Other income		293	407	592	1,037
Other operating expenses		(309)	(243)	(924)	(646)
Administrative expenses		(9,982)	(2,804)	(15,011)	(7,318)
Finance costs		(1,289)	(680)	(4,058)	(1,184)
Share of loss from associate		-	(80)	(21)	(121)
Loss before tax		(14,774)	(721)	(27,783)	(929)
Income tax expenses	B5	(214)	(162)	(215)	(456)
Loss after taxation for the financial period		(14,988)	(883)	(27,998)	(1,385)
Other comprehensive income/(loss)					
Fair value gain of equity instruments designated at fair value through other comprehensive income		(79)	-	946	-
Total comprehensive loss for the financial period	B11	(15,067)	(883)	(27,052)	(1,385)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.



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Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For the financial quarter ended 30 September 2021 (Cont'd)

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter 30.09.2021 RM'000	Preceding Year Quarter 30.09.2020 RM'000	Current Year To Date 30.09.2021 RM'000	Preceding Year To Date 30.09.2020 RM'000
Loss after taxation attributable to:					
Owners of the Company		(13,450)	(948)	(26,034)	(1,467)
Non-Controlling Interests		(1,538)	65	(1,964)	82
		<u>(14,988)</u>	<u>(883)</u>	<u>(27,998)</u>	<u>(1,385)</u>
Total comprehensive (loss)/income attributable to:					
Owners of the Company	B11	(13,529)	(948)	(25,088)	(1,467)
Non-Controlling Interests		(1,538)	65	(1,964)	82
		<u>(15,067)</u>	<u>(883)</u>	<u>(27,052)</u>	<u>(1,385)</u>
Loss per share (“EPS”) (in sen)					
- Basic	B10	(2.58)	(0.27)	(4.99)	(0.42)
- Diluted	B10	(2.56)	(0.23)	(4.95)	(0.35)

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OCR Group Berhad
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Condensed Consolidated Statement of Financial Position
As at 30 September 2021

	Note	As at 30.09.2021 (Unaudited) RM'000	As at 31.12.2020 (Audited) RM'000
ASSETS			
Non-Current Assets			
Investment in an associate		371	392
Investment in quoted shares		4,950	-
Property, plant and equipment		1,447	1,312
Investment property		1,740	1,771
Right-of-use asset		11,372	11,534
Inventories		27,873	29,788
Other receivable		14,709	14,709
Deferred Tax Asset		1,250	1,250
		63,712	60,756
Current Assets			
Inventories		77,366	97,003
Contract Cost		7,660	8,654
Trade and others receivables		109,766	103,666
Contract assets		41,688	58,631
Current tax assets		65	16
Cash and cash equivalents		40,094	35,593
		276,639	303,563
TOTAL ASSETS		340,351	364,319
EQUITY AND LIABILITIES			
Share capital		193,686	156,003
Irredeemable convertible preference shares		-	15,802
Reserves		(54,079)	(22,084)
Shareholders' funds		139,607	149,721
Non-controlling interests		(2,997)	(1,002)
TOTAL EQUITY		136,610	148,719
Non-Current Liabilities			
Long-term bank borrowings	B7	39,830	45,388
Deferred tax liabilities		179	179
Other payable		25,842	28,149
		65,851	73,716
Current Liabilities			
Trade and other payables		86,579	94,923
Short-term borrowings	B7	43,445	42,604
Current tax liabilities		1,670	3,089
Contract liabilities		6,196	1,268
		137,890	141,884
TOTAL LIABILITIES		203,741	215,600
TOTAL EQUITY AND LIABILITIES		340,351	364,319
Net assets per share attributable to ordinary equity holders of the Company (RM)		0.23	0.33

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 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 30 September 2021

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

	Share Capital RM'000	Warrants Reserve RM'000	Share Option Reserve RM'000	Irredeemable Convertible Preference Shares (‘ICPS’) RM'000	Accumulated Losses RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance as at 1 January 2021	156,003	890	444	15,802	(23,418)	149,721	(1,002)	148,719
Effect of adoption of IAS 23	-	-	-	-	(7,337)	(7,337)	(31)	(7,368)
Balance as at 1 January 2021 (Restated)	156,003	890	444	15,802	(30,755)	142,384	(1,033)	141,351
Loss after taxation	-	-	-	-	(26,034)	(26,034)	(1,964)	(27,998)
Total comprehensive Income for the period	-	-	-	-	946	946	-	946
Exercised of Warrant: - Expired of Warrant C	-	(890)	-	-	890	-	-	-
Transaction with owners of the company: Issuance of ordinary share pursuant to: exercise of - ICPS	15,802	-	-	(15,802)	-	-	-	-
- Private Placement	21,881	-	-	-	-	21,881	-	21,881
Share options issued	-	-	430	-	-	430	-	430
Balance as at 30 September 2021	193,686	-	874	-	(54,953)	139,607	(2,997)	136,610

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 2020 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 30 September 2021 (Cont'd)

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

<-----Non-Distributable-----> Distributable

	Share Capital RM'000	Warrants Reserve RM'000	Share Option Reserve RM'000	Irredeemable Convertible Preference Shares (‘ICPS’) RM'000	Accumulated Losses RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance as at 1 January 2020 (restated)	119,321	890	-	27,637	(24,232)	123,616	(554)	123,062
Profit after taxation/ Total comprehensive Income/ (expenses) for the period	-	-	-	-	814	814	(448)	366
Transaction with owners of the company: Issuance of ordinary share pursuant to: exercise of								
- ICPS	11,835	-	-	(11,835)	-	-	-	-
- Warrant D	628	-	-	-	-	628	-	628
- Private Placement	24,219	-	-	-	-	24,219	-	24,219
Share options issued	-	-	444	-	-	444	-	444
Balance as at 31 December 2020	156,003	890	444	15,802	(23,418)	149,721	(1,002)	148,719

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 2020 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 30 September 2021

	Current Year to date 30.09.2021 RM'000	Preceding Year to date 30.09.2020 RM'000
Cash Flows from Operating Activities		
Loss before tax	(27,783)	(929)
Adjustments for:		
Non-cash items	907	768
Non-operating items	4,124	981
<i>Operating profit before working capital changes</i>	(22,752)	820
Net change in current assets	30,949	(23,527)
Net change in current liabilities	(10,651)	8,542
<i>Cash used in operations</i>	(2,454)	(14,165)
Tax paid	(1,683)	(697)
<i>Net cash used in operating activities</i>	(4,137)	(14,862)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(591)	(47)
Investment in quoted shares	(4,004)	-
Decrease in pledged fixed deposits with licensed banks	(326)	(398)
Interest received	364	647
Proceeds from disposal of property, plant and equipment	38	-
Acquisition of an associate	-	(400)
<i>Net cash used in investing activities</i>	(4,519)	(198)
Cash Flows from Financing Activities		
Interest paid	(4,058)	(1,184)
Proceeds from issuance of ordinary shares pursuant to:		
-Private placement, net of expenses	21,881	13,849
-Warrant D	-	628
Drawdown of bank borrowings	4,665	6,012
Repayment of bank borrowings	(9,148)	(2,772)
<i>Net cash generated from financing activities</i>	13,340	16,533
<i>Net cash increased in cash and cash equivalents</i>	4,684	1,473
<i>Cash and cash equivalents at beginning of the financial year</i>	4,611	(4,360)
<i>Cash and cash equivalents at end of the financial period</i>	9,295	(2,887)



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Condensed Consolidated Statement of Cash Flows
For the period ended 30 September 2021 (Cont'd)

	Current Year To Date 30.09.2021 RM'000	Preceding Year To Date 30.09.2020 RM'000
Analysis of cash and cash equivalents:		
Fixed deposits with licensed banks	18,941	18,535
Cash and bank balances	21,153	8,849
Bank overdrafts	(11,858)	(11,736)
	28,236	15,648
Less: Fixed deposit pledged to licensed banks	(18,941)	(18,535)
	9,295	(2,887)

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER

PART A
EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134, Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The report should be read in conjunction with the annual audited financial statements of the Group for the year ended 31 December 2020.

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 2020. The adoption of the MFRSs and Amendments to MFRSs that came into effect after 1 January 2021 did not have any significant impact on the interim financial statements upon their initial application.

- (a) The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

<u>New MFRS</u>		Effective for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
 <u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022 [^] / 1 January 2023 [#]
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023 [#]
MFRS 4	Insurance Contracts	1 January 2021/ 1 January 2023
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 [#]
MFRS 7	Financial Instruments: Disclosures	1 January 2021/ 1 January 2023 [#]
MFRS 9	Financial Instruments	1 January 2021/ 1 January 2022 [^] / 1 January 2023 [#]
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 [#]
MFRS 16	Leases	1 January 2021/ 1 January 2022 [^]
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023 [#]
MFRS 107	Statements of Cash Flows	1 January 2023 [#]
MRRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023



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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 (cont'd)

- (a) The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (cont'd):

	Effective for financial periods beginning on or after
MFRS 116 Property, Plant and Equipment	1 January 2022/ 1 January 2023 [#]
MFRS 119 Employee Benefits	1 January 2023 [#]
MFRS 128 Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 [#]
MFRS 132 Financial instruments: Presentation	1 January 2023 [#]
MFRS 136 Impairment of Assets	1 January 2023 [#]
MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023 [#]
MFRS 138 Intangible Assets	1 January 2023 [#]
MFRS 139 Financial Instruments: Recognition and Measurement	1 January 2021
MFRS 140 Investment Property	1 January 2023 [#]
MFRS 141 Agriculture	1 January 2022 [^]

[^] The Annual Improvements to MFRS Standards 2018-2020

[#] Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

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.

- (b) IFRS Interpretations Committee (“IFRIC”)’s Agenda Decision on IAS 23 Borrowing Costs (“Agenda Decision”)

In March 2019, the IFRIC has concluded that receivable, contract asset and inventory (work-in-progress) for unsold units under construction are not qualifying assets.

The MASB announced that non-private entities in the real estate industry might need to change their accounting policy as results of the IFRIC Agenda Decision. In ensuring consistent application of the MFRS, which are word-for-word the IFRS Standards, the MASB decided that an entity shall apply the change in accounting policy as results of the Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020 (“Mandatory Date”).

The Group has adopted the change in accounting policy on borrowing costs.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER

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

2. Status of Audit Qualifications

The audited financial statements of the Group for the financial year ended 31 December 2020 was not subject to any audit qualification.

3. Seasonality or Cyclicity of Operations

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

4. Unusual Items

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

5. Changes in Estimates

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

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

During the financial period ended 30 September 2021, the Company increased its issued and paid-up share capital by way of:-

- (i) an issuance of 31,603,837 new ordinary shares from the conversion of Irredeemable Convertible Preference Shares ("ICPS") with the conversion ratio of 10 ICPS to 1 new ordinary share at the exercise price of RM0.50;
- (ii) an issuance of 101,850,000 new ordinary shares at an issuance price of RM 0.2111 - RM 0.2187 per ordinary share via private placement to eligible investors for a total cash consideration of RM21,880,535 for working capital purpose.

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.



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

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 30 September 2021:

30 September 2021	Construction RM'000	Property Development RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Sales	35	5,347	300	(129)	5,553
Segment Results (EBITDA)	(3,210)	(7,577)	(2,757)	368	(13,176)
Finance Cost	462	(1,576)	(175)	-	(1,289)
Depreciation and Amortisation	(44)	(197)	(68)	-	(309)
Consolidated Loss Before Tax					(14,774)
ASSETS					
Segment Assets	106,923	220,361	191,123	(178,056)	340,351
LIABILITIES					
Segment Liabilities	90,977	240,225	43,962	(171,423)	203,741
OTHER INFORMATION					
Capital Expenditure	512	-	21	-	533
Depreciation and Amortisation	44	197	68	-	309
Other Non-Cash Expenses	-	-	-	-	-

30 September 2020	Construction RM'000	Property Development RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Sales	7,212	8,143	636	(2,185)	13,806
Segment Results (EBITDA)	1,204	341	(1,055)	(318)	172
Finance Cost	(313)	-	(367)	-	(680)
Depreciation and Amortisation	(15)	(124)	(74)	-	(213)
Consolidated Loss Before Tax					(721)
ASSETS					
Segment Assets	84,897	246,400	162,611	(141,271)	352,637
LIABILITIES					
Segment Liabilities	79,646	226,817	41,200	(131,624)	216,039
OTHER INFORMATION					
Capital Expenditure	-	29	-	-	29
Depreciation and Amortisation	15	124	74	-	213
Other Non-Cash Expenses	80	-	-	-	80



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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	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Malaysia	5,553	13,806	340,351	352,637	533	29
Other Asian Countries	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	5,553	13,806	340,351	352,637	533	29

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 23 November 2021, 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 30 September 2021.

11. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter ended 30 September 2021.



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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 23 November 2021, being the last practicable date from the date of issue of this quarterly report that are expected to have an operational or financial impact on the Group.

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

	Company	
	As at 30.09.2021 RM'000	As at 30.09.2020 RM'000
Corporate guarantees extended:		
- to financial institutions for credit facilities granted to subsidiaries	67,242	66,015

There were no contingent assets since the last annual balance sheet as at 30 September 2020.

13. Capital Commitments

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

14. Significant Inter Company and Related Party Transactions

	Group	
	Current Year To Date 30.09.2021 RM'000	Preceding Year To Date 30.09.2020 RM'000
<u>Inter Company Transactions</u>		
Progress billing to a company which has substantial financial interest	6,179	13,286
Marketing fee to a company which has substantial financial interest	1,531	1,948
Subcontractor fee to a company which has substantial financial interest	2,808	-

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	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	5,553	13,806	30,135	45,741
Loss before tax	(14,774)	(721)	(27,783)	(929)

The revenue of RM5.5 million in the current quarter and RM13.8 million in cumulative period were contributed by both the property development and construction segments. The loss before tax of RM14.8 million during the current quarter and RM27.8 million in cumulative period were mainly an effect of the implementation of “Total Lockdown” since 1st June 2021, which has severely affected the Group’s operation.

Further Analysis by Segments

Property Development Segment

The revenue in the current and cumulative periods under review were derived from the sales by Isola at KLCC, PRIYA at Kuantan and The Mate at Damansara Jaya. Apart from the slower sales and billings, gross loss in property development segment was also contributed by PRIYA project due to additional cost incurred for termination of the main contractor during the year.

Construction Segment

The revenue in the current and cumulative period were recognised mainly for the YOLO Signature Suites at Bandar Sunway and Pano at Jalan Ipoh. Loss before tax was mainly due to temporary closure of construction sites, and construction activities were stagnant for most of the time during the quarter.

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

	Individual Quarter	
	30.09.2021	30.06.2021
	RM'000	RM'000
Revenue	5,553	2,128
(Loss)/Profit before tax	(14,774)	(13,187)

The Group’s revenue increased from RM2.1 million in the immediate preceding quarter to RM5.6 million in the current quarter. The Group recorded loss before tax of RM14.8 million for the current quarter as compared to loss before tax of RM13.2 million in the immediate preceding quarter.

Higher revenue was mainly due to marketing efforts and higher sales achieved for Priya at Kuantan as well as The Mate at Damansara Jaya during the current quarter. Higher loss before tax was mainly due to slower revenue recognition from the property development and construction projects to sustain the administrative expenses. The Group has also incurred additional cost for corporate and financing exercises during the year. At the same time, the Group has prudently made provisions and impairment for the financial instruments considering the current impact of Covid-19 pandemic to the Group.



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

3. Current Year Prospects

The Malaysian economic sentiment has shown sign of improvements, supported by progressive relaxation of containment measures and continued policy support, and is expected to continue its positive growth trajectory into 2022 onwards.

Although construction work has gradually resumed since the end of 3rd Quarter 2021, the shortage and its corresponding rise in raw material as well as manpower cost have further plagued the industry. Despite that, the Group has implemented a more robust approach in terms of procurement and contractor management to contain these costs whilst ensuring smooth delivery of our projects.

Sales have been encouraging thus far as homeowners continue to take advantage of the Home Ownership Campaign (HOC) policy and the low interest rate environment. The Group believes that the momentum will continue into 2022 as uncertainties ease and the economy picks-up.

Going into 2022, the Group's key focus is to deliver the vacant possession of both PRIYA Kuantan and Isola KLCC. In terms of new pipelines, the Group is currently closely monitoring the market and targets to launch projects in both Klang Valley and Kuantan in the second half 2022.

4. Variances Between Actual Profit and Forecast Profit

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

5. Income Tax Expenses

	Group	
	Current	Preceding
	Year to date	Year to date
	30.09.2021	30.09.2020
	RM'000	RM'000
Income tax	215	504
Deferred tax	-	(48)
Income tax expenses	215	456
Effective tax rate	77%	49%



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PART B

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

5. Income Tax Expenses (Cont'd)

The Group's effective tax rate is lower than the statutory income tax rate due to losses from certain subsidiaries within the Group in the quarter under review.

6. Corporate Proposals

(a) Status of Corporate Proposals

Stack Builder Sdn Bhd ("Stack Builder") and Wonderland Projects Sdn Bhd ("Wonderland")

- (I) Proposed Acquisition of Stack Builder;
- (II) Proposed Acquisition of Wonderland;
- (III) Proposed Settlement of Wonderland Advances;
- (IV) Proposed Private Placement

The Proposed Acquisition of Stack Builder and Proposed Acquisition of Wonderland are collectively referred to as the "Proposed Acquisitions".

The Proposed Acquisitions and the Proposed Settlement of Wonderland Advances are collectively referred to as the "Proposed Acquisitions and Settlement".

The Proposed Acquisitions and Settlements and the Proposed Private Placement are collectively referred to as the "Proposals".

On 9 July 2021, the Company had entered into the Stack Builder Heads of Agreements and Wonderland Heads of Agreements in relation to, amongst others, the Proposed Acquisitions and Settlement.

Subsequently on 2 August 2021, the Company had entered into the Stack Builder Share Sale Agreement, Stack Builder Shareholders' Agreement, Stack Builder Settlement Agreement, Wonderland Share Sale Agreement and Wonderland Settlement Agreement.

In addition, the Company had proposed to undertake a private placement of up to 178,559,000 new Shares, representing 20% of the enlarged total number of issued Shares, to independent third-party investor(s) to be identified later and at an issue price to be determined later ("Placement Shares").

Upon further discussion between the Company, the Stack Builder Vendor, Tan Chin Hoong and Wonderland Vendors subsequent to the First Announcement, OCR has entered into the following agreements:-

- (i) revised share sale agreement dated 5 October 2021 between OCR and the Stack Builder Vendor ("Revised Stack Builder SSA") for the proposed acquisition by OCR of 50 ordinary shares in Stack Builder, representing 50% equity interest in Stack Builder, from the Stack Builder Vendor for a total purchase consideration ("Stack Builder Purchase Consideration") of:-
 - (a) RM3,534,775 (if the Development Order is obtained by the date the Revised Stack Builder SSA turns unconditional ("Stack Builder Unconditional Date")); or



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

6. Corporate Proposals (Cont'd)

(a) Status of Corporate Proposals (Cont'd)

Stack Builder and Wonderland (Cont'd)

(b) RM2,242,776 (if the condition precedent for Stack Builder to obtain the Development Order is mutually waived by OCR and the Stack Builder Vendor by the Stack Builder Unconditional Date),

to be satisfied entirely via issuance of Consideration Shares at the issue price of RM0.19 per Consideration Share. ("Proposed Acquisition of Stack Builder");

- (ii) revised shareholders' agreement dated 5 October 2021 between OCR and Tan Chin Hoong ("Revised Stack Builder SHA") to regulate their relationship as shareholders of Stack Builder upon completion of the Proposed Acquisition of Stack Builder;
- (iii) supplemental agreement dated 5 October 2021 between OCR, Wonderland and the Wonderland Vendors whereby all parties mutually agreed to extend the date to fulfil the conditions precedent pursuant to the Wonderland SSA and Wonderland Settlement Agreement to a date falling 3 months after 5 October 2021 ("Wonderland Supplemental Agreement"); and
- (iv) deed of termination dated 5 October 2021 whereby the earlier Stack Builder SSA, Stack Builder Settlement Agreement and Stack Builder SHA have been mutually terminated by the parties to the said agreements, following which Stack Builder, the Stack Builder Vendor, Tan Chin Hoong and OCR have agreed that there are no claims against each other.

Separately, the Company wishes to expand the size of the proposed private placement exercise. In turn, the proposed private placement shall now entail the issuance of up to 206,352,000 Placement Shares, representing 30% of the enlarged total number of issued Shares, to independent third-party investor(s) to be identified later and at an issue price to be determined later ("Proposed Private Placement").

On 25 October 2021, Bursa Securities had, vide its letter dated 22 October 2021, granted its approval for the listing and quotation of the Consideration Shares, Settlement Shares and Placement Shares on the Main Market of Bursa Securities, subject to the following conditions:

- (a) Confirmation by Mercury Securities on the compliance of at least 25% of the public shareholding spread requirements pursuant to Paragraph 8.02(1) of the Listing Requirements upon the listing and quotation of the Consideration Shares and Settlement Shares;
- (b) OCR and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals;
- (c) OCR / Mercury Securities to furnish Bursa Securities with the certified true copy of the resolutions passed by the Shareholders at extraordinary general meeting approving the Proposals;
- (d) OCR and Mercury Securities to inform Bursa Securities upon the completion of the Proposals;
- (e) OCR and Mercury Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed; and
- (f) To incorporate Bursa Securities' comments in respect of the draft circular to Shareholders.

The circular to shareholders has been announced on 2 November 2021.



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

6. Corporate Proposals (Cont'd)

(a) Status of Corporate Proposals (Cont'd)

Stack Builder and Wonderland (Cont'd)

All the resolutions as set out in the circular were duly approved by the shareholders on the Extraordinary General Meeting ("EGM") of the Company dated 2 November 2021.

OCR Selayang Industrial Park Sdn Bhd (Formerly known as Suong Sdn Bhd ("OCR SELAYANG"))

The Company had on 8 November 2021 entered into a conditional share sale agreement with Ong Kah Hoe and Lee Wei Jack (collectively, the "OCR Selayang Vendors") to acquire a total of 500,000 ordinary shares in OCR Selayang ("OCR Selayang Shares") ("Sale Shares"), representing 50% equity interest in OCR Selayang for an indicative purchase consideration of approximately RM14.12 million to be satisfied entirely via issuance and allotment of 104,953,197 new ordinary shares in OCR at the issue price of RM0.1345 per Consideration Share.

(b) Status of Utilisation of Proceeds

On 30 October 2020, the Company has proposed to undertake the proposed placement up to 20% of the total number of issued shares of the Company (excluding treasury shares) equivalent to 101,850,000 new shares.

The private placement has been completed on 18 May 2021, following the listing and quotation of 101,850,000 new ordinary shares at RM0.2111 to RM 0.21879 per placement share on the Main Market of Bursa Malaysia Securities Berhad and successfully raised RM 21.88 million.

The status of the utilization of proceeds arising from the private placement as at 30 September 2021:-

Utilisation of proceeds	Expected timeframe	Actual proceeds raised RM'000	Amount utilised as at the LPD RM'000	Balance unutilised RM'000
(i) Funding for existing and future property development and construction projects	Within 24 months from the receipt of placement proceeds	21,845	⁽¹⁾ 17,889	3,956
(ii) Expenses for the Private Placement 20%	Upon completion of the Private Placement 20%	35	35	-
Total		21,880	17,924	3,956

Note:-

(1) The proceeds have been utilised for several projects namely ISOLA @ KLCC, PRIYA, The Mate and YOLO Signature Suites.



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

7. Borrowings and Debt Securities

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

	As at 30.09.2021 RM'000
Secured:	
Current liabilities	
- Bank overdrafts	7,683
- Revolving credit	15,000
- Term loan	15,610
- Trust receipt	4,990
	<hr/> 43,283 <hr/>
Non-current liabilities	
- Term loan	35,048
- Bank overdrafts	4,175
	<hr/> 39,223 <hr/>
Unsecured:	
Current liabilities	
- Lease liabilities	162
	<hr/> 162 <hr/>
Non-current liabilities	
- Lease liabilities	607
	<hr/> 607 <hr/>
Total Borrowings	<hr/> 83,275 <hr/>

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



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

7. Borrowings and Debt Securities (Cont'd)

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

	As at
	30.09.2021
	RM'000
Ringgit Malaysia	<u>83,275</u>

8. Material Litigation

Since the date of the last annual statement of financial position, there was no pending material litigation as at 23 November 2021, except the following:

Shah Alam High Court Civil Suit No. BA-24NCC-122-08/2019 between Ismail bin Othman as the Plaintiff and Duta Skyline Sdn Bhd ("DSSB") & Amazing Symphony Sdn Bhd ("ASSB") as the Defendants

ASSB, a wholly-owned subsidiary of the Company, had entered into a joint venture agreement dated 22 April 2019 with DSSB ("JVA") for the purpose of the development of 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 owned by DSSB ("Lot 613 Land"). Pursuant thereto, DSSB had also executed an irrevocable limited power of attorney in favour of ASSB ("Power of Attorney").

On 28 August 2019, Ismail Bin Othman, one of the Directors of DSSB ("Plaintiff"), filed an originating summons ("OS") against DSSB (being the first defendant) and ASSB (being the second defendant) at the Shah Alam High Court, where the Plaintiff sought, amongst others:-

- (i) a declaration that the JVA is null and void ab initio and of no effect whatsoever; and
- (ii) an order that the Power of Attorney be revoked and/or cancelled

The Plaintiff had also filed an application for injunction dated 28 August 2019 to, amongst others, restrain both DSSB and ASSB from acting upon and/or giving effect in any manner to the JVA and the Power of Attorney and dealing with the Lot 613 Land ("Injunction Application").

Pending the hearing of the Injunction Application, on 11 September 2019, the Court granted an ad interim injunction until 30 September 2019, subject to undertaking as to damages from the Plaintiff ("Ad Interim Injunction").

AASB and DSSB filed an application to strike out the OS on 20 September 2019 and 24 September 2019 respectively ("Striking-out Applications").

On 30 September 2019, the Plaintiff was granted an extension of the Ad Interim Injunction until 14 October 2019, subject to undertaking as to damages.



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8. Material Litigation (Cont'd)

Shah Alam High Court Civil Suit No. BA-24NCC-122-08/2019 between Ismail bin Othman as the Plaintiff and Duta Skyline Sdn Bhd (“DSSB”) & Amazing Symphony Sdn Bhd (“ASSB”) as the Defendants

The Plaintiff was subsequently granted with another extension of the Ad Interim Injunction until the disposal of the Injunction Application and Striking-out Applications, subject to undertaking as to damages.

On 4 October 2021, the Plaintiff has put in an application for stay of all the proceedings. The Court has fixed the next hearing in respect of the Plaintiff’s application for stay of proceedings on 11 January 2022.

Arbitration Proceedings between OCR Construction Sdn Bhd (formerly known as O&C Construction Sdn Bhd) (“OCRCSB”) and Kencana Amanjaya Sdn Bhd (“KASB”)

OCRCSB, a wholly-owned subsidiary of the Company, had awarded the contract for the construction of the main building works (“Works”) (“Contract”) in respect of the development of a block of 41-stories commercial building on Lot 62142 (PT. 853), Jalan PJS 8/9, PJS 8, Bandar Sunway, Petaling Jaya, Selangor Darul Ehsan (“Project”) to KASB by a letter of award dated 15 May 2019.

KASB has delayed the Works and have committed various breaches of its obligations under the Contract, including amongst others:

- (i) KASB had wholly or substantially suspended the carrying out of the Works before completion;
- (ii) KASB had failed to proceed regularly and/or diligently with the Works; and/or
- (iii) KASB had persistently failed, refused and/or neglected to comply with the Architect’s instructions (AI)

As a result of KASB’s continued defaults and breaches of the Contract, and subsequent determination of KASB’s employment by OCRCSB by reason of these continued defaults and breaches of the Contract, OCRCSB has suffered and continues to suffer loss, expenses and damages.

On 17 June 2021, OCRCSB commenced arbitration proceeding against KASB under Arbitration Rules of the Asian International Arbitration Centre (“AIAC Rules”) (the “Arbitration Proceedings”). In the Arbitration Proceedings, OCRCSB is seeking to claim against KASB for an estimated sum of approximately RM 24,000,000 and/ or such damages and reliefs as the arbitrator deems fit, the following reliefs:

- (i) damages for KASB’s delays and breaches of Contract and the determination of the KASB’s employment as a result of KASB’s defaults including amongst others additional sums to appoint a third-party contractor to complete the works, additional payments to subcontractors and consultants, and additional financing and/or reimbursement of financing and other costs claimable from KASB;
- (ii) damages for KASB’s removal of materials from the site in breach of the Contract;



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8. Material Litigation (Cont'd)

- (iii) damages for the rectification of KASB's defective works;
- (iv) reimbursement and back charges;
- (v) reimbursement of all sums paid by OCRCSB for KASB's debts to its subcontractors and back charges;
- (vi) return of any payments made or to be made by OCRCSB to KASB pursuant to any adjudication proceedings initiated by KASB against OCRCSB;
- (vii) interest on the above amounts until the date of full payment;
- (viii) costs and expenses of the arbitration, including OCRCSB's legal costs and expenses; and
- (ix) such further and/or other relief as the arbitrator deems fit to award.

On 27 August 2021, OCRCSB received adjudication claim totalling RM19,076,966 ("Adjudication") under the Construction Industry Payment and Adjudication Act 2012 ("CIPAA") from KASB in connection with the Contract.

OCRCSB has disputed the claim under the Adjudication and has instructed its solicitors to contest the matter to defend its interest.

Arbitration Proceedings between OCR Properties (Kuantan) Sdn Bhd (formerly known as O&C Properties (Kuantan) Sdn Bhd) ("OCRPKSB") and Kencana Amanjaya Sdn Bhd

OCRPKSB, a 90% owned subsidiary of the Company, had awarded the contract for the construction of the main building works ("Works") ("Contract") in respect of the development of 979 units of single-storey terrace houses and 130 units of single-storey semi-detached homes on Lot 8094, Mukim Penor, Daerah Kuantan, Pahang Darul Makmur ("Project") to KASB by a letter of award dated 12 January 2018.

OCRPKSB contends that KASB has delayed the Works and have committed various breaches of its obligations under the Contract, including amongst others:

- (i) KASB had failed to proceed regularly and/or diligently with the Works; and/or
- (ii) KASB had persistently failed, refused and/or neglected to comply with the Architect's instructions (AI).

As a result of KASB's continued delay, defaults and breaches of the Contract, and subsequent determination of KASB's employment by OCRPKSB by reason of these continued defaults and breaches of the Contract, OCRPKSB has suffered and continues to suffer loss, expenses and damages.



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8. Material Litigation (Cont'd)

On 6 August 2021, OCRPKSB commenced arbitration proceeding against KASB under Arbitration Rules of the Asian International Arbitration Centre (“AIAC Rules”) (the “Arbitration Proceedings”). In the Arbitration Proceedings, OCRPKSB is seeking to claim against KASB for an estimated sum of approximately RM 29,000,000 and/or such damages and reliefs as the arbitrator deems fit, for the following:

- (i) damages for KASB’s delays and breaches of Contract and the determination of the KASB’s employment as a result of KASB’s defaults including amongst others additional sums to appoint a third-party contractor to complete the Works, additional payments to subcontractors and consultants, and other costs claimable from KASB;
- (ii) damages for the rectification of KASB’s defective Works;
- (iii) damages for KASB’s failure to achieve the progress completion milestone in accordance with Clause 1.1 of the Supplemental Agreement No.3;
- (iv) damages for KASB’s failure to renew and/or extend the performance bond;
- (v) payment of all OCRPKSB’s costs, losses and liabilities incurred arising from KASB’s breaches of the Contract and the Supplemental Agreement No.3;
- (vi) an order that OCRPKSB is entitled to withhold, deduct and/or set-off payment of any sums payable by OCRPKSB to KASB pursuant to the Supplemental Agreement No.3;
- (vii) interest on the above amounts until the date of full payment;
- (viii) costs and expenses of the Arbitration, including OCRPKSB’s legal costs and expenses; and
- (ix) Such further and/or other relief as the arbitrator deems fit to award.

In addition, OCRPKSB is also seeking for any return of any payments made or to be made by OCRPKSB to KASB pursuant to any adjudication proceedings initiated by KASB against OCRPKSB in relation to the Project.

OCRPKSB has on 24 September 2021 received adjudication claim totalling RM14,442,525 (“Adjudication”) under the Construction Industry Payment and Adjudication Act 2012 (“CIPAA”) from KASB in connection with the Contract.

OCRPKSB has disputed the claim under PRIYA Adjudication and has instructed its solicitors to contest the matter to defend its interest.

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 Quarter 30.09.2021 RM'000	Preceding Year Quarter 30.09.2020 RM'000	Current Year To Date 30.09.2021 RM'000	Preceding Year Period 30.09.2020 RM'000
(a) Basic loss per share				
Net loss for the period	(13,450)	(948)	(26,034)	(1,467)
Weighted average number of ordinary shares issued ('000)	455,933	330,809	455,933	330,809
Effects of: -				
- Private placement ('000)	56,452	9,986	56,452	9,986
- ICPS ('000)	9,281	9,657	9,281	9,657
- Warrant D ('000)	-	1,303	-	1,303
Weighted average number of ordinary shares in issue ('000)	521,666	351,755	521,666	351,755
Basic loss per share (sen)	(2.58)	(0.27)	(4.99)	(0.42)
(b) Diluted loss per share				
	Current Year Quarter 30.09.2021 RM'000	Preceding Year Quarter 30.09.2020 RM'000	Current Year To Date 30.09.2021 RM'000	Preceding Year Period 30.09.2020 RM'000
Net loss for the period	(13,450)	(948)	(26,034)	(1,467)
Weighted average number of ordinary shares in issue ('000)	521,666	351,755	521,666	351,755
- Adjustments for assumed conversion of ICPS ('000)	-	47,207	-	47,207
- Adjustment for assumed conversion of Warrant D ('000)	3,896	17,126	3,896	17,126
- Adjustment for assumed conversion of share options ('000)	-	1,046	-	1,046
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	525,562	417,134	525,562	417,134
Diluted loss per share (sen)	(2.56)	(0.23)	(4.95)	(0.35)



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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

	Group	
	Current Year Quarter 30.09.2021 RM'000	Current Year to date 30.09.2021 RM'000
Interest income	126	364
Interest expense	1,289	4,058
Depreciation	309	924
Rental expenses	70	316
Rental income	3	26

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
29 November 2021