



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

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

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter 30.06.2021 RM'000	Preceding Year Quarter 30.06.2020 RM'000	Current Year To Date 30.06.2021 RM'000	Preceding Year To Date 30.06.2020 RM'000
Revenue		2,128	3,921	24,582	31,935
Cost of sales		(11,002)	(3,436)	(29,456)	(27,311)
Gross (loss)/profit		(8,874)	485	(4,874)	4,624
Other income		98	224	299	630
Other operating expenses		(382)	(203)	(615)	(403)
Administrative expenses		(2,634)	(2,378)	(5,029)	(4,514)
Finance costs		(1,388)	(121)	(2,769)	(504)
Share of loss from associate		(7)	(26)	(21)	(41)
Loss before tax		(13,187)	(2,019)	(13,009)	(208)
Income tax credit/(expenses)	B5	75	278	(1)	(294)
Loss after taxation for the financial period		(13,112)	(1,741)	(13,010)	(502)
Other comprehensive income/(loss)					
Fair value gain of equity instruments designated at fair value through other comprehensive income		1,025	-	1,025	-
Total comprehensive loss for the financial period	B11	(12,087)	(1,741)	(11,985)	(502)

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 June 2021 (Cont'd)

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter 30.06.2021 RM'000	Preceding Year Quarter 30.06.2020 RM'000	Current Year To Date 30.06.2021 RM'000	Preceding Year To Date 30.06.2020 RM'000
Loss after taxation attributable to:					
Owners of the Company		(12,647)	(1,723)	(12,584)	(519)
Non-Controlling Interests		(465)	(18)	(426)	17
		<u>(13,112)</u>	<u>(1,741)</u>	<u>(13,010)</u>	<u>(502)</u>
Total comprehensive (loss)/income attributable to:					
Owners of the Company	B11	(11,622)	(1,723)	(11,559)	(519)
Non-Controlling Interests		(465)	(18)	(426)	17
		<u>(12,087)</u>	<u>(1,741)</u>	<u>(11,985)</u>	<u>(502)</u>
Loss per share (“EPS”) (in sen)					
- Basic	B10	(2.56)	(0.51)	(2.55)	(0.15)
- Diluted	B10	(2.29)	(0.41)	(2.28)	(0.12)

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

	Note	As at 30.06.2021 (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		5,029	-
Property, plant and equipment		1,034	1,312
Investment property		1,750	1,771
Right-of-use asset		11,506	11,534
Inventories		29,711	29,788
Other receivable		14,709	14,709
Deferred Tax Asset		1,250	1,250
		65,360	60,756
Current Assets			
Inventories		84,418	97,003
Contract Cost		7,727	8,654
Trade and others receivables		108,292	103,666
Contract assets		48,420	58,631
Current tax assets		124	16
Cash and cash equivalents		48,688	35,593
		297,669	303,563
TOTAL ASSETS		363,029	364,319
EQUITY AND LIABILITIES			
Share capital		180,386	156,003
Irredeemable convertible preference shares		13,300	15,802
Reserves		(40,693)	(22,084)
Shareholders' funds		152,993	149,721
Non-controlling interests		(1,459)	(1,002)
TOTAL EQUITY		151,534	148,719
Non-Current Liabilities			
Long-term bank borrowings	B7	44,311	45,388
Deferred tax liabilities		179	179
Other payable		25,842	28,149
		70,332	73,716
Current Liabilities			
Trade and other payables		92,628	94,923
Short-term borrowings	B7	43,643	42,604
Current tax liabilities		1,850	3,089
Contract liabilities		3,042	1,268
		141,163	141,884
TOTAL LIABILITIES		211,495	215,600
TOTAL EQUITY AND LIABILITIES		363,029	364,319
Net assets per share attributable to ordinary equity holders of the Company (RM)		0.27	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 June 2021

	<-----Attributable to owners of the company----->							Total Equity RM'000
	<-----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	
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					(12,584)	(12,584)	(426)	(13,010)
Total comprehensive Income for the period	-	-	-	-	1,025	1,025	-	1,025
Transaction with owners of the company:								
Issuance of ordinary share pursuant to: exercise of								
- ICPS	2,502	-	-	(2,502)	-	-	-	-
- Private Placement	21,881	-	-	-	-	21,881	-	21,881
Share options issued	-	-	287	-	-	287	-	287
Balance as at 30 June 2021	180,386	890	731	13,300	(42,314)	152,993	(1,459)	151,534

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 June 2021 (Cont'd)

	<-----Attributable to owners of the company----->							
	<-----Non-Distributable----->				Distributable			
	Share Capital	Warrants Reserve	Share Option Reserve	Irredeemable Convertible Preference Shares (‘ICPS’)	Accumulated Losses	Total	Non- Controlling Interests	Total Equity
	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000	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 June 2021

	Current Year to date 30.06.2021 RM'000	Preceding Year to date 30.06.2020 RM'000
Cash Flows from Operating Activities		
Loss before tax	(13,009)	(208)
Adjustments for:		
Non-cash items	636	474
Non-operating items	2,818	(8)
<i>Operating profit before working capital changes</i>	(9,555)	258
Net change in current assets	13,580	(15,790)
Net change in current liabilities	(4,602)	10,466
<i>Cash used in operations</i>	(577)	(5,066)
Tax paid	(1,348)	(115)
<i>Net cash used in operating activities</i>	(1,925)	(5,181)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(51)	(18)
Investment in quoted shares	(4,004)	-
Increase in pledged fixed deposits with licensed banks	(212)	(265)
Interest received	238	512
Acquisition of an associate	-	(400)
<i>Net cash used in investing activities</i>	(4,029)	(171)
Cash Flows from Financing Activities		
Interest paid	(2,769)	(504)
Proceeds from issuance of ordinary shares pursuant to:		
-Private placement, net of expenses	21,881	980
-Warrant D	-	628
Drawdown of bank borrowings	4,249	4,766
Repayment of bank borrowings	(4,156)	(2,176)
<i>Net cash generated from financing activities</i>	19,205	3,694
<i>Net cash increased/(decreased) in cash and cash equivalents</i>	13,251	(1,658)
<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>	17,862	(6,018)



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

	Current Year To Date 30.06.2021 RM'000	Preceding Year To Date 30.06.2020 RM'000
Analysis of cash and cash equivalents:		
Fixed deposits with licensed banks	18,827	18,402
Cash and bank balances	29,861	6,456
Bank overdrafts	(11,999)	(12,474)
	36,689	12,384
Less: Fixed deposit pledged to licensed banks	(18,827)	(18,402)
	17,862	(6,018)

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 June 2021, the Company increased its issued and paid-up share capital by way of:-

- (i) an issuance of 5,004,550 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 June 2021:

30 June 2021	Construction RM'000	Property Development RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Sales	527	1,148	708	(255)	2,128
Segment Results (EBITDA)	(171)	(10,071)	(1,275)	100	(11,417)
Finance Cost	(491)	(721)	(176)	-	(1,388)
Depreciation and Amortisation	(40)	(273)	(69)	-	(382)
Consolidated Loss Before Tax					(13,187)
ASSETS					
Segment Assets	109,497	232,408	193,287	(172,163)	363,029
LIABILITIES					
Segment Liabilities	101,024	232,451	43,211	(165,191)	211,495
OTHER INFORMATION					
Capital Expenditure	8	-	43	-	51
Depreciation and Amortisation	40	273	69	-	382
Other Non-Cash Expenses	-	-	-	-	-

30 June 2020	Construction RM'000	Property Development RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Sales	1,389	2,552	754	(774)	3,921
Segment Results (EBITDA)	(476)	(509)	(680)	(16)	(1,681)
Finance Cost	(114)	-	(7)	-	(121)
Depreciation and Amortisation	(17)	(126)	(74)	-	(217)
Consolidated Loss Before Tax					(2,019)
ASSETS					
Segment Assets	80,607	242,778	152,193	(133,002)	342,576
LIABILITIES					
Segment Liabilities	75,710	223,863	42,598	(123,763)	218,408
OTHER INFORMATION					
Capital Expenditure	13	5	-	-	18
Depreciation and Amortisation	17	126	74	-	217
Other Non-Cash Expenses	26	-	-	-	26



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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	
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Malaysia	2,128	3,921	363,029	342,576	51	18
Other Asian Countries	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	2,128	3,921	363,029	342,576	51	18

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 22 September 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 June 2021, except for the following:

- (a) On 1 July 2021, 9 July 2021, 16 July 2021, 27 July 2021 and 30 July 2021, there are total of 26,599,287 ordinary shares of RM0.50 each have been issued pursuant to the conversion of 265,992,870 ICPS to 26,599,287 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 30 June 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 22 September 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 30.06.2021 RM'000	As at 30.06.2020 RM'000
Corporate guarantees extended:		
- to financial institutions for credit facilities granted to subsidiaries	71,853	66,126
	71,853	66,126

There were no contingent assets since the last annual balance sheet as at 30 June 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 30.06.2021 RM'000	Preceding Year To Date 30.06.2020 RM'000
<u>Inter Company Transactions</u>		
Progress billing to a company which has substantial financial interest	3,934	10,494
Marketing fee to a company which has substantial financial interest	1,100	599
Subcontractor fee to a company which has substantial financial interest	2,808	-
	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	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	2,128	3,921	24,582	31,935
Loss before tax	(13,187)	(2,019)	(13,009)	(208)

The revenue of RM 2.1 million in the current quarter and RM 24.6 million in cumulative period were contributed by both the construction and property development segments. The loss before tax of RM13.2 million during the current quarter and RM13.0 million in cumulative period were mainly an effect of stricter containment measures during MCO 3.0 and subsequent implementation of “total lockdown” from 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 quarter.

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 contributed by slow and disrupted construction activities in the current quarter, which include short supply of building materials.

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

	Individual Quarter	
	30.06.2021	31.03.2021
	RM'000	RM'000
Revenue	2,128	22,454
(Loss)/Profit before tax	(13,187)	178

The Group’s revenue dropped from RM22.5 million in the immediate preceding quarter to RM2.1 million in the current quarter. The Group recorded loss before tax of RM 13.2 million for the current quarter as compared to profit before tax of RM 0.2 million in the immediate preceding quarter.

The lower revenue was mainly caused by slow sales and construction progress due to impact from MCO 3.0 and “total lockdown” during the quarter. Whilst the higher loss before tax was mainly due to insufficient revenue recognition to cover the administrative expenses and termination of main contractor for PRIYA project as explained in Note 1 above.



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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 prolonged MCOs and nationwide “total lockdown” has significantly affected the Malaysian economy despite greater adaptability to restrictions and ongoing policy support.

For the property and construction sectors, the second wave of construction work suspension has greatly affected the supply chains as well as site progresses and billings. The Group has taken various initiatives and action plans, including improvising a more proactive approach in terms of contractor management as well as adopting more efficient construction methods to speed-up progress upon resumption of work, in order to smoothen delivery of its projects.

Meanwhile, sales have slowed down but momentum is likely to pick-up again considering most states have moved into Phase 2 and Phase 3 of the National Recovery Plan (NRP). With the gradual re-opening of social and economic activities, as well as the extension of the Home Ownership Campaign (HOC), the Group believes that it would improve the overall buying sentiments, in turn boosting the Group’s sales across Klang Valley and Kuantan over time.

At the same time, health and safety are our utmost priority, especially during these challenging times. The Group is steadfast in its commitment to inoculate its entire workforce. To-date, almost all OCR employees have completed their second dose. With high vaccination rates and comprehensive standard operation procedures (SOPs) in place, the Group is dedicated to operate without compromising on the wellbeing of the community.

The Group remains vigilant over the current endemic situation and wishes to caution that its financial results for the remaining period may be adversely affected. However, we are broadly optimistic on the mid-to-long term outlook for the Group and the industry as a whole. Nevertheless, the Group will take proactive measures to improvise and mitigate the effects accordingly.

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
	30.06.2021	30.06.2020
	RM'000	RM'000
Income tax	1	294
Deferred tax	-	-
Income tax expenses	1	294
Effective tax rate	0.01%	141%



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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

On 2 August 2021, the Company has entered into the following heads of agreements:-

- (i) share sale agreement between OCR, Ong Kah Hoe and Tan Chin Hoong (Ong Kah Hoe and Tan Chin Hoong are collectively referred to as the "Stack Builder Vendors") ("Stack Builder SSA") for the proposed acquisition by OCR of 50 ordinary shares in Stack Builder from Ong Kah Hoe and 30 ordinary shares in Stack Builder from Tan Chin Hoong, representing a total of 80% equity interest in Stack Builder, for a total purchase consideration ("Stack Builder Purchase Consideration") of:-
 - (a) RM5,655,640 (if, on the date the Stack Builder SSA turns unconditional ("Stack Builder Unconditional Date"), the development order (i.e. kebenaran merancang) for a mixed development project known as "Rumah Selangorku" to be undertaken by Stack Builder ("Development Order") has been obtained by Stack Builder); or
 - (b) RM3,588,441 (if, on the Stack Builder Unconditional Date, the Development Order has not been obtained or is obtained but is subject to conditions or varies from the version that was originally submitted to the Shah Alam City Council by Stack Builder), proposed settlement of debt owing by Stack Builder to TCH in the sum to be determined ("Proposed Debt Settlement to TCH").

to be satisfied entirely via issuance of new ordinary shares in OCR ("OCR Shares" or "Shares") ("Consideration Shares") ("Proposed Acquisition of Stack Builder");

- (ii) shareholders' agreement between OCR and Tan Chin Hoong ("Stack Builder SHA") to regulate their relationship as shareholders of Stack Builder upon completion of the Proposed Acquisition of Stack Builder;
- (iii) settlement agreement between OCR, the Stack Builder Vendors and Stack Builder ("Stack Builder Settlement Agreement") for the proposed settlement by OCR of advances owing by Stack Builder to the Stack Builder Vendors amounting to RM41,590,181 ("Stack Builder Advances") to be satisfied entirely via issuance of new OCR Shares ("Settlement Shares") ("Proposed Settlement of Stack Builder Advances");
- (iv) share sale agreement between OCR, Ong Kah Hoe, Low Kin Kok, Chong Tze-Ban and Low Kien Poh (Ong Kah Hoe, Low Kin Kok, Chong Tze-Ban and Low Kien Poh are collectively referred to as the "Wonderland Vendors") ("Wonderland SSA") for the proposed acquisition by OCR of 2,000,000 ordinary shares in Wonderland, representing 100% equity interest in Wonderland, from the Wonderland Vendors for a purchase consideration of RM5,318,273 ("Wonderland Purchase Consideration") to be satisfied entirely via issuance of Consideration Shares ("Proposed Acquisition of Wonderland"); and



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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)

- (v) settlement agreement between OCR, the Wonderland Vendors and Wonderland (“Wonderland Settlement Agreement”) for the proposed settlement by OCR of advances owing by Wonderland to the Wonderland Vendors amounting to RM9,853,713 (“Wonderland Advances”) to be satisfied entirely via issuance of Settlement Shares (“Proposed Settlement of Wonderland Advances”).

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

The Proposed Settlement of Stack Builder Advances and Proposed Settlement of Wonderland Advances are collectively referred to as the “Proposed Settlements”.

Collectively, the Proposed Acquisitions and Proposed Settlements are referred to as the “Proposed Acquisitions and Settlements”.

In addition, the Company also intends to undertake a proposed 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”) (“Proposed Private Placement”).

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

(b) Status of Utilisation of Proceeds

On 30 October 2020, the Company has proposed to undertake the proposed placement up to twenty per centum 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.



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6. Corporate Proposals (Cont'd)

(b) Status of Utilisation of Proceeds

The said proceeds have been utilised as follows:-

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⁾ 9,145	12,700
(ii) Expenses for the Private Placement 20%	Upon completion of the Private Placement 20%	35	35	-
Total		21,880	9,180	12,700

Note:-

(1) *The proceeds have been utilised for several projects namely ISOLA @ KLCC, PRIYA, The Mate, Vertex 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 30.06.2021 RM'000
Secured:	
Current liabilities	
- Bank overdrafts	6,885
- Revolving credit	15,000
- Term loan	16,668
- Trust receipt	4,915
	<hr/> 43,468
Non-current liabilities	
- Term loan	38,532
- Bank overdrafts	5,114
	<hr/> 43,646
Unsecured:	
Current liabilities	
- Lease liabilities	175
	<hr/> 175
Non-current liabilities	
- Lease liabilities	665
	<hr/> 665
Total Borrowings	<hr/> 87,954 <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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7. Borrowings and Debt Securities (Cont'd)

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

	As at
	30.06.2021
	RM'000
Ringgit Malaysia	87,954

8. Material Litigation

Since the date of the last annual statement of financial position, there was no pending material litigation as at 22 September 2021, except the following:

Ismail Bin Othman v Duta Skyline Sdn. Bhd. ("DSSB") and Amazing Symphony Sdn. Bhd. ("ASSB")

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) as a consequence of the above, 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").

On 11 September 2019, the Plaintiff applied for and was granted an ad interim injunction until 30 September 2019, subject to undertaking as to damages ("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 applied for and was granted an extension of the Ad Interim Injunction until 14 October 2019.

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.



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8. Material Litigation (Cont'd)

The Injunction Application and the Striking Out Applications were scheduled to be heard on 10 January 2020.

On 10 January 2020, the hearing was vacated as the Judge had to attend a function (Opening of Legal Year). The next hearing date which was fixed on 20 April 2020 was rescheduled to 7 July 2020 in view of the court closure during the Movement Control Order of Malaysia which was enforced from 18 March 2020 to 12 May 2020.

On 10 June 2020, the Court allowed the Plaintiff's request to vacate the hearing fixed on 7 July 2020 because a restraining order dated 18 May 2020 ("RO") was obtained in the High Court Originating Summons No. WA-24NCC-70-02/2020 ("OS 70"). A new hearing date of the OS, the Injunction Application, and the Striking Out Applications was subsequently fixed on 10 September 2020.

On 10 September 2020, the Plaintiff's solicitors informed the Court that –

- 1) the RO obtained was further extended until the disposal of the OS 70; and
- 2) OS 70 was fixed for hearing on 17 September 2020.

The Court then proceeded to fix the above matter for case management on 29 September 2020 for parties to update the Court on the status of the OS 70 and whether the RO would be further extended.

On 17 September 2020, the application for an extension of the RO was not granted by the Court.

On 29 September 2020, the Court had fixed the OS, the Injunction Application and the Striking Out Applications for hearing on 12 November 2020 before the Judicial Commissioner Dato' Julie Lack.

The hearing originally fixed on 12 November 2020 was vacated and rescheduled to 2 February 2021 by the Court due to the extension of Conditional Movement Control Order.

The hearing on 2 February 2021 was vacated and a case management was fixed on 8 April 2021 in light of the Movement Control Order and the restraining order granted against DSSB in High Court Originating Summons No. BA-24NCC-141-12/2020 ("OS 141").

On 8 April 2021, the Plaintiff's solicitors informed the Court that the restraining order granted in OS 141 had expired and no further extension to the restraining order was granted. However, the application for an extension of the restraining order is fixed for hearing on 4 May 2021. As a result, the Court fixed a case management on 5 May 2021 for Plaintiff to update the Court on the status of the hearing of the application for an extension of the restraining order in OS 141.

At the case management on 5 May 2021, the court fixed for further case management on 24 June 2021 to update the court on the status of the application for the extension of the restraining order granted in OS 141, which is fixed for hearing on 23 June 2021.



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8. Material Litigation (Cont'd)

At the case management on 24 June 2021, the Plaintiff's solicitors informed the Court that the hearing of the application for an extension of the restraining order granted in OS 141 which was initially fixed on 23 June 2021 has been vacated and a new hearing date will be fixed. In the meantime, another application in OS 141 is fixed for hearing on 28 July 2021. The Court then proceeded to fix this matter for a further case management on 30 July 2021.

At the case management on 30 July 2021, the application for an extension of the restraining order granted in OS141 has been fixed for decision on 5 August 2021. The Court then proceeded to fix this matter for a further case management on 9 August 2021.

At the case management on 9 August 2021, the application for an extension of the restraining order granted in OS141 has been dismissed by the Court. The Court then proceeded to fix the Enclosures 1, 3, 13 and 18 for hearing on 27 September 2021 at 9.00 a.m. by way of Zoom.

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 24,000,000.00 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 RM19,076,966.00 ("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 29,000,000.00 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.

9. Dividend

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



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10. Earnings Per Share

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30.06.2021 RM'000	Preceding Year Quarter 30.06.2020 RM'000	Current Year To Date 30.06.2021 RM'000	Preceding Year Period 30.06.2020 RM'000
(a) Basic loss per share				
Net loss for the period	(12,647)	(1,723)	(12,584)	(519)
Weighted average number of ordinary shares issued ('000)	455,933	330,809	455,933	330,809
Effects of: -				
- Private placement ('000)	35,033	1,188	35,033	1,188
- ICPS ('000)	2,298	5,909	2,298	5,909
- Warrant D ('000)	-	458	-	458
Weighted average number of ordinary shares in issue ('000)	493,264	338,364	493,264	338,364
Basic loss per share (sen)	(2.56)	(0.51)	(2.55)	(0.15)
(b) Diluted loss per share				
	Current Year Quarter 30.06.2021 RM'000	Preceding Year Quarter 30.06.2020 RM'000	Current Year To Date 30.06.2021 RM'000	Preceding Year Period 30.06.2020 RM'000
Net loss for the period	(12,647)	(1,723)	(12,584)	(519)
Weighted average number of ordinary shares in issue ('000)	493,264	338,364	493,264	338,364
- Adjustments for assumed conversion of ICPS ('000)	52,497	61,429	52,497	61,429
- Adjustment for assumed conversion of Warrant D ('000)	5,918	15,924	5,918	15,924
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	551,679	415,717	551,679	415,717
Diluted loss per share (sen)	(2.29)	(0.41)	(2.28)	(0.12)



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11. Notes to the Statement of Comprehensive Income

	Group	
	Current Year Quarter 30.06.2021 RM'000	Current Year to date 30.06.2021 RM'000
Interest income	(118)	(238)
Interest expense	1,388	2,769
Depreciation	382	615
Rental expenses	116	247
Rental income	(9)	(23)

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
30 September 2021