THIS ABRIDGED PROSPECTUS ("AP") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. If you have sold or transferred all your shares in O&C Resources Berhad *(formerly known as Takaso Resources Berhad)* ("**OCR**" or the "**Company**"), you should immediately hand this AP together with the Notice of Provisional Allotment ("**NPA**") and Rights Subscription Form ("**RSF**") (collectively referred to as "**Documents**") to the purchaser or transferee or agent/broker through whom you have effected the sale or transfer for onward transmission to the purchaser or transferee. You should address all enquiries concerning the Rights Issue of ICPS with Warrants (as defined herein) to our share registrar, Symphony Share Registrars Sdn Bhd ("**Share Registrar**") at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan.

The Documents are only despatched to our shareholders ("**Entitled Shareholders**") (other than an authorised nominee who has subscribed for Nominee Rights Subscription service ("**NRS**")) whose names appear in our Record of Depositors as at 5.00 p.m. on 15 June 2016 ("**Entitlement Date**") at their registered addresses in Malaysia. If you are an authorised nominee who has subscribed for NRS with Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**"), an electronic copy of this AP and the Rights Issue Entitlement File will be transmitted to you electronically by Bursa Depository through its existing network facility with the Authorised Nominee (as defined herein). The Documents are not intended to be (and will not be) issued, circulated or distributed in any countries or jurisdictions other than Malaysia. No action has been or will be taken to ensure that the Rights Issue of ICPS with Warrants or the Documents comply with the laws of any countries or jurisdictions other than the laws of Malaysia. The Documents do not constitute an offer, solicitation or invitation to subscribe for the Rights Issue of ICPS with Warrants in any jurisdiction other than Malaysia or to any person to whom it may be unlawful to make such an offer, solicitation or invitation. It shall be the sole responsibility of the Entitled Shareholders and/or their renouncees/transferees (if applicable) who are residents in countries or jurisdictions other than Malaysia to consult their legal and/or other professional advisers as to whether their acceptance or renunciation (as the case may be) of his/her entitlement to the Rights Issue of ICPS with Warrants would result in the contravention of any laws of such countries or jurisdictions. Such Entitled Shareholders and/or their renouncees/transferees (if applicable) should note the additional terms and restrictions as set out in Section 3 of this AP. Neither our Company nor TA Securities Holdings Berhad ("**TA Securities**") shall accept any responsibility or liability whatsoever to any party in the event that any acceptance or sale/renunciation made by the Entitled Shareholders, and/or their renouncees/transferees (if applicable) is or shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which the Entitled Shareholder and/or his renouncee/transferee (if applicable) is a resident.

A copy of this AP has been registered with the Securities Commission Malaysia ("**SC**"). The registration of this AP should not be taken to indicate that the SC recommends the Rights Issue of ICPS with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this AP. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this AP, together with the NPA and RSF, has also been lodged with the Registrar of Companies who takes no responsibility for the contents of these documents.

Our shareholders have approved the Rights Issue of ICPS with Warrants at the Extraordinary General Meeting held on 16 May 2016. Bursa Malaysia Securities Berhad ("**Bursa Securities**") had vide its letter dated 2 February 2016 approved the admission of the ICPS (as defined herein) and Warrants (as defined herein) to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the ICPS, Warrants and the new OCR Shares (as defined herein) to be issued upon the conversion of the ICPS and exercise of the Warrants on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue of ICPS with Warrants. Admission of the ICPS and Warrants to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the ICPS, Warrants and new OCR Shares to be issued upon conversion of the ICPS and exercise of the Warrants on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue of ICPS with Warrants. Neither Bursa Securities nor the SC takes any responsibility for the correctness of any statement made or opinions expressed in the Documents. The listing of and quotation for the ICPS and Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the Central Depository System accounts of the Entitled Shareholders and/or their renouncees/transferees (if applicable) have been duly credited and notices of allotment have been despatched to the Entitled Shareholders and/or their renouncees/transferees (if applicable).

Our Board of Directors ("**Board**") has seen and approved all the documentation relating to this Rights Issue of ICPS with Warrants. Our Board collectively and individually accepts full responsibility for the accuracy of the information given and confirms that, after having made all reasonable inquiries, and to the best of our Board's knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in these Documents false or misleading.

TA Securities, being the Adviser for the Rights Issue of ICPS with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue of ICPS with Warrants.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 6 HEREIN.

O&C RESOURCES BERHAD

(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD)

(Company No. 440503-K)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 735,074,052 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES OF RM0.05 EACH IN OCR ("ICPS") ON THE BASIS OF THREE (3) ICPS FOR EVERY ONE (1) EXISTING ORDINARY SHARE OF RM0.25 EACH IN OCR ("OCR SHARE" OR "SHARE") HELD AS AT 5.00 P.M. ON 15 JUNE 2016 AT AN ISSUE PRICE OF RM0.05 PER ICPS, TOGETHER WITH UP TO 73,507,405 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF ONE (1) WARRANT FOR EVERY TEN (10) ICPS SUBCRIBED FOR

Adviser

TA SECURITIES HOLDINGS BERHAD (14948-M)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME

Entitlement date	:	Wednesday, 15 June 2016 at 5.00 p.m.
Last date and time for:		
Sale of provisional allotment of ICPS	:	Thursday, 23 June 2016 at 5.00 p.m.
Transfer of provisional allotment of ICPS	:	Tuesday, 28 June 2016 at 4.00 p.m.
Acceptance and payment	:	Friday, 1 July 2016 at 5.00 p.m.*
Excess application and payment	:	Friday, 1 July 2016 at 5.00 p.m.*

* or such later date and time as our Board may decide at its absolute discretion and announce not less than two (2) market days before the stipulated date and time

This Abridged Prospectus is dated 15 June 2016

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this AP unless stated otherwise.

BURSA SECURITIES HAS APPROVED THE ADMISSION OF THE ICPS AND WARRANTS TO THE OFFICIAL LIST OF THE MAIN MARKET OF BURSA SECURITIES AND THE LISTING OF AND QUOTATION FOR THE ICPS, WARRANTS AND THE NEW SHARES TO BE ISSUED PURSUANT TO THE CONVERSION OF THE ICPS AND EXERCISE OF THE WARRANTS ON THE MAIN MARKET OF BURSA SECURITIES AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE OF ICPS WITH WARRANTS.

THE SC AND BURSA SECURITIES ARE NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS AP, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS AP.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS AP ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT 2007 ("CMSA").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

WE AND OUR ADVISER HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THIS AP.

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DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this AP and the accompanying appendices:

"5D-VWAP"	:	Five (5)-day volume weighted average market price
"Acquisition of MCSB"	:	Acquisition of fifty-one percent (51%) equity interest in MCSB from MISB at a cash consideration of RM5.00 million pursuant to the SSA with MISB which was completed on 15 January 2016 As at the LPD, our Company's equity interest in MCSB is 50.01% pursuant to our Company's subscription of 4,950 MCSB Shares and MISB's subscription of 4,950 MCSB Shares on 15 April 2016
"Act"	:	Companies Act, 1965
"Amendments"	:	Amendments to the Memorandum and Articles of Association of our Company to facilitate the Rights Issue of ICPS with Warrants and the Increase in Authorised Share Capital which took effect on 16 May 2016
"Announcement"	:	The announcement of, amongst others, the Rights Issue of ICPS with Warrants dated 19 August 2015
"Announcement LPD"	:	18 August 2015, being the latest practicable date prior to the Announcement
"AP"	:	This Abridged Prospectus issued by our Company dated 15 June 2016
"ATM"	:	Automated teller machine within Malaysia
"Authorised Nominee"	:	A person who is authorised to act as nominee as defined under the Rules of Bursa Depository
"BNM"	:	Bank Negara Malaysia
"Board"	:	Board of Directors of our Company
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"CDS"	:	Central Depository System
"Code"	:	Malaysian Code on Take-Overs and Mergers 2010
"Conditional LO"	:	Conditional letter of offer dated 23 June 2015 to our Company issued by MISB in relation to the Acquisition of MCSB which is no longer conditional
"Conditional SPA"	:	Conditional sale and purchase agreement dated 13 August 2015 entered into between TCSB and MIESB to acquire the Melaka Land for a cash consideration of RM9,316,165.00
"Construction Works"	:	Specialist works comprising mechanical and electronical works as well as architect, structure and civil works of a block of twenty-one (21) storey commercial building located in Mukim Batu, Wilayah Persekutuan

DEFINITIONS *(CONT'D)*

"Conversion Period"	:	(a) The ICPS may be converted at any time within five (5) years commencing on and including the date of issue of the ICPS up to and including the maturity date, as determined by the Conversion Ratio and Conversion Price (b) Any remaining ICPS that are not converted by the maturity date shall be automatically converted into new OCR Shares at the conversion ratio of ten (10) ICPS to be converted into one (1) new OCR Share
"Conversion Ratio" and "Conversion Price"	:	Conversion ratio and conversion price of the ICPS which have been fixed at either ten (10) ICPS to be converted into one (1) OCR Share or a combination of one (1) ICPS and RM0.45 in cash for one (1) OCR Share
"Corporate Exercises"	:	Rights Issue of ICPS with Warrants, Diversification, Increase in Authorised Share Capital and Amendments, collectively
"Debt"	:	Outstanding amount due by MISB of approximately RM9,927,128.21 in the accounts of MCSB prior to the date of execution of the SSA with MISB and up to the LPD
"Deed Poll"	:	The document constituting the Warrants executed by our Company dated 1 June 2016
"DIBS"	:	Developer interest bearing scheme
"Director"	:	A natural person who holds a directorship in our Company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 4 of the Act and Section 2(1) of the Capital Markets and Services Act 2007
"Diversification"	:	Diversification of the business of our Group to include property development business
"Dynavance"	:	Dynavance Construction Sdn Bhd
"Earlier Joint Venture Agreement"	:	Joint venture agreement dated 29 December 2014 entered into between MISB and MCSB in relation to the Yap Kwan Seng Project which has been substituted by the New Joint Venture Agreement
"EBITDA"	:	Earnings before interest, taxation, depreciation and amortisation
"EGM"	:	Extraordinary general meeting of our Company held on 16 May 2016
"Electronic Application"	:	Application for the ICPS with Warrants through the ATMs of Participating Financial Institution
"Entitled Shareholders"	:	Our shareholders whose names appear in our Company's Record of Depositors on the Entitlement Date
"Entitlement Date"	:	15 June 2016 at 5.00 p.m. being the date and time as at the close of business on which our shareholders must be registered on the Record of Depositors in order to be entitled to the Rights Issue of ICPS with Warrants
"EPS"	:	Earnings per OCR Share
"FPE"	:	Financial period ended/ending, as the case may be
"FYE"	:	Financial year ended/ending, as the case may be

DEFINITIONS (*CONT'D*)

"GDC"	:	Gross development cost
"GDV"	:	Gross development value
"GP"	:	Gross profit
"GST"	:	Malaysian goods and services tax
"H1 2014"	:	First half of 2014
"H1 2015"	:	First half of 2015
"HLBB"	:	Hong Leong Bank Berhad
"ICPS"	:	Up to 735,074,052 new irredeemable convertible preference shares to be issued pursuant to the Rights Issue of ICPS with Warrants
"ICPS Subscription File"	:	An electronic file submitted by an Authorised Nominee who has subscribed for NRS, to Bursa Depository containing information pertaining to such Authorised Nominee's subscription of the ICPS with Warrants
"Increase in Authorised Share Capital"	:	Increase in the authorised share capital of our Company from RM100,000,000 comprising 400,000,000 OCR Shares to RM500,000,000 comprising 1,600,000,000 OCR Shares and 2,000,000,000 ICPS to facilitate the Rights Issue of ICPS with Warrants which took effect on 16 May 2016
"Internet Application"	:	Application for the ICPS with Warrants within Malaysia through an Internet Participating Financial Institution
"Internet Participating Financial Institution"	:	Participating financial institution for the Internet Applications as referred to in Section 3.5.3 of this AP
"Issue Price"	:	The issue price of RM0.05 per ICPS
"JVA"	:	Joint venture agreement dated 1 June 2015 entered into between TDKSB and SSPP in relation to the Kuantan Project
"Kuantan Land"	:	A parcel of land held under H.S. (D) 19049, No. PT57721, Bandar Kuantan, Kuantan, Pahang Darul Makmur
"Kuantan Project"	:	Proposed mixed development on the Kuantan Land
"LAT"	:	Loss after taxation
"LBT"	:	Loss before taxation
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LOA"	:	Letter of award dated 12 January 2015 from OCR Land appointing Takaso Land to construct and complete the Construction Works
"LPD"	:	23 May 2016, being the latest practicable date prior to the registration of this AP
"LPS"	:	Loss per OCR Share
"Market Day"	:	A day on which Bursa Securities is open for the trading of securities
"Maximum Scenario"	:	Assuming full exercise of Warrants 2011/2016 prior to the Entitlement Date and all Entitled Shareholders fully subscribe for their ICPS entitlements and subsequently convert all the ICPS at the Conversion Ratio of a combination of one (1) ICPS and RM0.45 in cash for one (1) new OCR Share

DEFINITIONS (*CONT'D*)

"MCSB"	:	Masbe Coffee Sdn Bhd, our 50.01%-owned subsidiary
"MCSB Shares"	:	Ordinary shares of RM1.00 each in MCSB
"Melaka Land"	:	A piece of leasehold land held under Pajakan Negeri No. Hakmilik: 2176, Lot No: 475, Kawasan Bandar XXXIX, Daerah Melaka Tengah, Negeri Melaka
"Melaka Project"	:	Proposed mixed development on the Melaka Land
"MIESB"	:	Mega Irama Enigma Sdn Bhd
"Minimum Scenario"	:	Assuming none of the outstanding Warrants 2011/2016 is exercised into new OCR Shares prior to the Entitlement Date and only the Undertaking Shareholders fully subscribe for their entitlements of the ICPS pursuant to the Undertakings and subsequently convert all the ICPS at the Conversion Ratio of ten (10) ICPS for one (1) new OCR Share
"Minimum Subscription Level"	:	Minimum level of subscription of 172,398,300 ICPS together with 17,239,830 Warrants pursuant to the Undertakings
"MISB"	:	Makok Intl Sdn Bhd
"NA"	:	Net assets attributable to ordinary equity holders of our Company
"New Joint Venture Agreement"	:	New joint venture agreement dated 15 January 2016 entered into between MISB and MCSB in relation to the Yap Kwan Seng Project
"NPA"	:	Notice of Provisional Allotment in relation to the Rights Issue of ICPS with Warrants
"NRS"	:	Nominee Rights Subscription service offered by Bursa Depository, at the request of our Company, to Authorised Nominees for electronic subscription of ICPS with Warrants through Bursa Depository's existing network facility with the Authorised Nominees
"NTA"	:	Net tangible assets
"OCR" or "Company"	:	O&C Resources Berhad *(formerly known as Takaso Resources Berhad)*
"OCR Group" or "Group"	:	OCR and our subsidiaries, collectively
"OCR Land"	:	OCR Land Holdings Sdn Bhd
"OCR Shares" or "Shares"	:	Ordinary shares of RM0.25 each in our Company
"Official List"	:	A list specifying all securities listed which have been admitted for listing on the Main Market of Bursa Securities and not removed
"OKC"	:	Ong Kim Chong @ Ong Hwee Choo
"OKH"	:	Ong Kah Hoe
"OKW"	:	Ong Kah Wee
"OYM"	:	Ong Yew Ming
"Participating Financial Institution"	:	Participating financial institution of Electronic Application as referred to in Section 3.5.2 of this AP
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation

DEFINITIONS (*CONT'D*)

"Projects"	:	Kuantan Project, Yap Kwan Seng Project and Melaka Project, collectively
"Promissory Note"	:	A written, signed, unconditional promise to repay the Debt given by MISB to MCSB pursuant to the SSA with MISB whereby MISB promises to repay the Debt owing to MCSB within three (3) years from the date of the promissory note or upon completion of the Yap Kwan Seng Project under the New Joint Venture Agreement, whichever is the later
"Record of Depositors"	:	A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository
"Rights Issue Entitlement File"	:	An electronic file forwarded by Bursa Depository to an Authorised Nominee who has subscribed for NRS, containing information of such Authorised Nominee's entitlements under the Rights Issue of ICPS with Warrants as at the Entitlement Date
"Rights Issue of ICPS with Warrants"	:	Renounceable rights issue of up to 735,074,052 ICPS on the basis of three (3) ICPS for every one (1) existing OCR Share held, together with up to 73,507,405 Warrants on the basis of ten (10) Warrants for every one (1) ICPS subscribed at the Entitlement Date
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RPGT"	:	Real property gains tax
"RSF"	:	Rights Subscription Form in relation to the Rights Issue of ICPS with Warrants
"Rules of Bursa Depository"	:	Rules of Bursa Depository including the rules in relation to a central depository as described in Section 2 of the SICDA
"SC"	:	Securities Commission Malaysia
"SGD"	:	Singapore Dollar
"Share Registrar"	:	Symphony Share Registrars Sdn Bhd
"Shareholders' Agreement"	:	Shareholders' agreement dated 15 January 2016 entered into between our Company, MCSB and MISB in relation to the Acquisition of MCSB
"SICDA"	:	Securities Industry (Central Depositories) Act, 1991 as amended from time to time and any re-enactment thereof
"SIS"	:	The existing share issuance scheme of our Company for the eligible Directors and employees of our Group (excluding our subsidiaries which are dormant), which was implemented on 30 August 2012 and expiring on 29 August 2017
"SSA"	:	Conditional share sale agreement dated 1 October 2014 in relation to the acquisition of Dynavance which has been rescinded
"SSA with MISB"	:	Share sale agreement dated 30 October 2015 entered into between our Company and MISB in relation to the Acquisition of MCSB
"SSPP"	:	SSPP Development Sdn Bhd
"TA Securities" or the "Adviser"	:	TA Securities Holdings Berhad
"Takaso Land"	:	Takaso Land Sdn Bhd, our wholly-owned subsidiary
"Takaso SC"	:	Takaso SC (Thailand) Limited, our wholly-owned subsidiary

DEFINITIONS (*CONT'D*)

"Takaso SC Shares"	:	Ordinary shares of THB1.00 each in Takaso SC
"TCSB"	:	Tristar City Sdn Bhd, our wholly-owned subsidiary
"TDKSB"	:	Takaso Development (Kuantan) Sdn Bhd, our seventy percent (70%) owned subsidiary company
"TEAP"	:	Theoretical ex-all price
"TERP"	:	Theoretical ex-rights price
"THB"	:	Thai baht
"TPY"	:	Tan Poo Yot
"Undertaking Shareholders"	:	OCR Land, OKH, TPY, OKC, OKW and OYM, collectively
"Undertakings"	:	Irrevocable and unconditional written undertakings dated 18 August 2015 from the Undertaking Shareholders that they will not dispose any of their OCR Shares following the date of Announcement up to the completion of the Rights Issue of ICPS with Warrants and that they will subscribe in full for their entitlements of the ICPS with Warrants pursuant to the Rights Issue of ICPS with Warrants
"UOB"	:	United Overseas Bank (Malaysia) Berhad
"Warrants"	:	Up to 73,507,405 free detachable warrants to be issued pursuant to the Rights Issue of ICPS with Warrants
"Warrants 2011/2016"	:	32,949,185 outstanding warrants 2011/2016 in our Company as at the LPD as constituted by the deed poll dated 26 July 2011 and will expire on 4 September 2016 (being the day falling five (5) years commencing from and inclusive of the issue date and if such a day is not a market day, on the market day immediately preceding such a day)
"Yap Kwan Seng Land"	:	A piece of freehold land located at Geran 34386, Lot 95 Seksyen 43, Bandar Kuala Lumpur, Daerah Kuala Lumpur
"Yap Kwan Seng Project"	:	Development of the Yap Kwan Seng Land into a residential, commercial or mixed development

All references to "**our Company**" and/or "**OCR**" in this AP are to O&C Resources Berhad *(formerly known as Takaso Resources Berhad)*. All references to "**our Group**" and/or "**OCR Group**" are to OCR and our subsidiaries and references to "**we**", "**us**" "**our**" and "**ourselves**" are to OCR and where the context does require, shall include our subsidiaries.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this AP to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this AP shall be reference to Malaysian time, unless otherwise specified.

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Company No. 440503-K

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Address	Age	Nationality	Profession
Tunku Azudinshah Ibni Tunku Annuar *(Chairman / Independent Non-Executive Director)*	No. 17, Elitis Pinggiran Ancala Valencia 47000 Sungai Buloh Selangor Darul Ehsan	46	Malaysian	Company Director
Ong Kah Hoe *(Executive Director)*	No. 7 Jalan PJU 1A/54B Damansara Idaman 47301 Petaling Jaya Selangor Darul Ehsan	41	Malaysian	Company Director
Tee Tze Chern, JP *(Executive Director)*	No. 4 & 5 Lorong Jelawat 2 Taman Sungei Abong 84000 Muar Johor Darul Ta'zim	51	Malaysian	Company Director
Yong Mong Huay *(Executive Director)*	No. 37 Jalan USJ 6/2H 47610 Subang Jaya Selangor Darul Ehsan	44	Malaysian	Company Director
Tan Ooi Jin *(Independent Non-Executive Director)*	No. 6 Jalan Kenyalang 11/7A PJU 5, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	41	Malaysian	Company Director
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria *(Independent Non-Executive Director)*	No. 79 Jalan SS 3/43 Seaport 47300 Petaling Jaya Selangor Darul Ehsan	55	Malaysian	Company Director
Hj. Abdullah Bin Abdul Rahman *(Independent Non-Executive Director)*	No. 6, Jalan Bidai U8/13D Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	58	Malaysian	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria	Chairman	Independent Non-Executive Director
Tunku Azudinshah Ibni Tunku Annuar	Member	Chairman / Independent Non-Executive Director
Tan Ooi Jin	Member	Independent Non-Executive Director
Hj. Abdullah Bin Abdul Rahman	Member	Independent Non-Executive Director

COMPANY SECRETARIES : Lam Sook Ching (MAICSA 7006942)
Ng Bee Lian (MAICSA 7041392)
49-B, Jalan Melaka Raya 8
Taman Melaka Raya
75000 Melaka
Tel. no. : 06-281 5300
Fax. no. : 06-281 5332

CORPORATE DIRECTORY (*CONT'D*)

REGISTERED OFFICE	:	49-B, Jalan Melaka Raya 8 Taman Melaka Raya 75000 Melaka Tel. no. : 06-281 5300 Fax. no. : 06-281 5332
HEAD/MANAGEMENT OFFICE/ PRINCIPAL PLACE OF BUSINESS	:	8.01, 8th Floor, Persoft Tower 6B, Persiaran Tropicana Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Darul Ehsan Tel. no. : 03-7806 3003 Fax. no. : 03-7880 4003 Website : www.takaso.com.my E-mail address : corporate@takasoland.com.my
SHARE REGISTRAR	:	Symphony Share Registrars Sdn Bhd Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Tel. no. : 03-7849 0777 Fax. no. : 03-7841 8151 / 7841 8152
AUDITORS AND REPORTING ACCOUNTANTS	:	Messrs. Crowe Horwath Chartered Accountant Level 16, Tower C Megan Avenue II 12, Jalan Yap Kwan Seng 50450 Kuala Lumpur Tel. no. : 03-2788 9999 Fax. no. : 03-2788 9998
SOLICITORS FOR THE RIGHTS ISSUE OF ICPS WITH WARRANTS	:	Messrs. Peter Ling & van Geyzel B-19-4, Tower B Northpoint Office Suites Mid Valley City No. 1, Medan Syed Putra 59200 Kuala Lumpur Tel. no. : 03-2282 3080 Fax. no. : 03-2201 9880
PRINCIPAL BANKERS	:	OCBC Bank (Malaysia) Berhad 89, 91 & 93 Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel. no. : 03-7719 9665 Fax. no. : 03-7725 9135 AmBank (M) Berhad Level 3, Menara Ambank No. 8, Jalan Yap Kwan Seng 50450 Kuala Lumpur Tel. no. : 03-2167 3000 Fax. no. : 03-2162 4564

CORPORATE DIRECTORY (*CONT'D*)

ADVISER FOR THE RIGHTS ISSUE OF ICPS WITH WARRANTS	:	TA Securities Holdings Berhad 32nd Floor, Menara TA One 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel. no. : 03-2072 1277 Fax. no. : 03-2026 0127
STOCK EXCHANGE LISTING	:	Main Market of Bursa Securities

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Company No. 440503-K

O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD)
(Company No. 440503-K)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

49-B, Jalan Melaka Raya 8
Taman Melaka Raya
75000 Melaka

15 June 2016

Our Board of Directors:

Tunku Azudinshah Ibni Tunku Annuar *(Chairman / Independent Non-Executive Director)*
Ong Kah Hoe *(Executive Director)*
Tee Tze Chern, JP *(Executive Director)*
Yong Mong Huay *(Executive Director)*
Tan Ooi Jin *(Independent Non-Executive Director)*
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria *(Independent Non-Executive Director)*
Hj. Abdullah Bin Abdul Rahman *(Independent Non-Executive Director)*

To: Our Entitled Shareholders

Dear Sir / Madam,

RIGHTS ISSUE OF ICPS WITH WARRANTS

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1. INTRODUCTION

Our shareholders had, at the EGM held on 16 May 2016, approved the Rights Issue of ICPS with Warrants.

A certified true extract of the ordinary resolution in relation to the Rights Issue of ICPS with Warrants passed at the EGM is set out in Appendix I of this AP.

On 2 February 2016, Bursa Securities had given its approval for the:

(i) admission to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the ICPS and Warrants; and

(ii) listing of and quotation for the new OCR Shares to be issued pursuant to the conversion of the ICPS and the exercise of the Warrants,

on the Main Market of Bursa Securities.

The approval of Bursa Securities is subject to the following conditions:

	Conditions imposed	Status of compliance
(i)	Our Company and TA Securities, being the principal adviser, must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue of ICPS with Warrants;	To be complied
(ii)	Our Company and TA Securities to inform Bursa Securities upon the completion of the Rights Issue of ICPS with Warrants;	To be complied
(iii)	Our Company and TA Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue of ICPS with Warrants is completed;	To be complied
(iv)	Our Company to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the conversion of the ICPS and/or exercise of the Warrants as at the end of each quarter together with a detailed computation of listing fees payable; and	To be complied
(v)	To incorporate comments from Bursa Securities in respect of the draft circular to our shareholders.	Complied

On 1 June 2016, TA Securities had on our behalf announced that the Entitlement Date has been fixed on 15 June 2016 at 5.00 p.m. and the other relevant dates pertaining to the Rights Issue of ICPS with Warrants.

No person is authorised to give any information or to make any representation not contained in this AP in connection with the Rights Issue of ICPS with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by us or by TA Securities in connection with the Rights Issue of ICPS with Warrants.

If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

2. DETAILS OF THE RIGHTS ISSUE OF ICPS WITH WARRANTS

The Rights Issue of ICPS with Warrants entails the issuance of up to 735,074,052 ICPS on the basis of three (3) ICPS for every one (1) existing OCR Share held, together with up to 73,507,405 Warrants on the basis of one (1) Warrant for every ten (10) ICPS subscribed for by the Entitled Shareholders at an issue price of RM0.05 per ICPS.

The basis of three (3) ICPS for every one (1) existing OCR Share and one (1) Warrant for every ten (10) ICPS were arrived at after taking into consideration, among others, the following:

(i) the issue price of the ICPS of RM0.05 each, the details of which are set out in Section 2.1(a) of this AP;

(ii) the funding requirements and purposes of our Group, the details of which are set out in Section 5 of this AP;

(iii) the rationale for the Rights Issue of ICPS, with Warrants as set out in Section 4 of this AP; and

(iv) to ensure compliance with paragraph 6.50 of the Listing Requirements which states that "*all outstanding warrants, where exercised, does not exceed 50% of the issued and paid-up share capital of the listed issuer (excluding treasury shares and before the exercise of the warrants) at all times.*"

The ICPS with Warrants which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renouncees/transferees (if applicable). It is the intention of our Board to allocate the excess ICPS in a fair and equitable manner on a basis specified under Section 3.8 herein. The entitlements for the ICPS with Warrants are renounceable in full or in part. The Warrants will be immediately detached from the ICPS upon issuance and be separately traded from the ICPS on the Main Market of Bursa Securities. The renunciation of ICPS by the Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the ICPS pursuant to the Rights Issue of ICPS with Warrants. However, if the Entitled Shareholders decide to accept only part of their ICPS entitlements, they shall be entitled to the Warrants in proportion to their acceptances of the ICPS entitlements. Any unsubscribed ICPS with the attached Warrants shall be offered to other Entitled Shareholders and/or their renouncees/transferees (if applicable) under the excess ICPS with Warrants application.

In determining our shareholders' entitlements to the Warrants, any fractional entitlements shall be disregarded and dealt with by our Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of our Company.

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisionally allotted ICPS with Warrants, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue of ICPS with Warrants. You will find enclosed with this AP, the NPA notifying you of the crediting of such provisional ICPS with Warrants into your CDS Account and the RSF to enable you to subscribe for the provisional ICPS with Warrants, as well as to apply for the excess ICPS with Warrants if you choose to.

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository, an electronic copy of this AP and the Rights Issue Entitlement File will be transmitted to you electronically by Bursa Depository through its existing network facility with the Authorised Nominees. Please refer to Sections 3.5.4 and 3.8.4 of this AP for the procedures for acceptance as well as to apply for excess ICPS with Warrants, if you choose to do so.

Any dealing in our securities will be subject to the SICDA and the Rules of Bursa Depository. Accordingly, the ICPS with Warrants and new Shares to be issued arising from the conversion of the ICPS and exercise of the Warrants will be credited directly to the respective CDS Accounts of the successful applicants. No physical ICPS certificates and warrant certificates will be issued to the Entitled Shareholders and/or their renouncees/transferees, nor will any physical share certificates be issued for new Shares to be issued pursuant to the conversion of the ICPS and the exercise of the Warrants. A notice of allotment will be despatched to the successful applicants within eight (8) Market Days from the last date of acceptance and payment for the Rights Issue of ICPS with Warrants and a notice of allotment will be despatched to the exercising ICPS and/or Warrant holders within eight (8) Market Days after the date of receipt of the subscription form together with the requisite payment (for conversion of ICPS and/or exercise of Warrants) from the date of conversion of ICPS and/or exercise of the Warrants.

2.1 Basis of determining the Issue Price of the ICPS and exercise price of the Warrants

(a) ICPS

The issue price of RM0.05 per ICPS was arrived at after taking into consideration the following:

(i) the TEAP of RM0.5337 per OCR Share, calculated based on the 5D-VWAP of OCR Shares up to and including the Announcement LPD of RM0.5539;

(ii) the par value of each OCR Share of RM0.25;

(iii) the Conversion Ratio and Conversion Price of the ICPS;

(iv) the rationale for the Rights Issue of ICPS with Warrants, as set out in Section 4 of this AP; and

(v) the funding requirements of our Group, as detailed in Section 5 of this AP.

The Conversion Price of RM0.50 for the ICPS into one (1) OCR Share represents a discount of approximately RM0.0337 or 6.31% to the TEAP of RM0.5337 per OCR Share, calculated based on the 5D-VWAP of OCR Shares up to and including the Announcement LPD of RM0.5539 per OCR Share. The TEAP is based on the conversion ratio of ten (10) ICPS to be converted into one (1) new OCR Share.

The Conversion Price will provide the Entitled Shareholders with an opportunity to further increase their equity participation in our Company at a predetermined price. Please refer to Section 8.3 of this AP for the effects of the Rights Issue of ICPS with Warrants on the consolidated earnings and EPS of our Group. For information purposes only, the 5D-VWAP of OCR Shares as at the LPD was RM0.5837.

The sum of the issue price of the ICPS at RM0.05 each and the Conversion Price of RM0.50 each into one (1) OCR Share (or Conversion Ratio of ten (10) ICPS into one (1) OCR) is RM0.55, which approximates the 5D-VWAP OCR Shares as at the Announcement LPD. It is the intention of our Board to fix the sum of the said issue price and Conversion Price (or Conversion Ratio) to approximate the 5D-VWAP as at the Announcement LPD.

(b) Warrants

The Warrants will be issued at no cost to the Entitled Shareholders who successfully subscribed for the ICPS.

The exercise price of RM0.50 per Warrant was arrived at after taking into consideration the following:

(i) the TERP of RM0.5415 per OCR Share, calculated based on the 5D-VWAP of OCR Shares up to and including the Announcement LPD of RM0.5539; and

(ii) the par value of each OCR Share of RM0.25.

The exercise price of RM0.50 per Warrant is at a discount of RM0.0415 or 7.66% to the TERP of RM0.5415 per OCR Share, calculated based on the 5D-VWAP of OCR Shares up to and including of the Announcement LPD of RM0.5539 per OCR Share. The TERP is based on the conversion ratio of ten (10) ICPS to be converted into one (1) new OCR Share.

2.2 Salient terms of the ICPS

The salient terms of the ICPS are as follows:

Terms		Details
Issue size	:	Up to 735,074,052 ICPS.
Issue price	:	RM0.05 per ICPS.
Par value	:	RM0.05 per ICPS.

Terms		Details
Dividend rate	:	No dividend shall be paid during the tenure of the ICPS, unless otherwise declared by our Company. Our Company shall have the discretion to decide whether to declare any dividend. Dividend, if declared, shall be in priority over all ordinary shares of our Company, where the dividend rate is a non-cumulative preference dividend rate of 5% per annum calculated based on the nominal value of the ICPS, to be declared and payable annually in arrears.
Tenure	:	Five (5) years commencing from and inclusive of the date of issue of the ICPS.
Maturity date	:	The day immediately preceding the fifth (5th) anniversary from the date of issue of the ICPS. If such a day falls on a non-market day, then the maturity date would be the preceding market day.
Redemption	:	Not redeemable for cash.
Board lot	:	For the purpose of trading on Bursa Securities, one (1) board lot of ICPS shall comprise one hundred (100) ICPS, or such other denomination as determined by Bursa Securities from time to time.
Form and denomination	:	The ICPS will be issued in registered form and will be constituted by our Company's Memorandum and Articles of Association.
Conversion rights	:	(a) Each ICPS carries the entitlement to be converted into new OCR Shares at the Conversion Ratio through the surrender of the ICPS. (b) No adjustment to the Conversion Price shall be made for any declared and unpaid dividends on the ICPS surrendered for conversion. (c) If the conversion results in a fractional entitlement to ordinary shares of our Company, such fractional entitlement shall be disregarded and no refund or credit, whether in the form of the ICPS, cash or otherwise, shall be given in respect of the disregarded fractional entitlement.
Conversion period	:	(a) The ICPS may be converted at any time within five (5) years commencing on and including the date of issue of the ICPS up to and including the maturity date, as determined by the Conversion Ratio and Conversion Price. (b) Any remaining ICPS that are not converted by the maturity date shall be automatically converted into new OCR Shares at the conversion ratio of ten (10) ICPS to be converted into one (1) new OCR Share.

Terms		Details
Conversion Ratio* and Conversion Price	:	The Conversion Ratio and Conversion Price have been fixed at either ten (10) ICPS to be converted into one (1) new OCR Share or a combination of one (1) ICPS and RM0.45 in cash for one (1) new OCR Share.
Ranking of the ICPS and liquidation preference	:	The ICPS shall rank *pari passu* amongst themselves and shall rank in priority to any other class of shares in the capital of our Company. In the event of liquidation, dissolution, winding-up, reduction of capital or other repayment of capital: (a) The ICPS shall confer on the holders the rights to receive in priority to the holders of ordinary shares in our Company, cash repayment in full of the amount of any non-cumulative preferential dividend that has been declared and remaining in arrears. After the payment of any dividends to the holders of ICPS, the remaining assets shall be distributed first to the holders of ICPS in full of the amount which is equal to the issue price for each ICPS, provided that there shall be no further right to participate in any surplus capital or surplus profits of our Company. (b) In the event that our Company has insufficient assets to permit payment of the full issue price to the ICPS holders, the assets of our Company shall be distributed pro rata on an equal priority, to the ICPS holders in proportion to the amount that each ICPS holder would otherwise be entitled to receive.
Ranking of new OCR Shares to be issued pursuant to the conversion of the ICPS	:	All new OCR Shares to be issued pursuant to the conversion of the ICPS shall, upon allotment and issuance, rank *pari passu* in all respects with the existing OCR Shares except that such new OCR Shares shall not be entitled to any dividends, rights, allotments and/or other distribution, the entitlement date of which is prior to the date of allotment and issuance of the new OCR Shares arising from the conversion of the ICPS.

Terms		Details
Adjustment to Conversion Price and Conversion Ratio	:	The Conversion Price and/or Conversion Ratio will be adjusted at the determination of our Company, in all or any of the following events: (a) an alteration to the par value of OCR Shares by reason of consolidation or subdivision; or (b) a bonus issue of fully paid-up ordinary shares by our Company or any other capitalisation issue for accounting purposes; or (c) a capital distribution to shareholders made by our Company whether on a reduction of capital or otherwise, but excluding any cancellation of capital which is loss or unrepresented by assets; or (d) a rights issue of ordinary shares by our Company; or (e) any other circumstances that our Board deems necessary, provided that any adjustment to the Conversion Price will be rounded down to the nearest one sen (RM0.01) and under no circumstances shall any adjustment result in the Conversion Price falling below the par value of OCR Shares. No adjustment to the Conversion Price and/or Conversion Ratio will be made unless the computation has been certified by the external auditors of our Company.
Rights of ICPS holders	:	ICPS holders are not entitled to any voting right or participation in any rights, allotments and/or other distribution in our Company except in the following circumstances until and unless such holders convert their ICPS into new Shares: (a) when the dividend or part of the dividend on the ICPS is in arrears for more than six (6) months; (b) on a proposal to reduce our Company's share capital; (c) on a proposal for sanctioning the sale of the whole of our Company's property, business and undertaking; (d) on a proposal that directly affects their rights and privileges attached to the ICPS; (e) on a proposal to wind-up our Company; and (f) during the winding-up of our Company.
Listing	:	The ICPS will be listed and traded on the Main Market of Bursa Securities. Approval has been obtained from Bursa Securities for the admission of the ICPS to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the ICPS and the new OCR Shares to be issued pursuant to the conversion of the ICPS on the Main Market of Bursa Securities.

Terms		Details
Transfer	:	The ICPS will be transferable only by instrument in writing in the usual or common form or such other form as our Directors and the relevant authorities may approve. As the ICPS will be listed on and traded on the Main Market of Bursa Securities, they will be deposited in a central depository system and will be subject to the rules of such system.
Modification of rights	:	Our Company may from time to time with the consent or sanction of all the holders of the ICPS make modifications to the terms of which in the opinion of our Company are not materially prejudicial to the interest of the holders of the ICPS or are to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia and the relevant regulations.
Governing law	:	The laws of Malaysia.

Note:

* The rationale of providing two (2) conversion options (as set out in the Conversion Ratio and Conversion Price) is to provide flexibility to the ICPS holders in the conversion of their ICPS over the tenure based on their respective investment strategy as the ICPS holders may convert their ICPS into new OCR Shares at:

(a) the Conversion Ratio of ten (10) ICPS into one (1) new OCR Share if they do not wish to increase their cash investment in OCR; or

(b) the Conversion Ratio of a combination of one (1) ICPS and RM0.45 in cash for one (1) new OCR Share if they wish to increase their cash investment in OCR and obtain more OCR Shares.

Please refer to Sections 8.1, 8.2 and 8.3 of this AP for the effects of the Rights Issue of ICPS with Warrants on the issued and paid-up share capital of our Company, NA, NTA and gearing as well as earnings and EPS of our Group, respectively.

2.3 Salient terms of the Warrants

The salient terms of the Warrants are as follows:

Terms		Details
Issue size	:	Up to 73,507,405 Warrants.
Form and denomination	:	The Warrants which are free will be issued in registered form and will be constituted by the Deed Poll.
Exercise period	:	The Warrants may be exercised at any time within five (5) years commencing on and including the date of issuance of the Warrants until 5.00 p.m. on the expiry date. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
Exercise price	:	The exercise price of the Warrants is fixed at RM0.50 each.
Expiry date	:	The day falling five (5) years from and including the date of issue of the Warrants, provided that if such day falls on a day which is not a market day, then on the preceding market day.

Terms		Details
Exercise rights	:	Each Warrant entitles the registered holder to subscribe for one (1) new OCR Share at any time during the exercise period at the exercise price (subject to adjustments in accordance with the provisions of the Deed Poll).
Mode of exercise	:	The registered holder of the Warrants is required to lodge an exercise form, as set out in the Deed Poll, with our Company's registrar, duly completed, signed and stamped together with payment of the exercise price for the new OCR Shares subscribed for by banker's draft or cashier's order or money order or postal order in Ringgit Malaysia drawn on a bank or post office operating in Malaysia.
Board lot	:	For the purpose of trading on Bursa Securities, one (1) board lot of Warrant shall comprise one hundred (100) Warrants carrying the right to subscribe for one hundred (100) new OCR Shares at any time during the exercise period, or such other denomination as determined by Bursa Securities from time to time.
Adjustments in the exercise price and/or number of the Warrants	:	The exercise price and/or number of unexercised Warrants shall be adjusted in the event of alteration to the share capital by reason of any issue of shares, consolidation, subdivision, conversion or capital distribution in accordance with the provisions of the Deed Poll.
Provision for changes in the terms of the Warrants	:	Any modification to the Deed Poll (including the form and content of the global warrant certificate) may be effected only by Deed Poll, executed by our Company and expressed to be supplemental to the Deed Poll, and only if the requirement of Condition 6 of the Deed Poll has been complied with. Any modification shall however be subject to the approval of Bursa Securities (if so required).
Rights of the Warrant holders	:	The new OCR Shares arising from the exercise of the Warrants are not entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of the new OCR Shares upon the exercise of the Warrants. The Warrant holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in our Company until and unless such Warrant holders exercise their Warrants into new OCR Shares.
Rights in the event of winding-up, liquidation, compromise and/or arrangement	:	If a resolution is passed for a members' voluntary winding-up of our Company or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies, then: (i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrant holder (or some person designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise and arrangement shall be binding on all the Warrant holders; and

Terms		Details
		(ii) in any other case, every Warrant holder shall be entitled upon and subject to the conditions at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of our Company or the granting of the court order approving the compromise or arrangement (as the case may be), to exercise their Warrants by submitting the exercise form duly completed authorising the debiting of his Warrants together with payment of the relevant exercise price to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised the exercise rights to the extent specified in the exercise form(s) and had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly.
Listing status	:	The Warrants will be listed and traded on the Main Market of Bursa Securities. Approval has been obtained for the admission of Warrants to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the Warrants and the new OCR Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities.
Governing law	:	The laws of Malaysia.

2.4 Ranking of the new OCR Shares to be issued pursuant to the conversion of the ICPS and/or the exercise of the Warrants

The new OCR Shares to be issued arising from the conversion of the ICPS and/or exercise of the Warrants shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing OCR Shares, save and except that the new OCR Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of the new OCR Shares arising from the conversion of the ICPS and/or exercise of the Warrants.

2.5 Minimum subscription level and shareholders' undertakings

The Rights Issue of ICPS with Warrants will be implemented based on the Minimum Subscription Level. Based on the issue price of RM0.05 per ICPS, our Company will raise minimum gross proceeds of RM8.62 million from the Rights Issue of ICPS with Warrants.

The minimum gross proceeds of RM8.62 million to be raised was determined by our Board after taking into consideration, *inter-alia*, the funding requirements of our Group as set out in Section 5 of this AP.

To meet the Minimum Subscription Level, our Company has obtained written unconditional and irrevocable undertakings dated 18 August 2015 from our Undertaking Shareholders, namely OCR Land, OKH, TPY, OKC, OKW and OYM, that they will not dispose any of their OCR Shares following the Announcement up to the completion of the Rights Issue of ICPS with Warrants and that they will subscribe in full for their entitlements of the ICPS with Warrants, as set out in the table below.

In the event the Minimum Subscription Level is not achieved, our Company will not proceed with the implementation of the Rights Issue of ICPS with Warrants. All subscription monies received pursuant to the Rights Issue of ICPS with Warrants will be refunded without interest and shall be despatched to the subscribing Entitled Shareholders and/or their renouncee(s) within fifteen (15) market days from the last date for acceptance and payment for the Rights Issue of ICPS with Warrants.

Details of the Undertakings based on the Minimum Subscription Level are as follows:

	As at the LPD			
	Direct		**Indirect**	
Undertaking Shareholders	**No. of OCR Shares held**	**%**	**No. of OCR Shares held**	**%**
OCR Land	31,215,000	14.72	-	-
OKH	16,087,300	7.59	41,378,800[(1)]	19.51
TPY	2,600,000	1.23	54,866,100[(2)]	25.87
OKC	800,000	0.38	56,666,100[(3)]	26.72
OKW	3,381,900	1.59	54,084,200[(4)]	25.51
OYM	3,381,900	1.59	54,084,200[(5)]	25.51
Total	**57,466,100**	**27.10**	**N/A**	**N/A**

	ICPS Entitlement		**Warrants Entitlement**	
Undertaking Shareholders	**No. of ICPS**	**%[(6)]**	**No. of Warrants**	**%[(7)]**
OCR Land	93,645,000	54.32	9,364,500	54.32
OKH	48,261,900	27.99	4,826,190	27.99
TPY	7,800,000	4.52	780,000	4.52
OKC	2,400,000	1.39	240,000	1.39
OKW	10,145,700	5.89	1,014,570	5.89
OYM	10,145,700	5.89	1,014,570	5.89
Total	**172,398,300**	**100.00**	**17,239,830**	**100.00**

Notes:

N/A *Not applicable.*

(1) *The indirect interests of OKH of 41,378,000 OCR Shares in our Company are via his parents (namely TPY and OKC) as well as his siblings' (namely OKW and OYM) shareholdings and via Kenanga Nominees (Tempatan) Sdn Bhd, pledged securities accounts for OCR Land in which he is deemed interested pursuant to Section 6A of the Act.*

(2) *The indirect interests of TPY of 54,866,100 OCR Shares in our Company are via her spouse (namely OKC) as well as her children's (namely OKH, OKW and OYM) shareholdings and via Kenanga Nominees (Tempatan) Sdn Bhd, pledged securities accounts for OCR Land in which she is deemed interested pursuant to Section 6A of the Act.*

(3) *The indirect interests of OKC of 56,666,100 OCR Shares in our Company are via his spouse (namely TPY) as well as his children's (namely OKH, OKW and OYM) shareholdings and via Kenanga Nominees (Tempatan) Sdn Bhd, pledged securities accounts for OCR Land in which he is deemed interested pursuant to Section 6A of the Act.*

(4) *The indirect interests of OKW of 54,084,200 OCR Shares in our Company are via his parents (namely TPY and OKC) as well as his siblings' (namely OKC and OYM) shareholdings and via Kenanga Nominees (Tempatan) Sdn Bhd, pledged securities accounts for OCR Land in which he is deemed interested pursuant to Section 6A of the Act.*

(5) *The indirect interests of OYM of 54,084,200 OCR Shares in our Company are via her parents (namely TPY and OKC) as well as her siblings' (namely OKC and OKW) shareholdings and via Kenanga Nominees (Tempatan) Sdn Bhd, pledged securities accounts for OCR Land in which she is deemed interested pursuant to Section 6A of the Act.*

(6) Percentages are calculated based on 172,398,300 ICPS available for subscription under the Minimum Subscription Level.

(7) Percentages are calculated based on 17,239,830 Warrants available for subscription under the Minimum Subscription Level.

OKH, OKW and OYM are the directors and shareholders of OCR Land. OKH, OKW and OYM are siblings and are children of OKC and TPY.

OKC is a shareholder of OCR Land. He is the spouse of TPY and the father of OKH, OKW and OYM.

TPY is a shareholder of OCR Land. She is the spouse of OKC and the mother of OKH, OKW and OYM.

The Undertaking Shareholders have confirmed that they have sufficient financial resources to subscribe for their full entitlements of 172,398,300 ICPS pursuant to the Undertakings. As the Adviser for the Rights Issue of ICPS with Warrants, TA Securities has verified that the Undertaking Shareholders have sufficient financial resources to fulfil the Undertakings under the Minimum Subscription Level.

In view that the Minimum Subscription Level can be achieved via the Undertakings, no underwriting arrangement will be made for the balance of the ICPS with Warrants for which no irrevocable undertaking to subscribe has been obtained.

2.5.1 Take-over implications

(i) Undertaking Shareholders

After taking into consideration of the Undertakings, the subscription of the ICPS by the Undertaking Shareholders will not give rise to any consequences of mandatory general offer obligation pursuant to the Code.

Pursuant to Part III of the Code, a shareholder of our Company and/or persons acting in concert with it/him/her will be obliged to undertake a mandatory general offer for all the remaining OCR Shares and convertible securities not already held by them in the event:

(a) their shareholdings increase to above thirty-three percent (33%); or

(b) where their aggregate shareholdings is between thirty-three percent (33%) and fifty percent (50%), an increase by more than two percent (2%) in any six (6) months period.

As at the LPD, the Undertaking Shareholders hold an aggregate of 57,466,100 OCR Shares, representing approximately 27.10% of the total issued and paid-up share capital of our Company. As such, if the Undertaking Shareholders convert their ICPS and/or Warrants into new OCR Shares to the extent of increasing their aggregate shareholdings in our Company to more than thirty-three percent (33%), the Undertaking Shareholders will be obliged under Part III of the Code to undertake a mandatory general offer for all the remaining OCR Shares and convertible securities not already held by the Undertaking Shareholders after the conversion of the ICPS and/or exercise of the Warrants.

The Undertaking Shareholders do not intend to undertake a mandatory general offer to acquire the remaining OCR Shares and convertible securities not already held by them. Hence, the Undertaking Shareholders will monitor closely on the aggregate number of OCR Shares held and/or to be held by them (i.e., including those arising from the conversion ICPS and/or exercise of Warrants). If necessary, the Undertaking Shareholders will seek the relevant exemptions from the SC under the Code prior to the increase in shareholdings. As such, the Undertaking Shareholders have in their Undertakings confirmed that they will observe and comply at all times with the provisions of the Code.

(ii) Directors' previous failure to comply with all the relevant requirements relating to mandatory offer pursuant to the Malaysian Code on Take-Overs and Mergers 1998 ("Code 1998")

The SC had on 5 November 2003 imposed a total fine of RM100,000 towards Up & Famous Sdn Bhd ("**UFSB**") and parties acting in concert with it ("**PACs**"), namely:

(a) Dato' Tee How Cut, PIS, DPTJ, our former Director;

(b) Tee Tze Chern, JP, our Director;

(c) Datin Teo Beng Ha, our former Director;

(d) Tee Bee Leng, PJK, our former Director;

(e) Lim Kwee Hua, our former Director; and

(f) Lily Tee, a director of our subsidiaries (namely Takaso Rubber Products Sdn Bhd. Japlo Healthcare Sdn Bhd and Takaso Marketing Sdn Bhd),

for failure to comply with all the relevant requirements relating to the mandatory offer pursuant to Practice Note 2.9.7 of the Code 1998.

Based on the company's statutory records lodged with the Companies Commission of Malaysia as at 30 May 2012, UFSB has been dissolved.

Dato' Tee How Cut, PIS, DPTJ is the spouse of Datin Teo Beng Ha and father of Tee Tze Chern, JP, Tee Bee Leng, PJK and Lily Tee. He is also the father-in-law of Lim Kwee Hua.

Tee Tze Chern, JP is the son of Dato' Tee How Cut, PIS, DPTJ and Datin Teo Beng Ha and the brother of Tee Bee Leng, PJK and Lily Tee. He is also the spouse of Lim Kwee Hua.

Datin Teo Beng Ha is the spouse of Dato' Tee How Cut, PIS, DPTJ and mother of Tee Tze Chern, JP, Tee Bee Leng, PJK and Lily Tee. She is also the mother-in-law of Lim Kwee Hua.

Tee Bee Leng, PJK is the daughter of Dato' Tee How Cut, PIS, DPTJ and Datin Teo Beng Ha. She is the sister of Tee Tze Chern, JP and Lily Tee. She is also the sister-in-law of Lim Kwee Hua.

Lim Kwee Hua is the spouse of Tee Tze Chern, JP and daughter-in-law of Dato' Tee How Cut, PIS, DPTJ and Datin Teo Beng Ha. She is also sister-in-law of Tee Bee Leng, PJK and Lily Tee.

Lily Tee is the daughter of Dato' Tee How Cut, PIS, DPTJ and Datin Teo Beng Ha and sister of Tee Tze Chern, JP and Tee Bee Leng. She is also the sister-in-law of Lim Kwee Hua.

Pursuant to the SC's letter dated 5 November 2003, UFSB, our former substantial shareholder and its PACs must undertake the compensation scheme as specified therein to all remaining shareholders of our Company on 17 January 2002, which was the date, UFSB and its PACs triggered the obligation to extend a mandatory offer under Part II of the Code 1998 pursuant to Practice Note 2.3(2). Further thereto, the SC had, vide its letter dated 7 April 2006, made a decision to impose a moratorium on all the OCR Shares held by UFSB and its PACs as registered owner and/or beneficial owner ("**Moratorium Shares**") with immediate effect ("**Moratorium**"). Under the conditions of Moratorium imposed, UFSB and its PACs are not allowed to sell, transfer or assign the Moratorium Shares until the followings are implemented:

(i) restricted unconditional mandatory offer by UFSB to acquire the OCR Shares not owned by UFSB and its PACs as at 17 January 2002; and

(ii) compensation by UFSP to our shareholders as at 17 January 2002, who subsequently sold their OCR Shares at a price lower than RM 1.60 per OCR Share (cum bonus issue and rights issue) or RM 1.06 per OCR Share (ex-bonus issue and rights issue).

SC had on 22 December 2006 filed a civil suit against UFSB and its PACs (hereinafter referred to as "**the Defendants**") in KL High Court Originating Motion on D1-25-27-2006, Suruhanjaya Sekuriti v Up & Famous Sdn Bhd & 6 Others. The Kuala Lumpur High Court made the following Orders on 7 August 2009:

(i) Within 21 days of being ordered to do so, each of the Defendants, whether by themselves or by their servants or agents, circulate the offer and compensation documents in the form of Exhibit A15 attached to the Affidavit affirmed by Md Noor Bin Abd Rahim and filed in support of the Motion dated 21 December 2006 (subject to updating current information) to all our shareholders;

(ii) Within 21 days of the deadline imposed in the said offer and compensation document, the Defendants pay the respective portions to all our shareholders who are entitled to receive proceeds of the compensation scheme as listed in Exhibit A22 attached to the Affidavit affirmed by the said Md Noor Bin Abd Rahim;

(iii) In the event any Defendant fails to comply with the Orders referred to in Paragraphs (i) and (ii) above within the specified period, SC be entitled to take execution proceedings under the Rules of the High Court, 1980, and/or seek leave of the High Court to punish such Defendant for contempt of court for failure to comply orders of the High Court; and

(iv) The costs of this proceeding shall be borne by the Defendants on the normal basis and such costs to be taxed.

Pursuant to the Order of Kuala Lumpur High Court made on 7 August 2009, UFSB, on behalf of itself and its PACs circulated the offer and compensation document on 28 August 2009 in accordance to with Paragraph 1 of the court order to qualified shareholders who are the registered shareholders of our Company as at 5.00 p.m. on 17 January 2002 other than the Defendants.

On 27 October 2009, UFSB, on behalf of itself and its PACs announced, through our Company, that it has received acceptance for 171,201 OCR Shares representing 0.41% of the then issued and paid-up share capital of our Company for the unconditional mandatory offer, of which 166,701 OCR Shares were pending verification.

Subsequently, UFSB had on 12 November 2009 and 13 November 2009 made payment to the following:

	Number of OCR Shares	Amount (RM)
Number of OCR Shares approved for acceptance of offer	4,500	4,770
Number of OCR Shares approved for compensation to claimants who sold any OCR Shares held as at 5.00 p.m. on 17 January 2002 at a price lower than RM1.60 per OCR Share (if the OCR Shares were sold cum bonus issue and rights issue) and/or RM1.06 per OCR Share (if the OCR Shares were sold ex-bonus issue and rights issue)	52,500	24,780
	57,000	**29,550**

Nonetheless, the abovementioned failure by Tee Tze Chern, JP and Lily Tee to comply with all the relevant requirements relating to the mandatory offer pursuant to Practice Note 2.9.7 of the Code 1998 will not have any impact on this AP as they did not take part as undertaking shareholders to subscribe for the ICPS with Warrants and:

(i) as at the LPD, Tee Tze Chern, JP's shareholding is negligible (i.e., holds 88 OCR Shares); and

(ii) as at the LPD, Lily Tee does not hold any OCR Shares and did not take part as undertaking shareholders to subscribe for the ICPS with Warrants.

In addition, our Company had on 13 September 2011 completed a renounceable rights issue of shares with warrants.

Further thereto, our Company has informed Tee Tze Chern, JP and Lily Tee and they have agreed that they (individually and collectively) will observe and comply at all times with the provisions of the Code.

Tee Tze Chern, JP and Lily Tee have also acknowledged that in the event their respective shareholding and/or the aggregate shareholdings of theirs and persons acting in concert with them in our Company increase to above thirty-three percent (33%) or increase by more than two percent (2%) in any six (6) months period, the persons acting in concert with them and/or themselves are obliged under Part III of the Code to undertake a mandatory general offer for all the remaining OCR Shares and convertible securities in OCR not already held by them, unless an exemption for the mandatory general offer is obtained.

Please refer to Section 6.1(iii) of this AP for further details on the risk of the Directors' previous failure to comply with all the relevant requirements relating to mandatory offer pursuant to the Code 1998.

2.6 Details of other corporate exercises

As at the LPD, save as disclosed below and for the Rights Issue of ICPS with Warrants, there is no other outstanding corporate proposal which has been announced but pending completion:

(i) TCSB had on 13 August 2015 entered into the Conditional SPA with MIESB to acquire the Melaka Land for a cash consideration of RM9,316,165.00. The Melaka Land is expected to be developed into a mixed development project. Subsequently, MIESB had on 25 November 2015 fulfilled the conditions precedent following the obtainment of the state authority's consent approving the transfer of the Melaka Land in favour of TCSB. The said transaction is expected to be completed in the third (3rd) quarter of 2016. There will be a cash outflow for the payment of the balance purchase consideration of RM7,919,000, which will be funded via internally-generated funds;

(ii) Our Company had on 29 September 2015 entered into a conditional share sale agreement with Tan Teck Ang and Chen Ling Wah to acquire 125,000 ordinary shares of RM1.00 each in A.W. Impian Land Sdn Bhd for a cash consideration of RM6,000,000. The said acquisition is expected to be completed in the second (2nd) half of 2016. There will be a cash outflow for the payment of the cash consideration of RM6,000,000, which will be funded via internally-generated funds; and

(iii) our Company had on 2 October 2015 accepted a conditional letter of intent dated 22 September 2015 from Lay Hong Berhad to acquire 200,000 Takaso SC Shares, being 100% of the issued and paid-up share capital of Takaso SC.

Subsequently, our Company had on 4 February 2016 entered into a shares sale agreement with Lay Hong Berhad, OKH, Yong Mong Huay and Su Seong Yeen for the disposal of 200,000 Takaso SC Shares for a cash consideration of RM8,500,000.00.

Our Company had on 13 May 2016 entered into a supplemental agreement with Lay Hong Berhad, OKH, Yong Mong Huay and Su Seong Yeen to reflect the deletion of "clause 4.2 –payment of consideration" in the shares sale agreement dated 4 February 2016 and replace it with a new payment schedule. The said disposal is expected to be completed in the third (3rd) quarter of 2016. There will be a cash inflow upon our receipt of the disposal consideration of RM8,500,000.

3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION FOR THE RIGHTS ISSUE OF ICPS WITH WARRANTS

3.1 General

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisional ICPS with Warrants which you are entitled to subscribe for in full or in part, under the terms of the Rights Issue of ICPS with Warrants. You will find enclosed with this AP, the NPA notifying you of the crediting of such provisional ICPS with Warrants into your CDS Account and the RSF to enable you to subscribe for the provisional ICPS with Warrants, as well as to apply for excess ICPS with Warrants if you choose to do so.

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository, an electronic copy of this AP and the Rights Issue Entitlement File will be transmitted to you electronically by Bursa Depository through its existing network facility with the Authorised Nominee. Please refer to Sections 3.5.4 and 3.8.4 of this AP for the procedures for acceptance as well as to apply for excess ICPS with Warrants, if you choose to do so.

3.2 NPA

The provisionally allotted ICPS with Warrants are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the provisional ICPS with Warrants will be by book entries through the CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. You and/or your renouncees/transferees (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

3.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the provisional ICPS with Warrants is at **5.00 p.m. on 1 July 2016**, or such extended date and time as our Board may decide at its absolute discretion. Where the closing date of the acceptance is extended from the original closing date, the announcement of such extension will be made not less than two (2) Market Days before the original closing date.

3.4 Methods of application

You may subscribe for such number of ICPS with Warrants that you have been provisionally allotted as well as to apply for excess ICPS with Warrants, if you so choose, using either of the following methods:

Method of application	Category of Entitled Shareholders
RSF[(1)]	All Entitled Shareholders
Electronic Application[(2)] or Internet Application[(3)]	All Entitled Shareholders
NRS	Authorised Nominee who has subscribed for NRS

Notes:

(1) A copy of the RSF is enclosed together with this AP. The RSF is also available on the website of Bursa Securities (http://www.bursamalaysia.com).

(2) The following surcharge per Electronic Application will be charged by the Participating Financial Institution:

- *Public Bank Berhad – RM4.24 (inclusive of 6% GST); and*
- *Affin Bank Berhad – RM4.24 (inclusive of 6% GST);*

(3) The following processing fee per Internet Application will be charged by the respective Internet Participating Financial Institution:

- *Public Bank Berhad (http://www.pbebank.com) – RM4.24 (inclusive of 6% GST); and*
- *Affin Bank Berhad (https://www.affinbank.com.my) – RM4.24 (inclusive of 6% GST).*

3.5 Procedure for full acceptance and payment by Entitled Shareholders and acceptance by renouncees/transferees

3.5.1 By way of RSF

If you wish to accept your entitlement to the provisional ICPS with Warrants, the acceptance of and payment for the provisional ICPS with Warrants must be made on the respective RSF enclosed with this AP and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this AP, the NPA or the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

Renouncees/Transferees who wish to accept the provisional ICPS with Warrants must obtain a copy of the RSF from their stockbrokers or our Share Registrar or at our Registered Office or from the Bursa Securities' website at http://www.bursamalaysia.com and complete the RSF and submit the same together with the remittance to our Share Registrar in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders also applies to renouncees/transferees who wish to accept the provisional ICPS with Warrants.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ICPS WITH WARRANTS, EXCESS APPLICATION FOR THE ICPS WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS AP AND THE ACCOMPANYING RSF.

YOU AND/OR YOUR RENOUNCEES/TRANSFEREES (IF APPLICABLE) ARE ADVISED TO READ THIS AP, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

If you wish to accept your entitlement/acceptance, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions provided in the RSF. Thereafter, please send each completed and signed RSF together with the relevant payment by using the envelope provided (at your own risk) to our Share Registrar by **ORDINARY POST** or **DELIVERED BY HAND AND/OR COURIER** at the following address:

FOR DELIVERY BY HAND AND/OR COURIER:

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Tel. no.: 03-7849 0777
Fax no.: 03-7841 8151/8152

FOR ORDINARY POST:

Symphony Share Registrars Sdn Bhd
Peti Surat 9150
Pejabat Pos Kelana Jaya
46785 Petaling Jaya
Selangor Darul Ehsan
Malaysia

so as to arrive **not later than 5.00 p.m. on 1 July 2016**, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board.

One (1) RSF can only be used for acceptance of provisional ICPS with Warrants standing to the credit of one (1) CDS Account. Separate RSF(s) must be used for separate CDS Account(s). If successful, the ICPS with Warrants subscribed for will be credited into your CDS Account(s) as stated in the completed RSF(s).

A reply envelope is enclosed in this AP. In order to facilitate the processing of the RSF by our Share Registrar for the ICPS with Warrants, you are advised to use one (1) reply envelope for each completed RSF.

You and/or your renouncees/transferees (if applicable) should take note that a trading board lot for the ICPS and Warrants comprises one hundred (100) ICPS and one hundred (100) Warrants, respectively. Successful applicants of the ICPS will be given the Warrants on the basis of one (1) Warrant for every ten (10) ICPS successfully subscribed for. The minimum number of security that can be subscribed for or accepted is three (3) ICPS for every one (1) existing OCR Share held. The minimum number of Warrant that can be issued and allotted with the accepted ICPS is one (1) Warrant.

If acceptance of and payment for the provisional ICPS with Warrants is not received by our Share Registrar by **5.00 p.m. on 1 July 2016**, being the last time and date for acceptance of and payment for the provisional ICPS with Warrants, or any other extended date and time as may be determined and announced by our Board, you will be deemed to have declined the provisional entitlement made to you and it will be cancelled. In the event that the ICPS with Warrants are not fully taken up by such applicants, our Board will then have the right to allot such ICPS with Warrants to the applicants who have applied for the excess ICPS with Warrants in the manner as set out in Section 3.8 of this AP. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. Our Board reserves the right not to accept any application or to accept any application in part only without providing any reason.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbrokers, Bursa Securities' website at http://www.bursamalaysia.com, our Share Registrar at the address stated above or our Registered Office.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S)/ CASHIER'S ORDER(S)/ MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "OCR RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.
NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE OF ICPS WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR ICPS WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THEM OR THEIR RENOUNCEES/TRANSFEREES (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF ICPS WITH WARRANTS.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF ICPS WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN ON BURSA DEPOSITORY'S RECORD OF DEPOSITORS AT THE APPLICANTS' OWN RISK.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

3.5.2 By way of Electronic Application

Please read carefully and follow the terms of this AP, the procedures, terms and conditions for Electronic Application and the procedures set out at the ATMs of the Participating Financial Institution before making an Electronic Application.

(i) **Steps for Electronic Applications through a Participating Financial Institution's ATM within Malaysia**

The procedures for Electronic Applications at the ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions ("**Steps**"). For illustration purposes, the procedures for Electronic Applications at ATMs are set out below. The Steps set out the actions that you must take at the ATM to complete an Electronic Application. Please read carefully the terms of this AP, the Steps and the Terms and Conditions for Electronic Applications set out below before making an Electronic Application:

(a) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institution cannot be used to apply for the ICPS at an ATM belonging to other Participating Financial Institutions;

(b) You are advised to read and understand this AP **BEFORE** making the application; and

(c) You shall apply for the ICPS with Warrants via the ATM of the Participating Financial Institution by choosing the Electronic Application option. Mandatory statements required in the application are as set out in "**Terms and conditions for Electronic Applications**" (please refer to Section 3.5.2(iii) below). You shall enter at least the following information through the ATM when the instructions on the ATM screen requires you to do so:

- Personal Identification Number ("**PIN**");
- Select OCR Rights Issue;
- CDS Account number;
- Number of ICPS with Warrants applied for and/or the RM amount to be debited from the account;
- Current contact number (for e.g. your mobile phone number); and
- Confirmation of several mandatory statements.

Upon the completion of your Electronic Application transaction, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Application or any data relating to such an Electronic Application by our Company or the Share Registrar. The Transaction Record is for your record and is not required to be submitted with your application.

YOU MUST ENSURE THAT YOU USE THE NUMBER OF THE CDS ACCOUNT HELD IN YOUR NAME WHEN MAKING AN ELECTRONIC APPLICATION. IF YOU OPERATE A JOINT BANK ACCOUNT WITH ANY OF THE PARTICIPATING FINANCIAL INSTITUTION, YOU MUST ENSURE THAT YOU ENTER THE NUMBER OF THE CDS ACCOUNT HELD IN YOUR NAME WHEN USING AN ATM CARD ISSUED TO YOU IN YOUR NAME. YOUR APPLICATION WILL BE REJECTED IF YOU FAIL TO COMPLY WITH THE FOREGOING.

(ii) Participating Financial Institution

Electronic Applications may be made through an ATM of the following Participating Financial Institutions and their branches within Malaysia:

- Public Bank Berhad
- Affin Bank Berhad

(iii) Terms and conditions of Electronic Applications

The Electronic Application shall be made on, and subject to, the terms of this AP, as well as the terms and conditions of the Participating Financial Institutions and those appearing herein:

(a) You are required to confirm the following statements (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:

(i) You have attained 18 years of age as at the last day for application and payment;

(ii) You have read the relevant AP and understood and agreed with the terms and conditions of the application; and

(iii) You hereby give consent to our Company, Bursa Depository, our Share Registrar, the relevant Participating Financial Institutions, their respective agents and any third party involved in facilitating the application/refund, to disclose information pertaining to yourself and your account with the Participating Financial Institutions and Bursa Depository to the relevant authorities and any person as may be necessary or expedient to facilitate the making of the application/refund.

Your application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institutions. By doing so, you shall have confirmed each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosures as described above.

(b) You confirm that you are not applying for the ICPS with Warrants as a nominee of any other person and that any Electronic Application that you make is made by you as the beneficial owner.

(c) You must have sufficient funds in your account with the relevant Participating Financial Institutions at the time you make your Electronic Application, failing which your Electronic Application will not be completed. Any Electronic Application, which does not strictly conform to the instructions set out on the screen of the ATM through which the Electronic Application is being made, will be rejected.

(d) You agree and undertake to subscribe for or purchase and to accept the number of ICPS applied for as stated on the Transaction Record in respect of your Electronic Application. Your confirmation (by your action of pressing the pre-designated keys (or buttons) on the ATM) of the number of ICPS with Warrants applied for shall signify, and shall be treated as, your acceptance of the number of ICPS with Warrants that may be allotted to you.

Should you encounter any problems in your Electronic Application, please refer to the Participating Financial Institutions.

(e) By making and completing your Electronic Application, you, if successful, requests and authorises our Company to credit the ICPS with Warrants allotted to you into your CDS Account.

(f) You acknowledge that your Electronic Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the Participating Financial Institutions or Bursa Depository and irrevocably agrees that if:

(i) Our Company, our Share Registrar or Bursa Depository does not receive your Electronic Application; or

(ii) Data relating to your Electronic Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

you shall be deemed not to have made an Electronic Application and you shall not make any claim whatsoever against our Company, our Share Registrar, the Participating Financial Institutions or Bursa Depository for the ICPS with Warrants applied for or for any compensation, loss or damage relating to the application for the ICPS with Warrants.

(g) All of your particulars, including your nationality and place of residence, in the records of the relevant Participating Financial Institution at the time you make your Electronic Application shall be true and correct, and our Company, our Share Registrar, the relevant Participating Financial Institution and Bursa Depository shall be entitled to rely on the accuracy thereof.

(h) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Application will be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your correspondence address last maintained with Bursa Depository.

(i) By making and completing an Electronic Application, you agree that:

(i) In consideration of our Company agreeing to allow and accept your application for the ICPS with Warrants via the Electronic Application facility established by the Participating Financial Institution at their respective ATMs, your Electronic Application is irrevocable and cannot be subsequently withdrawn;

(ii) Our Company, the Participating Financial Institutions, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;

(iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for prescribed securities issued in respect of the ICPS with Warrants for which your Electronic Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said ICPS with Warrants; and

(iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/or the Electronic Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.

(j) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.

(k) Notification on the outcome of your application for the ICPS with Warrants will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:

(i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the ICPS with Warrants; or

(ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the ICPS with Warrants.

The refund will be credited directly into your bank account from which your Electronic Application was made. Kindly take note of the terms and conditions as stated in Section 3.5.2(iii) of this AP and the required consent in making your Electronic Application.

If the crediting of the refund into your bank account from which your Electronic Application was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

3.5.3 By way of Internet Application

Please read carefully and follow the terms of this AP, the procedures, terms and conditions for Internet Application and the procedures set out on the internet financial services website of the Internet Participating Financial Institution before making an Internet Application.

(i) **Step 1: Set up of account**

Before making an application by way of Internet Application, you **must have all** of the following:

(a) an existing account with access to internet financial services with **Public Bank Berhad** at http://www.pbebank.com or **Affin Bank Berhad** at http://www.affinbank.com.my. Accordingly, you will need to have your user identification and PIN/password for the internet financial services facility; and

(b) a CDS Account held in your name.

(ii) **Step 2: Read the AP**

You are advised to read and understand this AP **BEFORE** making your application.

(iii) **Step 3: Apply through Internet**

While we will attempt to provide you with assistance in your application for the ICPS with Warrants through Internet Applications, please note that the actual steps for Internet Applications through the internet financial services website of a particular Internet Participating Financial Institution may differ from the steps outlined below. The possible steps set out below are purely for illustration purposes only:

(a) Connect to the internet financial services website of the Internet Participating Financial Institution with which you have a bank account;

(b) Log in to the internet financial services facility by entering your user identification and PIN/password;

(c) Navigate to the section of the website on applications in respect of the ICPS with Warrants;

(d) Select the counter in respect of the ICPS with Warrants to launch the terms and conditions of the Internet Application;

(e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions;

(f) At the next screen, complete the online application form;

(g) Check that the information contained in your online application form, such as the share counter (in this case, OCR Rights Issue Account), your current contact number (for e.g. your mobile phone number), your CDS Account number, number of ICPS with Warrants applied for, the amount of payment of subscription monies, the payment of bank charges and the account number to debit are correct. Then select confirm and submit the online application form;

(h) As soon as the transaction is completed, a message from the Authorised Financial Institution (as defined below) with details of your application appear on the screen of the website; and

(i) You are advised to print out the confirmation screen for your reference and record.

(iv) Terms and conditions of Internet Applications

The Internet Application shall be made on, and subject to, the terms of this AP, as well as the terms and conditions of the Internet Participating Financial Institution and those appearing herein:

(a) After selecting the designated hyperlink on the screen, you are required to confirm and undertake that the following information given are true and correct:

(i) You have attained 18 years of age as at the last day for application and payment;

(ii) You have, prior to making the Internet Application, received and/or have had access to a printed/electronic copy of this AP, the contents of which you have read and understood;

(iii) You agree to all the terms and conditions of the Internet Application as set out in this AP and have carefully considered the risk factors set out in this AP, in addition to all other information contained in this AP, before making the Internet Application;

(iv) You authorise the financial institution with which you have a bank account to deduct the full amount payable for the ICPS with Warrants (including the processing fee as mentioned in Section 3.4 (Note 3) of this AP) from your bank account with the said financial institution ("**Authorised Financial Institution**"); and

(v) You hereby give consent in accordance with the relevant laws of Malaysia (including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA) for the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant Internet Participating Financial Institution, their respective agents and any third party involved in facilitating the application/refund, of information pertaining to yourself, the Internet Application made by you, your account with the Internet Participating Financial Institutions and/or the Authorised Financial Institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the application/refund.

(b) You confirm that you are not applying for the ICPS with Warrants as a nominee of any other person and that the Internet Application is made in your own name, as beneficial owner and subject to the risks referred to in this AP.

(c) You agree and undertake to subscribe for or purchase and to accept the number of ICPS with Warrants applied for as stated on the Confirmation Screen in respect of your Internet Application. Your confirmation of the number of ICPS with Warrants applied for shall signify, and shall be treated as, your acceptance of the number of ICPS with Warrants that may be allotted to you.

Should you encounter any problems in your Internet Application, please refer to the Internet Participating Financial Institution.

(d) By making and completing your Internet Application, you, if successful, requests and authorises our Company to credit the ICPS with Warrants allotted to you into your CDS Account.

(e) You acknowledge that your Internet Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the Internet Participating Financial Institutions or Bursa Depository and irrevocably agrees that if:

(i) Our Company, our Share Registrar or Bursa Depository does not receive your Internet Application; or

(ii) Data relating to your Internet Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

you shall be deemed not to have made an Internet Application and you shall not make any claim whatsoever against our Company, our Share Registrar, the Internet Participating Financial Institutions or Bursa Depository for the ICPS with Warrants applied for or for any compensation, loss or damage relating to the application for the ICPS with Warrants.

(f) All of your particulars, including your nationality and place of residence, in the records of the relevant Internet Participating Financial Institution at the time you make your Internet Application shall be true and correct, and our Company, our Share Registrar, the relevant Internet Participating Financial Institution and Bursa Depository shall be entitled to rely on the accuracy thereof.

(g) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Application will be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your correspondence address last maintained with Bursa Depository.

(h) By making and completing an Internet Application, you agree that:

(i) In consideration of our Company agreeing to allow and accept your application for the ICPS with Warrants via the Internet Application facility established by the Internet Participating Financial Institutions at their respective internet financial services website, your Internet Application is irrevocable and cannot be subsequently withdrawn;

(ii) Our Company, the Internet Participating Financial Institutions, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Internet Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;

(iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for prescribed securities issued in respect of the ICPS with Warrants for which your Internet Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said ICPS with Warrants; and

(iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/or the Internet Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.

(i) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.

(j) Notification on the outcome of your application for the ICPS with Warrants will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:

(i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the ICPS with Warrants; or

(ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the ICPS with Warrants.

The refund will be credited directly into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made. Kindly take note of the terms and conditions as stated in Section 3.5.3(iv) of this AP and the required consent in making your Internet Application.

If the crediting of the refund into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

(k) A surcharge is imposed on each Internet Application which will be charged by the Internet Participating Financial Institution as mentioned in Section 3.4 (Note 3) of this AP.

(l) You authorise the Internet Participating Financial Institutions to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, Bursa Securities or other relevant parties in connection with the Rights Issue of ICPS with Warrants, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institutions, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with the Rights Issue of ICPS with Warrants. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institutions in connection with the use of the Internet Application services.

3.5.4 By way of NRS

Our Company has appointed Bursa Depository to provide NRS to our shareholders who are Authorised Nominees. Only our Entitled Shareholders who are Authorised Nominees and who have subscribed for NRS with Bursa Depository may apply via NRS.

Please read carefully and follow the terms of this AP, the procedures, terms and conditions for application via NRS and Bursa Depository's terms and conditions for NRS and User Guide for NRS (which are made available to all Authorised Nominees who have subscribed for NRS with Bursa Depository) before making the application.

(i) **Steps for applications via NRS**

(a) If you are an Entitled Shareholder, and who is an Authorised Nominee who has subscribed for NRS with Bursa Depository, you will not be receiving this AP, the RSF nor the NPA by post.

(b) Instead, this AP and a Rights Issue Entitlement File will be transmitted electronically to you by Bursa Depository through Bursa Depository's existing network facility with the Authorised Nominees in the manner as set out in Bursa Depository's User Guide for NRS, on the next business day after the Entitlement Date.

(c) A notification of the delivery of the AP and the Rights Issue Entitlement File will also be sent to you via email using the details you have provided to Bursa Depository when you subscribed for NRS with Bursa Depository.

(d) You are advised to read carefully, understand and follow the terms of this AP, **BEFORE** making the application.

(e) You may accept, on behalf of your client, partially or fully, their respective allocation under the Rights Issue of ICPS with Warrants.

(f) To apply for the ICPS with Warrants, you will be required to submit your subscription information via a ICPS Subscription File which is to be prepared based on the format as set out in Bursa Depository's User Guide for NRS.

(g) Once completed, you will need to submit the ICPS Subscription File to Bursa Depository at any time daily before 5.00 p.m., but in any event no later than the last day and time for acceptance and payment.

(h) Together with the ICPS Subscription File, you will also need to submit a confirmation to Bursa Depository of the following information:

(i) Confirmation that you have, prior to making the application via NRS, received and/or had access to the electronic copy of this AP, the contents of which you have read, understood and agreed; and

(ii) Consent to the disclosure of your information to facilitate electronic refunds where applicable.

(i) With regards to payment for the ICPS with Warrants which you have applied for, you must transfer the amount payable directly to our bank account, the details of which are as follows:

Bank:	**PUBLIC BANK BERHAD**
Account Name:	**OCR RIGHTS ISSUE ACCOUNT**
Bank Account No.:	**3201-2332-01**

prior to submitting the ICPS Subscription File to Bursa Depository.

(j) Upon completion of the transfer/payment, you may receive a transaction slip ("**Transaction Record**") from the transacting financial institution confirming the details of your transfer/payment. The Transaction Record is only a record of the completed transaction and not a record of the receipt of the application via NRS or any data relating to such an application by our Company or Bursa Depository. The Transaction Record is for your record and is not required to be submitted with your application via NRS.

(k) You will be notified on the outcome of your application for the ICPS with Warrants electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.

(i) successful application – an electronic notification will be sent to you within eight (8) Market Days from the last day for application and payment for the ICPS with Warrants; or

(ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the ICPS with Warrants.

The refund will be credited directly into your bank account(s) from which payment of your subscription monies were made. Kindly take note of the terms and conditions as stated in Section 3.5.4(ii)(a) of this AP and the required consent in making the application via NRS.

If the crediting of the refund into your bank account(s) (as provided by you in the ICPS Subscription File) from which payment of your subscription monies were made is unsuccessful, the refund will then be made via cheque(s) which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

(l) Upon crediting of the ICPS with Warrants allotted to you into your CDS account(s), you will also receive an electronic confirmation of the crediting from Bursa Depository.

(m) You should note that all applications made for the ICPS with Warrants submitted under NRS will be irrevocable upon submission of the ICPS Subscription File to Bursa Depository and cannot be subsequently withdrawn.

(ii) Terms and conditions for applications via NRS

The application via NRS shall be made on, and subject to, the terms of this AP, Bursa Depository's terms and conditions for NRS and Bursa Depository's User Guide for NRS as well as the terms and conditions appearing herein:

(a) For purposes of making the electronic refund, you hereby give consent in accordance with the relevant laws of Malaysia, including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant financial institution, their respective agents and any third party involved in facilitating the payment of refunds to you as the case may be, of information pertaining to yourself and your account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refunds or for any other purpose in connection with such payments. You will be required to provide confirmation of your consent in the manner prescribed in Bursa Depository's terms and conditions for NRS.

(b) You agree and undertake to subscribe for or purchase and to accept the number of ICPS with Warrants applied for as stated on your ICPS Subscription File in respect of your application via NRS. Your application shall signify, and shall be treated as, your acceptance of the number of ICPS with Warrants that may be allotted to you.

(c) You acknowledge that by completing and submitting the ICPS Subscription File to Bursa Depository, you, if successful, requests and authorises our Company to credit the ICPS with Warrants allotted to you into the respective CDS Account(s) as indicated in the ICPS Subscription File.

(d) You acknowledge that your application via NRS is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the relevant financial institution or Bursa Depository, and irrevocably agree that if:

    (i) our Company, our Share Registrar or Bursa Depository does not receive your application via NRS; or

    (ii) the data relating to your application via NRS is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

    you shall be deemed not to have made your application and you shall not make any claim whatsoever against our Company, Bursa Depository, our Share Registrar or the relevant financial institution for the ICPS with Warrants applied for or for any compensation, loss or damage relating to the application for the ICPS with Warrants.

(e) By completing and submitting the ICPS Subscription File to Bursa Depository, you agree that:

    (i) In consideration of our Company agreeing to allow and accept your application for the ICPS with Warrants via the NRS facility established by Bursa Depository, your application via NRS is irrevocable and cannot be subsequently withdrawn;

    (ii) Our Company, the relevant financial institutions, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your application via NRS due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;

(iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the electronic notification of allotment in respect of the ICPS with Warrants issued is the only confirmation for the acceptance of this offer to subscribe for and purchase the said ICPS with Warrants; and

(iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation to with the contract between the parties and/or the application via NRS and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.

(f) Our Share Registrar and Bursa Depository, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.

3.6 Procedure for part acceptance by Entitled Shareholders and/or renouncees/transferees

3.6.1 By way of RSF

You must complete both Part I(A) of the RSF by specifying the number of the ICPS with Warrants which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 3.5.1 of this AP.

3.6.2 By way of Electronic Application and Internet Application

If you are an individual who is an Entitled Shareholder and wish to accept part of your provisional ICPS with Warrants via Electronic Application or Internet Application, you may do so by following the same steps as set out in Sections 3.5.2 and 3.5.3, respectively of this AP.

3.6.3 By way of NRS

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository who is an Entitled Shareholder and wish to accept part of your provisional ICPS with Warrants, you may do so by following the same steps as set out in Section 3.5.4 of this AP.

The portion of the provisional ICPS with Warrants that have not been accepted shall be allotted to any other persons allowed under the law, regulations or rules to accept the transfer of the provisional ICPS with Warrants.

3.7 Procedure for sale/transfer of provisional ICPS with Warrants

As the provisional ICPS with Warrants are prescribed securities, you may dispose of or transfer all or part of your entitlement to the ICPS with Warrants to one (1) or more person(s) through your stockbrokers without first having to request for a split of the provisional ICPS with Warrants standing to the credit of your CDS Accounts. To dispose or transfer all or part of your entitlement to the provisional ICPS with Warrants, you may sell such entitlement in the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository. If you have sold or transferred only part of the provisional ICPS with Warrants, you may still accept the balance of the provisional ICPS with Warrants by completing Parts I(A) and II of the RSF. Please refer to Section 3.5 of this AP for the procedure, acceptance and payment.

In disposing/transferring all or part of your provisionally ICPS with Warrants, you need not deliver any document including the RSF, to any stockbroker. However, you must ensure that there is sufficient provisional ICPS with Warrants standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

3.8 Procedure for application of excess ICPS with Warrants

3.8.1 By way of RSF

You and/or your renouncees/transferees (if applicable) who accepted the provisional ICPS with Warrants may apply for excess ICPS with Warrants by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forward it (together with a **separate remittance** for the full amount payable in respect of the excess ICPS with Warrants applied for) to our Share Registrar **not later than 5.00 p.m. on 1 July 2016**, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board.

PAYMENT FOR THE EXCESS ICPS WITH WARRANTS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 3.5.1 OF THIS AP, WHERE THE BANKER'S DRAFT(S)/CASHIER'S ORDER(S)/MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "OCR EXCESS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.

It is the intention of our Board to allot the excess ICPS with Warrants in the following priority:

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, to the Entitled Shareholders who have applied for excess ICPS with Warrants, on a pro-rata basis and in board lots, calculated based on their respective shareholdings in our Company on the Entitlement Date;

(iii) thirdly, to the Entitled Shareholders who have applied for excess ICPS with Warrants, on a pro-rata basis and in board lots, calculated based on the quantum of excess ICPS with Warrants applied for; and

(iv) finally, to transferee(s)/renouncee(s) who have applied for the excess ICPS with Warrants, on a pro-rata basis and in board lots, based on the quantum of excess ICPS with Warrants applied for.

Nevertheless, our Board reserves the right to allot any excess ICPS with Warrants applied for under Part I(B) of the RSF on a fair and equitable basis and in such manner as it deems fit and expedient and in the best interest of our Company subject always to (i), (ii), (iii) and (iv) above are achieved. Our Board also reserves the right to accept any excess ICPS with Warrants application, in full or in part, without assigning any reason.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

3.8.2 By way of Electronic Application

If you are an individual who is an Entitled Shareholder and/or a renouncee and/or a transferee and/or if you have purchased any provisional ICPS with Warrants, and wish to apply for additional ICPS with Warrants via Electronic Application in excess of your entitlement, you may do so by following the same steps as set out in Section 3.5.2 of this AP save and except that you shall proceed with the option for Excess ICPS Application and the amount payable to be directed to "**OCR EXCESS RIGHTS ISSUE ACCOUNT**" for the excess ICPS with Warrants applied.

It is the intention of our Board to allot the excess ICPS with Warrants, if any, on a fair and equitable basis as set out in Section 3.8.1 of this AP.

The Electronic Application for excess ICPS with Warrants shall be made on, and subject to, the same terms and conditions appearing in Section 3.5.2 of this AP.

3.8.3 By way of Internet Application

If you are an Entitled Shareholder and/or a renouncee and/or a transferee and/or if you have purchased any provisional ICPS with Warrants, and wish to apply for additional ICPS with Warrants via Internet Application in excess of your entitlement, you may do so by following the same steps as set out in Section 3.5.3 of this AP save and except that you shall proceed with the option for Excess ICPS Application and the amount payable to be directed to "**OCR EXCESS RIGHTS ISSUE ACCOUNT**" for the excess ICPS with Warrants applied.

It is the intention of our Board to allot the excess ICPS with Warrants, if any, on a fair and equitable basis as set out in Section 3.8.1 of this AP.

The Internet Application for excess ICPS with Warrants shall be made on, and subject to, the same terms and conditions appearing in Section 3.5.3 of this AP.

3.8.4 By way of NRS

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository who is an Entitled Shareholder and/or a renouncee and/or a transferee and/or if you have purchased any provisional ICPS with Warrants, and wish to apply for additional ICPS with Warrants via NRS in excess of your entitlement, you may do so by following the same steps as set out in Section 3.5.4 of this AP save and except for the amount payable to be directed to "**OCR EXCESS RIGHTS ISSUE ACCOUNT**" (**Bank Account No. 3201-2333-35 with Public Bank Berhad**) for the excess ICPS with Warrants applied and also that you should complete the details for excess rights application at the designated fields for excess applications in the ICPS Subscription File.

It is the intention of our Board to allot the excess ICPS with Warrants, if any, on a fair and equitable basis as set out in Section 3.8.1 of this AP.

The Application for excess ICPS with Warrants via NRS shall be made on, and subject to, the same terms and conditions appearing in Section 3.5.4 of this AP, Bursa Depository's terms and conditions for NRS and User Guide for NRS (which are made available to all Authorised Nominees who wish to register for NRS).

3.9 Notice of allotment

Upon allotment of the ICPS with Warrants in respect of your acceptance and/or your renouncee's/transferee's acceptance (if applicable) and excess ICPS with Warrants application (if any), the ICPS with Warrants shall be credited directly into the respective CDS Account. No physical share certificates and warrant certificates will be issued in respect of the ICPS with Warrants. However, a notice of allotment will be despatched to you and/or your renouncees/transferees (who are not an Authorised Nominee who has subscribed for NRS) (if applicable), by ordinary post within eight (8) Market Days from the last date of acceptance and payment for the ICPS with Warrants and excess ICPS with Warrants application, or such other period as may be prescribed or allowed by Bursa Securities, at the address shown on the Record of Depositors at your own risk.

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository, an electronic notification will be sent to you within eight (8) Market Days from the last day for application and payment for the ICPS with Warrants and excess ICPS with Warrants application, or such other period as may be prescribed or allowed by Bursa Securities through Bursa Depository's existing network facility with the Authorised Nominees in the manner as set out in Bursa Depository's User Guide for NRS.

Where any application for the ICPS with Warrants is not accepted due to non-compliance with the terms of the Rights Issue of ICPS with Warrants or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest to you within fifteen (15) Market Days from the last date and time for acceptance and payment of the ICPS with Warrants by ordinary post to the address shown on the Record of Depositors at your own risk.

Please note that a completed RSF and the payment thereof once lodged with our Share Registrar for the Rights Issue of ICPS with Warrants cannot be withdrawn subsequently.

3.10 Form of issuance

Bursa Securities has prescribed that our Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the ICPS with Warrants and the new Shares to be issued arising from the conversion of the ICPS and exercise of the Warrants are prescribed securities and as such the SICDA and the Rules of Bursa Depository shall apply in respect of the dealings in the ICPS with Warrants.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. Your subscription for the ICPS with Warrants shall mean your consent to receiving such ICPS with Warrants as deposited securities which will be credited directly into your CDS Account. No physical share certificate or warrant certificate will be issued to you under the Rights Issue of ICPS with Warrants. Instead, the ICPS with Warrants will be credited directly into your CDS Accounts, and notices of allotment will be sent to you in the manner as stated in Section 3.9.

Any person who has purchased the provisional ICPS with Warrants or to whom provisional ICPS with Warrants has been transferred and intends to subscribe for the ICPS with Warrants must state his/her CDS Account number in the space provided in the RSF. The ICPS with Warrants will be credited directly as prescribed or deposited securities into his/her CDS Account upon allotment and issue.

The excess ICPS with Warrants, if allotted to the successful applicant who applies for excess ICPS with Warrants, will be credited directly as prescribed securities into the CDS Account of the successful applicant. The allocation of the excess ICPS with Warrants will be made on a fair and equitable basis as disclosed in Section 3.8.1 of this AP.

3.11 Laws of foreign jurisdictions

This AP and the accompanying NPA and RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue of ICPS with Warrants will not be made or offered for subscription in any foreign jurisdiction.

Accordingly, this AP together with the accompanying documents will not be sent to the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) may collect this AP including the accompanying documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the documents relating to the Rights Issue of ICPS with Warrants.

Foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue of ICPS with Warrants only to the extent that it would be lawful to do so.

TA Securities, our Company and our Directors and officers would not, in connection with the Rights Issue of ICPS with Warrants, be in breach of, responsible or liable under the laws of any jurisdiction to which that foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) are or may be subject to. He shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. TA Securities, our Company and our Directors and officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renouncees/transferees (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

The foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and our Company shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against our Company and/or TA Securities in respect of their rights and entitlements under the Rights Issue of ICPS with Warrants. Such foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue of ICPS with Warrants.

By signing the RSF, the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) TA Securities, our Company and our Directors and officers that:

(i) our Company would not, by acting on the acceptance or renunciation in connection with the Rights Issue of ICPS with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or renouncees/transferees (if applicable) is or may be subject to;

(ii) the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the provisional ICPS with Warrants;

(iii) the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation of the provisional ICPS with Warrants, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

(iv) the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) are aware that the ICPS with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(v) the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) have received a copy of this AP and have been provided the opportunity to post such questions to the representatives and receive answers thereto as the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) deem necessary in connection with the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) decision to subscribe for or purchase the ICPS with Warrants. However, any information relevant to an investment shall be contained in this AP; and

(vi) the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the ICPS with Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the ICPS with Warrants.

Persons receiving this AP, the NPA and the RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this AP, the NPA and the RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this AP, the NPA and the RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the ICPS with Warrants from any such application by foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in our absolute discretion, to treat any acceptance of the ICPS with Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

4. RATIONALE FOR THE RIGHTS ISSUE OF ICPS WITH WARRANTS

After due consideration of the various methods of fund-raising available, our Board is of the opinion that the Rights Issue of ICPS with Warrants is currently an appropriate avenue as:

(i) it allows our Company to raise funds without the need to service immediate interest as compared to bank borrowings;

(ii) it enables our Group to raise funds for purposes as set out in Section 5 of this AP, such as to fund our Group's staff costs and property development as well as construction businesses which are expected to contribute positively to the future earnings of our Group and improve our financial performance;

(iii) the issuance of ICPS minimises the immediate dilution effects on our EPS, which would otherwise have immediate upfront impact if the fund-raising exercise was a rights issuance of ordinary shares, as the ICPS are expected to be converted over a period of time (i.e., during the Conversion Period);

(iv) the issuance of ICPS allows our Company to have the discretion in declaring dividends to the ICPS holders taking into consideration of our Group's profitability and cash flows in the future and not to be burdened with a fixed funding cost (such as a fixed interest/coupon rate, if any, for the loan stocks);

(v) it provides an opportunity for the existing shareholders to increase their equity participation in our Company by the conversion of the ICPS and/or exercising the Warrants into new OCR Shares; and

(vi) The Undertakings will allow the Undertaking Shareholders of our Company to extend their support for the Rights Issue of ICPS with Warrants which will facilitate our Group to raise the necessary funds without incurring underwriting costs.

5. UTILISATION OF PROCEEDS

5.1 From the issuance of ICPS

At the issue price of RM0.05 per ICPS, the gross proceeds from the Rights Issue of ICPS with Warrants will be utilised in the following manner based on the scenarios as illustrated below:

	Notes	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)	Expected time frame for utilisation of proceeds (from the date of listing of the ICPS)
Construction Works	(1)	3,000	3,000	Within 18 months
Property development	(2)	4,340	32,474	Within 24 months
Staff costs	(3)	680	680	Within 6 months
Estimated expenses in relation to the Corporate Exercises	(4)	600	600	Within 2 weeks
Total estimated proceeds		**8,620**	**36,754**	

Notes:

(1) On 13 January 2015, our Company announced that Takaso Land received the LOA from OCR Land (our major shareholder, a related party) appointing Takaso Land to construct and complete the Construction Works. Our Company obtained our shareholders' approval for the said transaction at our extraordinary general meeting convened on 2 April 2015.

Based on the LOA, the total estimated construction cost in relation to the Construction Works is approximately RM34.04 million, representing approximately 91% of the contract sum of the LOA of RM37.44 million. The Construction Works commenced in April 2015 and is expected to be completed in January 2017. Based on the latest architect's certification on 19 April 2016, the percentage of completion of the Construction Works was approximately 7.87%. Notwithstanding the low percentage of completion as at the LPD, our Company is of the opinion that the progress of Construction Works is in accordance to schedule as the Construction Works which comprise the mechanical and electrical works as well as architect, structure and civil works will mainly be carried out at a later stage of the construction of the commercial building.

In respect of the above, our Group intends to utilise RM3.00 million of the proceeds as follows:

	RM'000
Electrical works and telephone	1,000
Aluminium works	2,000
	3,000

The remaining costs in relation to the Construction Works of up to approximately RM31.07 million are expected to be financed by our Group through internally-generated funds (mainly via progress billing from the Construction Works) and/or bank borrowings, of which the breakdown will only be determined by our Board at a later date based on the funding requirements.

(2) Our Group intends to utilise up to RM32.47 million of the proceeds for the following property development projects:

Projects		**Minimum Scenario RM'000**	**Maximum Scenario RM'000**
Kuantan Project	(a)	1,170	10,640
Yap Kwan Seng Project	(b)	3,170	17,290
Melaka Project	(c)	-	4,544
		4,340	**32,474**

(a) The estimated GDC for the Kuantan Project, a joint venture project between TDKSB and SSPP (a third party) is approximately RM263.08 million. The remaining balance of the estimated GDC for the Kuantan Project of approximately RM261.91 million (based on the Minimum Scenario) and up to approximately RM252.44 million (based on the Maximum Scenario) is expected to be funded by the internally-generated funds (mainly via progress billing from the development of the Kuantan Project) and/or bank borrowings.

(b) The estimated GDC for the Yap Kwan Seng Project, a joint venture project with MCSB and MISB (third party) is approximately RM94.49 million. The remaining balance of the estimated GDC for the Yap Kwan Seng Project of approximately RM91.32 million (based on the Minimum Scenario) and up to approximately RM77.20 million (based on the Maximum Scenario) is expected to be funded by the internally-generated funds (mainly via progress billing from the development of the Yap Kwan Seng Project) and/or bank borrowings.

(c) The estimated GDC for the Melaka Project by TCSB is approximately RM92.14 million. In the event the Rights Issue of ICPS with Warrants is implemented under the Minimum Scenario, the entire estimated GDC for Melaka Project of approximately RM92.14 million will be funded by internally-generated funds and/or bank borrowings. Based on the Maximum Scenario, the remaining balance of the estimated GDC for the Melaka Project of up to approximately RM87.60 million will be funded by internally-generated funds (mainly via progress billing from the development of the Melaka Project) and/or bank borrowings.

The allocation of funding above was determined based on the status of the respective project and the estimated initial cost required before launching of the respective project. More proceeds are allocated to the Yap Kwan Seng Project as it is at a relatively more advanced stage (i.e., a revision of the development order is expected to be submitted to the Planning Department of DBKL by the end of the second (2nd) quarter of 2016) whereas lesser proceeds are allocated to the Melaka Project as an amendment application on the development order for the Melaka Project will only be submitted to the relevant authorities after the completion of the Acquisition of the Melaka Land (which is expected to be completed in third (3rd) quarter of 2016).

Any surplus arising from the proceeds allocated for the Projects as a result of, among others, termination and/or lapse of the JVA, New Joint Venture Agreement and/or Conditional SPA and/or delays in the Projects will be adjusted to the proceeds allocated for any of the other said projects and/or the Construction Works, depending on their respective funding requirements.

(3) The staff costs consist of salaries, employees' remuneration and employees' insurance of our Company after taking into consideration staff cost of approximately RM0.11 million per month.

(4) The estimated expenses consist of professional fees, fees payable to the relevant authorities, expenses to convene the EGM, printing, advertising and other ancillary expenses. Any surplus or shortfall for the estimated expenses in relation to the Corporate Exercises will be adjusted accordingly to/from the working capital (i.e., staff costs) of our Company.

The actual proceeds to be raised from the Rights Issue of ICPS with Warrants are dependent on the actual number of ICPS to be issued. Any variation in the actual proceeds raised (i.e., any amount in excess of the Minimum Scenario but below Maximum Scenario) will be adjusted to the proceeds allocated for our Group's property development purposes, depending on the Projects' respective funding requirements during the expected time frame for such utilisation of 24 months.

Pending utilisation of the proceeds from the Rights Issue of ICPS with Warrants for the abovementioned purposes, the proceeds will be placed in deposits with financial institution or short-term money market instruments as our Board may deem fit. The interest derived from the deposits with the financial institution or any gain arising from the short-term money market instruments will be used as our Group's working capital. This would include staff costs, other administration and operating expenses such as general and other operating expenses for the Group's operations such as professional fees, marketing and promotional activities for the Group's property development projects, rental, electricity, telephone, internet and other sundry expenses.

5.2 From the conversion of the ICPS and/or exercise of the Warrants

The exact quantum of proceeds that may be raised by our Company pursuant to the conversion of the ICPS and/or exercise of the Warrants will depend upon the actual number of ICPS converted and/or the Warrants exercised during the tenure of the ICPS and/or the Warrants as well as the Conversion Ratio.

The proceeds to be raised from the exercise of the Warrants and the conversion of ICPS shall be utilised for the working capital of our Group, of which the exact timeframe and the breakdown for the utilisation cannot be determined at this juncture.

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5.3 Details of the Projects

(i) Kuantan Project

On 1 June 2015, TDKSB entered into the JVA with SSPP in relation to the Kuantan Project.

The details of the Kuantan Land are as follows:

Title details	H.S.(D) 19049, No. PT57721, Bandar Kuantan, Kuantan, Pahang
Registered proprietor	Pasdec[(1)]
Land area	2.22 acres (approximately 96,872 square feet)
Category of land use	Commercial (Building)
Existing use	Vacant land
Proposed use	Mixed development
Tenure	Leasehold land with lease expiring on 2 September 2093
Restriction-in-interest	Malay reserved land[(1)]
Encumbrances	Charged to Bank Muamalat Malaysia Berhad[(1)]

Note:

(1) The joint venture between TDKSB and SSPP in relation to the Kuantan Project is conditional upon the following conditions having been fulfilled by SSPP within six (6) months from the date of the JVA (i.e., on 30 November 2015):

(a) procure the Kuantan Land to be transferred from Pasdec to SSPP; and

(b) convert the Kuantan Land into Non-Malay reserved land and ensure that the Kuantan Land is free of all encumbrances and third party interests.

Subsequently, our Company had on 30 November 2015 and 31 May 2016 announced that TDKSB and SSPP mutually agreed with no penalty incurred by our Group to extend the conditional period until 31 May 2016 and 30 November 2016, respectively.

The Kuantan Project is currently at the initial conceptual planning stage. It is intended as a mixed development project with thirty-four (34) retail outlets and two (2) blocks of serviced apartments comprising 978 units on the Kuantan Land.

While building works have not commenced as at the LPD for the Kuantan Project, certain planning expenses and feasibility study expenses to evaluate and assess the feasibility of the Kuantan Project have been incurred and were recognised as property development expenditure. Based on the latest quarterly results for the six (6)-month FPE 31 January 2016, our Group had incurred approximately RM2.08 million of property development expenditure for the Kuantan Project.

TDKSB shall commence and proceed with building works within two (2) years from the unconditional date of the JVA (being the date TDKSB receives a copy of the title and the conditions set out in Note 1 above have been fulfilled, whichever is later) and the Kuantan Project shall be completed within four (4) years from the commencement of the building works.

Based on the above and the estimated GDV and GDC of the Kuantan Project of approximately RM345.35 million and RM263.08 million respectively, the Kuantan Project is expected to generate an estimated PAT of approximately RM58.58 million. Based on our shareholding in TDKSB, our Group will be entitled to an estimated PAT of Kuantan Project of approximately RM28.70 million (i.e., 70% x 70% x RM58.58 million).

(ii) Yap Kwan Seng Project

The New Joint Venture Agreement was entered into on 15 January 2016 between MCSB and MISB (in substitution of the Earlier Joint Venture Agreement for the Yap Kwan Seng Project.

The details of the Yap Kwan Seng Land are as follows:

Title details	GRN 34386, Lot 95 Seksyen 43, Bandar Kuala Lumpur, Daerah Kuala Lumpur
Registered proprietor	MISB
Land area	1,492.23 square metres (equivalent to 16,062.22 square feet)
Category of land use	Residential (Building)
Existing use	Three (3)-storey residential property
Proposed use	Residential, commercial or mixed development
Tenure	Freehold
Restriction in interest	None
Encumbrances	Charged to UOB by MISB[(1)]

Note:

(1) Prior to the date of execution of the SSA with MISB, MCSB had applied and been granted facilities amounting to RM29.6 million by UOB for, among others, the financing of the development of the Yap Kwan Seng Project and to pay off the outstanding loan and redeem the Yap Kwan Seng Land from HLBB.

UOB had via its letter of offer dated 11 June 2014 approved the said application and had on 18 September 2014 entered into a facilities agreement with MCSB. Pursuant to the said facilities agreement, the facilities comprised the following limits:

*Term loan 1 : RM10.0 million ("**Term Loan 1**");*
Term loan 2 : RM5.6 million; and
Bridging loan : RM14.0 million.

Term Loan 1 was disbursed by UOB to HLBB to, among others, pay off the outstanding loan and to redeem Yap Kwan Seng Land from HLBB. The securities required to secure Term Loan 1 include the following:

- *A third (3rd) party all monies first legal charge was created over Yap Kwan Seng Land owned by MISB (as the encumbrances mentioned above); and*
- *A personal guarantee of RM29.6 million was executed by Mak Choong Moon, a director and shareholder of MISB.*

Thus, the said amount was recorded as an outstanding amount due by MISB (i.e., the Debt) in the accounts of MCSB prior to the date of execution of the SSA with MISB. The remaining facilities of RM19.6 million will be utilised to partly finance the development cost of Yap Kwan Seng Land and have not been drawdown as of the LPD.

*The Debt is subsequently reflected in the Promissory Note. Pursuant to the Promissory Note, MISB shall repay RM9,927,128.21 to MCSB within three (3) years from the date of the Promissory Note or upon completion of the Yap Kwan Seng Project under the New Joint Venture Agreement, whichever is later or at such other later date as may be instructed by MCSB ("**Maturity Date**"). The Debt to be paid by MISB to MCSB will be set off against MISB's net profit entitlement in the New Joint Venture Agreement on the Maturity Date.*

Based on the existing principal development order (obtained by MCSB on 10 April 2015), the Yap Kwan Seng Land has been approved for the development of one (1) block of serviced apartment comprising 145 units. Currently, MCSB is in the midst of preparing a revision of the development order which is expected to be submitted to the Planning Department of DBKL by the end of second (2nd) quarter of 2016 to:

(a) design a unique building that is more efficient in terms of layout, overall façade and unit size that suits market demand and at the same time, to promote our Company's branding; and

(b) change the mechanical car park system from a plate system to tower system which would reduce waiting time for car parking and retrieval.

The approval from the Planning Department of DBKL for the revised development order is expected to be obtained in the third (3rd) quarter of 2016. Thereafter, MISB will submit building plans to the Building Department of DBKL, of which approval is expected to be obtained within five (5) months from the date of application.

While building works have not commenced as at the LPD for the Yap Kwan Seng Project, certain planning expenses and feasibility study expenses to evaluate and assess the feasibility of the Yap Kwan Seng Project have been incurred and were recognised as property development expenditure. Based on the latest quarterly results for the six (6)-month FPE 31 January 2016, our Group had incurred approximately RM2.12 million of property development expenditure for the Yap Kwan Seng Project.

The Yap Kwan Seng Project is scheduled to commence within one (1) year from the execution date of the New Joint Venture Agreement (i.e., by the first (1st) quarter of 2017) and is scheduled for completion within three (3) years from the commencement date (i.e. by the first (1st) quarter of 2020).

Based on the above and the estimated GDV and GDC of the Yap Kwan Seng Project of approximately RM204.94 million and RM94.49 million respectively, the Yap Kwan Seng Project is expected to generate an estimated PAT of approximately RM81.61 million. Notwithstanding our shareholding of 50.01%* in MCSB (which, being the developer, is entitled to 50% of the net profits of the Yap Kwan Seng Project), our Group will be entitled to an estimated PAT of the Yap Kwan Seng Project of approximately RM40.81 million (i.e., 50% x RM81.61 million) based on the Shareholders' Agreement.

Note:

* *Our Company and MISB had on 15 April 2016 subscribed for additional 4,950 new MCSB Shares at RM4,950 respectively with the intention to align our Company's and MISB's respective equity interest with the profit entitlements to be shared from the Yap Kwan Seng Project. Subsequent to the said subscription, the issued and paid-up share capital of MCSB increased from RM100 comprising 100 MCSB Shares to RM10,000 comprising 10,000 MCSB Shares whereby our Company and MISB hold 5,001 MCSB Shares (representing 50.01% of the equity interest in MCSB) and 4,999 MCSB Shares (representing 49.99% of the equity interest in MCSB), respectively.*

(iii) Melaka Project

On 13 August 2015, TCSB, entered into the Conditional SPA with MIESB to acquire the Melaka Land for a cash consideration of RM9,316,165.00.

The details of the Melaka Land are as following:

Title details	Pajakan Negeri No. Hakmilik: 2176, Lot No: 475, Kawasan Bandar XXXIX, Daerah Melaka Tengah, Negeri Melaka
Registered proprietor	MIESB[(2)]
Land area	Approximately 37,264.66 square feet
Category of land use	Commercial (Building)
Existing use	Vacant land
Proposed use	Mixed development
Tenure	Leasehold land with lease expiring 4 October 2082
Restriction in interest	State consent is required for any sale and purchase transaction
Encumbrances	Charged to UOB by MIESB[(1)]

Notes:

(1) Pursuant to the Conditional SPA, TCSB shall purchase the Melaka Land with vacant possession free from encumbrances and free from squatters, occupants, tenants, debris, junk, rubble, shrine, permanent structure(s), encroachment(s), which in any way intrudes/invades/encloses/diminish any portion/part/area of the Melaka Land and subject to the terms and conditions in the Conditional SPA.

(2) MIESB had on 25 November 2015 fulfilled the conditions precedent following the obtainment of the state authority's consent approving the transfer of the Melaka Land in favour of TCSB. The said transaction is expected to be completed in the third (3rd) quarter of 2016.

Notwithstanding the development order has been issued and building plan has been approved for the development of a seven (7)-storey budget hotel with 174 rooms on Melaka Land, TCSB will submit an amendment application on the development order to the relevant authorities for the Melaka Project after the completion of the Acquisition of Melaka Land. Based on the estimated GDV and GDC of the Melaka Project of approximately RM134.15 million and 92.14 million, respectively, the Melaka Project is expected to generate an estimated PAT of approximately RM30.40 million to our Group.

While building works have not commenced as at the LPD for the Melaka Project, certain planning expenses and feasibility study expenses to evaluate and assess the feasibility of the Melaka Project have been incurred and were recognised as property development expenditure. Based on the latest quarterly results for the six (6)-month FPE 31 January 2016, our Group had incurred approximately RM1.85 million of property development expenditure for the Melaka Project.

The Melaka Project is expected to commence within one (1) year from the date of all the approvals being obtained from the appropriate authorities relating to the said proposed development and is expected to be completed within three (3) years from the commencement date.

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6. RISK FACTORS

You and/or your renouncees/transferees (if applicable) should consider carefully the following risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group, in addition to other information contained elsewhere in this AP, before subscribing for or investing in the Rights Issue of ICPS with Warrants.

6.1 Risks relating to our business and industry

(i) Operational/Business risks

Our Company is principally involved in the business of investment holding, while its subsidiary companies are principally involved in the manufacturing of rubber products and baby products as well as trading in baby apparels, infant milk and toiletries, trading of electrical and mechanical products and construction of residential and commercial properties as well as property development and property investment.

The breakdown of our Group's segmental revenue for the FYE 31 July 2015 and the six (6)-month FPE 31 January 2016 is as follows:

Revenue	Manufacturing[(1)] RM'000	Trading[(2)] RM'000	Construction[(3)] RM'000	Total RM'000
FYE 31 July 2015 (audited)	9,198	27,565	-	36,763
FPE 31 January 2016 (unaudited)	3,439	6,469	476	9,525

Notes:

(1) Manufacturing of condoms, baby products and moulds and/or recycling of glass.

(2) Trading and retailing in rubber products, baby apparels, infant milk formula, toiletries, consumable products, electrical and mechanical products.

(3) Construction of residential and commercial properties.

Therefore, our Group is subject to risks inherent to the manufacturing, trading, construction and property development industries in which we operate.

Such risks may include constraints in labour supply, increases in labour and raw material costs, changes in economic and business conditions in the global and regional economy, construction/property development schedule risk (i.e., late completion or primarily risks associated with the completion of the construction/property development works within planned schedules), project defects, entry of new players, dependency on operating permits, licenses, certificates and/or regulatory approvals, fluctuations in the prices of building materials (such as metal, petrol and other petroleum related products and cements), availability of building materials and labour, adverse weather conditions, changes in the demand and supply of properties and changes in the regulatory framework industry governing the construction and property development sectors.

(ii) Dependency on key management personnel

Our Group's sustainability in our business depends largely on the abilities, skills, experience and competency of our existing Directors and the key management personnel. The loss of our Directors and/or any of the relevant key management personnel without suitable and timely replacement, or the inability of our Group to attract and retain other qualified personnel, could adversely affect our Group's business operations and consequently, its revenue and profitability.

(iii) Directors' failure to comply with all the relevant requirements relating to mandatory offer pursuant to the Code 1998

On 5 November 2003, UFSB and its PACs including, amongst others, Tee Tze Chern, JP (our Executive Director) and Lily Tee (Director of our subsidiaries) were imposed a total fine of RM100,000 by the SC for failure to comply with all the relevant requirements relating to the mandatory offer pursuant to Practice Note 2.9.7 of the Code 1998.

On 22 December 2006, SC filed a civil suit against the Defendants, directing them to carry out compensation scheme for failing to carry out a mandatory general offer to the remaining shareholders of our Company.

Please refer to Section 2.5.1(ii) of this AP for further details of the Directors' previous failure to comply with all the relevant requirements relating to mandatory offer pursuant to the Code 1998carry out mandatory general offer of the Code 1998.

(iv) Competition

Our Group faces direct competition in both the local and global markets as well as from existing players and/or potential new entrants in the industries we are operating in. Our success is dependent upon, among others our continuing efforts to improve our manufacturing processes and manufacturing efficiency, standards and quality of our products, as well as our trading skills and expertise.

Our Group being a new entrant into the industry, lacks the track record and brand recognition as compared to the existing players that may already enjoy the privilege of their established brand name and reputation in the industry. There is also no assurance that any changes to the competitive environment will not have a material adverse effect on our Group's business.

(v) Supply of raw materials and products

A continuous supply of raw materials such as latex and plastic materials and products is essential to ensure the smooth running of the business of our Group. Our Group sources it raw materials and products from local and overseas (approximately 94% and 6%, respectively) suppliers and any shortages of raw materials and products may adversely affect our Group's business activities.

There were no shortages of raw materials and products for our manufacturing processes and business of our Group in the past. However, there can be no assurance that there will be no shortages of raw materials and products in the future and that it will not materially affect the performance of our Group.

(vi) Financing risks

As disclosed in Section 5 of this AP, the Projects will be funded through a combination of proceeds raised from the Rights Issue of ICPS with Warrants, internally generated funds and/or bank borrowings. If bank borrowings are secured to fund the development costs, the gearing level of our Group will increase and any adverse movement in the interest rates may have a significant impact on the project costs which would adversely affect our Group's financial performance in the future.

There can be no assurance that the performance of our Group would not be materially affected in the event of any adverse changes in interest rates.

(vii) Environmental issues

Our Group's construction/property development operations may experience adverse impact arising from environmental issues such as soil erosion, flood, noise and air pollution. Land clearing activities carried out on project sites expose the earth to erosion by water of which its rate of erosion is dependent on factors such as soil characteristics, climate, topography and soil cover.

Our Group also faces the risk of noise and air pollution which are inevitable in construction sites/works as machineries used will be noisy and may have emissions of carbon monoxide and hydrocarbons as well as dust caused by moving vehicles and machineries at the construction sites.

(viii) Defects liability

Our Group's property development operations involve extending defects liability period of 12 to 24 months from the official handover date of the development properties. During the defects liability period, our Group is liable for any repair work, reconstruction or rectification of any defects that may arise during this period at our own cost. Any increases in the number of defects would inadvertently increase the development cost of a property development project and consequently may have an adverse impact on the overall profitability of our Group.

(ix) Unforeseen delay in project completion

Timely completion of our construction and property development projects is crucial as our Group may be subject to additional costs and potential claims which may have an adverse effect on the operations and profitability of our Group's construction and property development businesses.

Timely completion depends on many external factors including, amongst others, obtaining the necessary approvals as scheduled, securing adequate construction materials throughout the development timeframe, satisfactory performance by third party contractors appointed, labour shortage and weather conditions.

(x) Political, economic and environmental considerations

Adverse changes in political, economic and regulatory conditions in Malaysia could materially affect the financial position of our Group. Amongst the political, economic and regulatory uncertainties are the changes in the risks of economic downturn, unfavourable monetary and fiscal policy changes, exchange control regulations or introduction of new rules or regulation, changes in interest rates, inflation and taxation and political leadership.

Much of the above changes are beyond our Group's control. There can be no assurance that any adverse economic, political and regulatory developments will not materially affect the performance of our Group.

6.2 Risks relating to the Rights Issue of ICPS with Warrants

(i) No prior market for the ICPS

The ICPS comprises a new issuance of securities for which there is currently no public market. No assurance can be given that an active market for the ICPS will develop upon or subsequent to the listing of and quotation for the ICPS on the Main Market of Bursa Securities or, if developed, that such a market will be sustainable or adequately liquid during the tenure of the ICPS.

The market price of the ICPS, like other securities traded on Bursa Securities, is subject to fluctuations and will be influenced by, amongst others, prevailing market sentiments, volatility of the stock market, the market price of the underlying OCR Shares, interest rate movements, trades of substantial amounts of the ICPS on Bursa Securities in the future, corporate developments as well as the future prospects of the construction and property development industries.

There is no assurance that the market price of the ICPS will trade at or above its issue price of RM0.05 subsequent to its listing.

(ii) Investment and capital market risk

The market price of the ICPS is influenced by, amongst others, the prevailing market sentiments, the volatility of equity markets, the liquidity of the ICPS and OCR Shares, the outlook for the construction and property development industries, changes in regulatory requirements or market conditions, the financial performance and fluctuations in our Group's operating results. In addition, the performance of the local stock market (where our ICPS and Shares are listed) is dependent on the economic and political condition in Malaysia as well as external factors such as, amongst others, the performance of the world bourses, flows of foreign funds and prices of commodities. In view of this, there can be no assurance that the ICPS will trade above the Issue Price for the ICPS or TEAP upon or subsequent to the listing of and quotation for the ICPS on the Main Market of Bursa Securities.

The market price of the Warrants may be influenced by, amongst others, the market price of OCR Shares, and the remaining exercise period of the Warrants and the volatility of OCR Shares. There can be no assurance that the Warrants will be "in-the-money" during the exercise period of the Warrants. In the event the Warrants are not exercised during the exercise period, the unexercised Warrants will lapse and cease thereafter to be valid for any purpose.

(iii) Delay in or failure of the Rights Issue of ICPS with Warrants

The Rights Issue of ICPS with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of force majeure events or circumstances which are beyond the control of our Company arising prior to the implementation of the Rights Issue of ICPS with Warrants. Such events or circumstances include, *inter alia*, natural disasters, adverse developments in political, economic and government policies in Malaysia, including changes in inflation and interest rates, global economic downturn, acts of war, acts of terrorism, riots, expropriations and changes in political leadership.

In this respect, all proceeds arising from the Rights Issue of ICPS with Warrants will be refunded without interest to the Entitled Shareholders and/or their renouncees/transferees (if applicable) in the event the Rights Issue of ICPS with Warrants is aborted and if such monies are not repaid within fourteen (14) days after OCR becomes liable, we will repay such monies with interest at the rate of ten percent (10%) per annum or such other rate as may be prescribed by the SC in accordance with Section 243(2) of the Capital Markets and Services Act 2007. Notwithstanding the above, our Company will exercise our best endeavor to ensure the successful implementation of the Rights Issue of ICPS with Warrants. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue of ICPS with Warrants.

In the event that the ICPS have been allotted to the successful Entitled Shareholders and/or their renouncees/transferees (if applicable) and the Rights Issue of ICPS with Warrants is subsequently cancelled or terminated, a return of monies to the shareholders can only be achieved by way of cancellation of our share capital as provided under the Act. Such cancellation requires the approval of our shareholders by way of special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be returned within a short period of time or at all under such circumstances.

(iv) Forward-looking statements

Certain statements in this AP are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements contained in this AP are based on forecasts and assumptions made by our Company, unless stated otherwise. Although our Board believes that these forward-looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, amongst others, the risk factors as set out in this section. In view of the above, the inclusion of any forward-looking statements in this AP should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

7. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF OUR GROUP

7.1 Overview and outlook of the Malaysian economy

The Malaysian economy grew by 5.0% in 2015 (2014: 6.0%), supported by the continued expansion of domestic demand (2015: 5.1%, 2014: 5.9%). Domestic demand was primarily driven by the private sector. Modest improvements in external demand in the second (2nd) half of the year also provided additional impetus to economic growth.

Private consumption continued to expand, albeit at a more moderate pace as households adjusted their spending to the higher cost of living arising from the implementation of GST, adjustments in administrative prices, and the depreciation in the ringgit. Nevertheless, households received some support from the higher cash transfers under the Bantuan Rakyat 1Malaysia scheme, the reduction in individual income tax rates for the 2015 assessment year and savings derived from lower domestic fuel prices during the year. Household spending was also supported by continued income growth and stable labour market conditions. Public consumption recorded a sustained growth of 4.3% in 2015 (2014: 4.4%), reflecting the continued efforts by the Government to provide support to growth, while remaining committed to the steady reduction in the fiscal deficit.

On the supply side, all major economic sectors registered more moderate growth, with the exception of the mining sector. The moderation reflected the slower expansion of activity in industries catering to domestic demand. However, export-oriented manufacturing and trade-related services benefited from the modest improvement in external demand.

Overall, the Malaysian economy is expected to grow by 4 – 4.5% in 2016 (2015: 5.0%). Domestic demand will continue to be the principal driver of growth, sustained primarily by private sector spending. The pace of expansion in domestic demand, however, is expected to be more moderate amid ongoing adjustments by consumers and investors to the challenging economic environment. Private consumption growth is projected to trend below its long-term average, as households continue to make expenditure adjustments in response to the lingering effects of the GST implementation, and changes in administered prices. Household spending will also be affected by weaker consumer sentiments due to the uncertain conditions in the labour and financial markets. These moderating effects, however, will be partially offset by continued growth in income, employment and some support from Government measures targeted at enhancing households' disposable income. In an environment of prolonged uncertainty and cautious business sentiments, private investment growth is projected to be less buoyant compared to its performance over the past five years, when it registered an average growth of 12.2%. Private sector capital spending is expected to be underpinned by the implementation of ongoing and new investment projects in the manufacturing and services sectors.

(Source: BNM Annual Report 2015, BNM)

The Malaysia economy expanded by 4.2% in the first (1st) quarter of 2016 (4Q 2015: 4.5%). The slight moderation in growth mainly reflected external shocks to the economy and cautious spending by the private sector. On the supply side, growth continued to be driven by the major economic sectors.

(Source: Economic and Financial Developments in the Malaysian Economy in the First (1st) Quarter of 2016, BNM)

7.2 Overview and outlook of the manufacturing industry in Malaysia

The manufacturing sector expanded by 4.9% in 2015 (2014: 6.2%), attributable mainly to the continued strength of the export-oriented industries. The performance of the export-oriented industries was primarily driven by strong production growth in the E&E cluster, particularly in the consumer-based electrical segment and selected semiconductor components. Growth was further supported by the primary-related cluster due mainly to sustained regional demand for chemical products. The domestic-oriented industries, however, moderated mainly as a result of slower growth in the consumer-related cluster.

(Source: BNM Annual Report 2015, BNM)

The manufacturing sector continued to expand during the first (1st) quarter of 2016 (4.5%; 4Q 2015:5.0%) supported by both domestic- and export-oriented industries. Growth in the domestic-oriented industries was driven by stronger production in the consumer-related cluster, particularly food related products, as well as firm demand for construction-related materials. Meanwhile, the export-oriented industries were supported by the better performance in the primary-related cluster amid continued expansion in the electrical and electronics cluster.

(Source: Economic and Financial Developments in the Malaysian Economy in the First (1st) Quarter of 2016, BNM)

The manufacturing sector is expected to grow by 4.1% in 2016 (2015: 4.9%).

(Source: Fiscal and Economic Data, Real Sector – Gross Domestic Product by Sector (updated as at May 2016), Ministry of Finance Malaysia)

7.3 Overview and outlook of the retail industry in Malaysia

The retail trade segment expanded at a faster pace of 4.2% in 4th quarter 2015 (3rd quarter 2015: 2.8%) following stronger sales especially of automotive fuel at specialised stores.

(Source: Bank Negara Malaysia Annual Report 2015, BNM)

The wholesale and retail trade subsector grew by 6.9% in 2015. The wholesale and retail trade sub-sector grew by 5.2% in the first (1st) quarter of 2016 (4Q 2015: 6.4%), in tandem with continued growth in household spending.

(Source: Economic and Financial Developments in the Malaysian Economy in the First (1st) Quarter of 2016, BNM)

The wholesale and retail trade as well as food, beverage and accommodation subsectors are expected to increase by 6.5% and 6%, respectively in 2016.

(Source: Economic Performance and Prospects, Ministry of Finance Malaysia)

7.4 Overview and outlook of the construction and property development industries in Malaysia

In spite of the challenging economic and financial environment facing the country in the past months, the property market managed to stay poised and posted a marginal softening in market activity in the H1 2015. Both volume and value was down by 3.5% and 6.6% respectively against corresponding period.

On the supply-side, the number of housing approvals for construction (as approved by the Ministry of Urban Wellbeing, Housing and Local Government) saw a declining trend since the first half of 2012, with the exception of H1 2014. Similar downtrend was seen in demand-side indicator.

Market volume recorded at 186,661 transactions worth RM76.61 billion, down by 3.5% in volume and 6.6% in value against H1 2014. The residential sub-sector continued to lead the overall market, with 64.1% contribution in volume and 47.5% in value. However, the subsector recorded a slight downturn by 2.6% in volume and correspondingly down in value by 9.7%. Commercial and industrial sub-sectors recorded upward movements, up by 1.6% and 4.7% in volume.

(Source: Property Market Report First Half 2015, Valuation and Property Services Department, Ministry of Finance)

The construction sector grew at a moderate pace in 2015 (8.2%; 2014: 11.8%), due mainly to the slower growth in the residential sub-sector. Construction activity in the residential sub-sector was affected by fewer property launches during the year. Nonetheless, growth in the civil engineering sub-sector picked up, reflecting the progress of existing infrastructure projects as well as the commencement of a large petrochemical project in Johor. Growth in the construction sector was also supported by the non-residential sub-sector, which was underpinned by projects in both the industrial and commercial property segments.

(Source: BNM Annual Report 2015, BNM)

The construction sector grew by 7.9% in the first (1st) quarter of 2016 (4Q 2015: 7.4%), underpinned by the civil engineering sub-sector. The expansion of the civil engineering sub-sector was driven by petrochemical, utility and transport-related projects. Growth in the specialised construction activities sub-sector improved during the quarter, reflecting increased early-work activities such as demolition, piling and earthworks. In the non-residential sub-sector, the pace of expansion was subdued due to slower construction activity for industrial and commercial buildings. In the residential sub-sector, growth remained supported by the construction of properties in both the mass- and high-end markets.

(Source: Economic and Financial Developments in the Malaysian Economy in the First (1st) Quarter of 2016, BNM)

The specialised construction activities subsector expanded by 8.9% in the first (1st) quarter of 2016 (Q4 2015: 4.6%) supported by earthworks and piling projects in Johor, Kuala Lumpur and Pahang. The residential subsector posted a growth of 4.9% in the first (1st) quarter of 2016 (Q4 2015: 5.7%) aided by government initiatives on affordable housing as well as high-end housing projects particularly in Johor and Kuala Lumpur. The non-residential subsector grew at a slower pace of 0.4% in the first (1st) quarter of 2016 (Q4 2015: 0.5%) partly due to the completion of health and education related projects. The private sector continued to dominate construction activity with a share of 66.1% during the first (1st) quarter of 2016.

(Source: Quarterly update on the Malaysian Economy – 1st Quarter 2016, Ministry of Finance Malaysia)

7.5 Overview and outlook of the property development industry in Pahang

Property market in Pahang firmed up in H1 2015 as indicated by the positive movements in market activity. There were 9,646 transactions recorded with a total value of RM2.62 billion, up by 7.9% and 12.5% in volume and value respectively in the review period. The residential sub-sector continued to spearhead the property market, contributed 61.6% of total market activity. Agricultural sub-sector was the next leading contributor with 23.9% market share, followed by commercial (7.7%), development land (5.3%) and industrial (1.5%) sub-sectors.

Market activity across all sub-sectors recorded mixed movements. Residential, commercial and industrial subsectors observed double-digit growth between 12.0% to 41.3%. Conversely, agricultural and development land sub-sectors were down by 5.0% and 5.2% respectively. Correspondingly, transactions value moved in tandem.

(Source: Property Market Report First Half 2015, Valuation and Property Services Department, Ministry of Finance)

7.6 Overview and outlook of the property development industry in Melaka

Property market in Melaka sustained its performance in H1 2015. There were 8,293 transactions worth RM2.37 billion recorded in the review period. Against H1 2014, the number of transactions increased marginally by 3.4% though value of transactions contracted by 5.4% (H1 2014: 8,021 transactions worth RM2.51 billion). Residential sub-sector continued to dominate the overall market share, contributing 61.9% of the total transactions. Agricultural sub-sector came second with 18.2%, followed by commercial (9.4%), development land (7.4%) and industrial (3.1%) sub-sectors.

Market activity portrayed mixed movements across the board. Residential, industrial and agricultural sub-sectors charted positive growth of 5.5%, 5.3% and 6.9% respectively. On the contrary, commercial and development land sub-sectors shrank by 1.1% and 13.5% respectively. In terms of value, industrial and agricultural sub-sectors each observed an uptrend of 8.5% and 59.8%, whereas residential, commercial and development land sub-sectors showed otherwise.

(Source: Property Market Report First Half 2015, Valuation and Property Services Department, Ministry of Finance)

7.7 Overview and outlook of the property development industry in Kuala Lumpur

The state's property market performance moderated in H1 2015. Nevertheless, several indicators aligned the market onto a hopeful track as indicated by the primary market performance and livelier construction activities. There were 9,291 transactions worth RM11.01 billion recorded in the review period, contracted by 7.4% in volume against H1 2014. In tandem, transactions value shrank by 6.5% after experiencing an 18.1% uptrend in corresponding period. The residential sub-sector dominated the market activity, capturing 74.7% of the market activity. Commercial sub-sector ranked second with 22.1% market share, followed by development land (2.0%) and industrial sub-sector (1.2%).

Residential property prices were recorded mixed movement across the board. Residential properties in established areas served with efficient connectivity continued to enjoy capital appreciations. The All House Price Index for the state stood at 264.5 points as at 2nd quarter of 2015, up by 5.6% over 2nd quarter 2014. On the same note, the All House Price crept up to RM701,823.00, the highest in the country.

In the residential rental market, the trend was in tandem with the capital movement as increases were noted in prominent schemes and strategic locations served with good accessibility.

On the commercial front, shops prices were on the whole stable with increases noted in strategic areas served with efficient road linkages. Similarly, the retail sub-sector recorded stable prices for most shopping complexes with movements witnessed at selected complexes. On a brighter note, office space prices in purpose-built buildings charted some upward trends. UOA Centre in Jalan Pinang and Phileo Promenade recorded 13.5% and 12.3% increase respectively. However, isolated marginal declines were recorded in Plaza Pantai, Plaza Mont' Kiara, Solaris Mont' Kiara as well as in Gateway Kiaramas.

(Source: Property Market Report First Half 2015, Valuation and Property Services Department, Ministry of Finance)

7.8 Prospects of our Group

Our Group has been facing challenges in its core business of manufacturing and marketing of condoms and baby products, in view of rising raw material prices and operational costs for the past few years. Taking cognisance of this, our Group has made efforts to improve our financial performance and position which include, among others, our Group's acceptance of the LOA which led to our Group's diversification of business to include the construction business. Our Group has since expanded its initial foray in the construction business to include the property development business as well.

The following are the plans to be undertaken by our Group to strengthen our financial performance and position in the medium and long term:

(i) our Company had on 2 April 2015 obtained our shareholders' approval for Takaso Land to accept the LOA appointing Takaso Land to construct and complete the Construction Works. The Construction Works commenced in April 2015 and are expected to be completed in January 2017. Based on the latest architect's certification on 19 April 2016, the percentage of completion of the Construction Works was approximately 7.87%;

(ii) TDKSB had on 1 June 2015 entered into the JVA with SSPP to undertake the Kuantan Project. As at the LPD, SSPP has not fulfilled the conditions precedent in relation to the JVA. The JVA will expire on 30 November 2015, being six (6) months from the date of the JVA or such other extended period as may be fixed by TDKSB at its sole discretion in the event any of the conditions precedent in the JVA is not fulfilled prior to the expiry date.

Subsequently, our Company had on 30 November 2015 and 31 May 2016 announced that TDKSB and SSPP mutually agreed to extend the conditional period until 31 May 2016 and 30 November 2016, respectively;

(iii) our Company had on 30 July 2015 accepted the conditional letter of offer dated 23 June 2015 to our Company issued by MISB in relation to the Acquisition of MCSB (Conditional LO) with the intention to acquire fifty-one percent (51%) equity interest in MCSB from MISB at an offer price of RM5.00 million.

Subsequently, our Company had on 30 October 2015 entered into the SSA with MISB. Following the completion of the Acquisition of MCSB on 15 January 2016, the New Joint Venture Agreement was entered into on the same date between MCSB and MISB (in substitution of the Earlier Joint Venture Agreement for the Yap Kwan Seng Project) and the Shareholders' Agreement was also entered into on the same date between OCR, MISB and MCSB.

On 15 April 2016, our Company and MISB further subscribed for 4,950 new MCSB Shares each, thus resulting in our Company and MISB holding 50.01% and 49.99% equity interest in MCSB, respectively; and

(iv) TCSB had on 13 August 2015 entered into the Conditional SPA with MIESB to acquire the Melaka Land for a cash consideration of RM9,316,165.00. The Melaka Land is expected to be developed into a mixed development project. Subsequently, MIESB had on 25 November 2015 fulfilled the conditions precedent following the obtainment of the state authority's consent approving the transfer of the Melaka Land in favour of TCSB. The said transaction is expected to be completed in the third (3rd) quarter of 2016.

Notwithstanding the Construction Works and Projects, our Group is also making efforts to source and negotiate for new opportunities for our Group's construction and property development business which include leveraging on our management's business associates network and exploring for suitable projects land via recommendation and/or introduction from our project division and/or external parties such as shareholders and suppliers.

Our Group will also continue to focus on our manufacturing and trading businesses and make efforts to improve our financial performance and position in the immediate and medium term which include, among others, trimming down our operational costs and/or disposing our existing loss-making business(es) as and when the opportunity arises. In addition, our management expects the Construction Works (which is expected to be completed in January 2017) and the Projects to contribute positively to the earnings of our Group progressively over their respective tenure of between two (2) and four (4) years following the progress billings for work done based on stages of completion of the said projects, thus improving our Group's financial performance and cash flow position in the immediate and medium term. The Rights Issue of ICPS with Warrants is also expected to ease our Group's cash flow position and reduce potential interest expenses to be incurred as opposed to bank borrowings to finance the construction/development costs of the Construction Works and Projects.

Taking into account the outlook of the manufacturing, retail, construction and property development industries as set out in Sections 7.2 to 7.7 of this AP and the efforts undertaken by our Group, our management is of the opinion that the prospects of our Group are expected to be positive in the future.

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8. EFFECTS OF THE RIGHTS ISSUE OF ICPS WITH WARRANTS

8.1 Issued and paid-up share capital

The pro forma effects of the Rights Issue of ICPS with Warrants on our issued and paid-up share capital are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of OCR Shares	RM[1]	No. of OCR Shares	RM[1]
Issued and paid-up share capital as at the LPD[2]	212,075,499	53,018,875	212,075,499	53,018,875
To be issued pursuant to the full exercise of the outstanding Warrants 2011/2016	-	-	32,949,185	8,237,296
	212,075,499	53,018,875	245,024,684	61,256,171
To be issued pursuant to the full conversion of the ICPS	17,239,830[3]	4,309,958	735,074,052[4]	183,768,513
	229,315,329	57,328,833	980,098,736	245,024,684
To be issued pursuant to the full exercise of Warrants 2011/2016	32,949,185[5]	8,237,296	-	-
	262,264,514	65,566,129	980,098,736	245,024,684
To be issued pursuant to the full exercise of Warrants	17,239,830[6]	4,309,958	73,507,405[7]	18,376,851
Enlarged issued and paid-up share capital	**279,504,344**	**69,876,087**	**1,053,606,141**	**263,401,535**

Notes:

(1) Being the number of OCR Shares at the par value of RM0.25 each.

(2) As at the LPD, our Company does not have any treasury share.

(3) Assuming the Conversion Ratio of every ten (10) ICPS for one (1) new OCR Share.

Aggregate number of ICPS to be issued pursuant to the Undertakings = 172,398,300 ICPS (172,398,300 ICPS at the Conversion Ratio of ten (10) ICPS for one (1) new OCR Share = 17,239,830 OCR Shares)

(4) Assuming the Conversion Ratio of a combination of one (1) ICPS and RM0.45 in cash for one (1) new OCR Share.

Aggregate number of ICPS to be issued under the Maximum Scenario = 735,074,052 ICPS (735,074,052 ICPS at the Conversion Ratio of one (1) ICPS and RM0.45 in cash for one (1) new OCR Share = 735,074,052 OCR Shares)

(5) Disclosure of pro forma effect of the exercise of Warrants 2011/2016 after the conversion of the ICPS.

(6) *One (1) Warrant for every ten (10) ICPS subscribed for.*

Aggregate number of ICPS to be issued pursuant to the Undertakings = 172,398,300 ICPS (172,398,300 ICPS / 10 = 17,239,830 Warrants). Each Warrant entitles the registered holder to subscribe for one (1) new OCR Share.

(7) *One (1) Warrant for every ten (10) ICPS subscribed for.*

Aggregate number of ICPS to be issued under the Maximum Scenario = 735,074,052 ICPS (735,074,052 ICPS / 10 = 73,507,405 Warrants)

Premised on the above, our Company would be in compliance with paragraph 6.50 of the Listing Requirements which states that "*all outstanding warrants, where exercised, does not exceed 50% of the issued and paid-up share capital of the listed issuer (excluding treasury shares and before the exercise of the warrants) at all times*" after the Rights Issue of ICPS with Warrants and prior to the conversion of ICPS as:

(i) under the Minimum Scenario, the aggregate number of outstanding Warrants 2011/2016 and Warrants will be 50,189,015, representing approximately 23.67% of the enlarged issued and paid-up share capital of our Company of RM53,018,874.75 comprising 212,075,499 OCR Shares; and

(ii) under the Maximum Scenario, the aggregate number of outstanding Warrants 2011/2016 and Warrants will be 73,507,405, representing approximately 30.00% of the enlarged issued and paid-up share capital of our Company of RM61,256,171 comprising 245,024,684 OCR Shares.

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8.2 NA, NTA and gearing

The pro forma effects of the Rights Issue of ICPS with Warrants on the NA, NTA and gearing of our Group based on the audited consolidated financial statements of our Company as at 31 July 2015 are as follows:

Minimum Scenario

	(Audited) As at 31 July 2015 (RM)	(I) After subsequent event up to the LPD[1] (RM)	(II) After (I) and the Rights Issue of ICPS with Warrants (RM)	(III) After (II) and assuming full conversion of ICPS[5] (RM)	(IV) After (III) and assuming full exercise of the Warrants 2011/2016 (RM)	(V) After (IV) and assuming full exercise of the Warrants (RM)
Share capital	51,075,450	53,018,875	53,018,875	57,328,833	65,566,129	69,876,087
Warrant reserve	3,302,847	2,672,358	2,967,026[2]	2,967,026	294,668	-[7]
Share premium	12,941,164	14,349,023	13,749,023[3]	18,058,980	24,026,257[6]	28,630,882[7]
Foreign exchange translation reserve	248,339	248,339	248,339	248,339	248,339	248,339
ICPS	-	-	8,619,915[4]	-	-	-
Accumulated losses	(19,044,619)	(19,044,619)	(19,339,287)	(19,339,287)	(19,339,287)	(19,339,287)
Shareholders' funds / NA	**48,523,181**	**51,243,976**	**59,263,891**	**59,263,891**	**70,796,106**	**79,416,021**
No. of OCR Shares in issue	204,301,799	212,075,499	212,075,499	229,315,329	262,264,514	279,504,344
NA per OCR Share (RM)	0.24	0.24	0.28	0.26	0.27	0.28
NTA per OCR Share (RM)	0.24	0.24	0.28	0.26	0.27	0.28
Total borrowings (RM)	3,182,196	3,182,196	3,182,196	3,182,196	3,182,196	3,182,196
Gearing (times)	0.07	0.06	0.05	0.05	0.04	0.04

Notes:

(1) Taking into consideration of the exercise of 7,773,700 Warrants 2011/2016 at the exercise price of RM0.35.

(2) Taking into consideration of the issuance 17,239,830 Warrants at a relative fair value of RM0.017 each based on the Black-Scholes option pricing model.

(3) After deducting RM600,000 as the estimated expenses in relation to the Corporate Exercises against share premium account pursuant to Section 60 of the Act.

(4) Arising from the issuance of 172,398,300 ICPS at the issue price of RM0.05 each.

(5) Assuming full conversion of ten (10) ICPS into one (1) OCR Share.

(6) Assuming full exercise of 32,949,185 Warrants 2011/2016 at the exercise price of RM0.35 each.

(7) Assuming full exercise of 17,239,830 Warrants at the exercise price of RM0.50 each. The originating entry to recognise warrant reserve upon the issuance 17,239,830 Warrants is reversed upon the exercise of 17,239,830 Warrants.

Maximum Scenario

	(Audited)	**(I)**	**(II)**	**(III)**	**(IV)**	**(V)**
	As at 31 July 2015 (RM)	**After subsequent event up to the LPD[1] (RM)**	**After (I) and assuming full exercise of the Warrants 2011/2016 (RM)**	**After (II) and the Rights Issue of ICPS with Warrants (RM)**	**After (III) and assuming full conversion of ICPS[6] (RM)**	**After (IV) and assuming full exercise of the Warrants (RM)**
Share capital	51,075,450	53,018,875	61,256,171	61,256,171	245,024,684	263,401,535
Warrant reserve	3,302,847	2,672,358	-	1,256,409[3]	1,256,409	-[7]
Share premium	12,941,164	14,349,023	20,316,300[2]	19,716,300[4]	203,484,813	223,118,074[7]
Foreign exchange translation reserve	248,339	248,339	248,339	248,339	248,339	248,339
ICPS	-	-	-	36,753,703[5]	-	-
Accumulated losses	(19,044,619)	(19,044,619)	(19,044,619)	(20,301,028)	(20,301,028)	(20,301,028)
Shareholders' funds / NA	**48,523,181**	**51,243,976**	**62,776,191**	**98,929,894**	**429,713,217**	**466,466,920**
No. of OCR Shares in issue	204,301,799	212,075,499	245,024,684	245,024,684	980,098,736	1,053,606,141
NA per OCR Share (RM)	0.24	0.24	0.26	0.40	0.44	0.44
NTA per OCR Share (RM)	0.24	0.24	0.26	0.40	0.44	0.44
Total borrowings (RM)	3,182,196	3,182,196	3,182,196	3,182,196	3,182,196	3,182,196
Gearing (times)	0.07	0.06	0.05	0.03	0.01	0.01

Notes:

(1) Taking into consideration of the exercise of 7,773,700 Warrants 2011/2016 at the exercise price of RM0.35.

(2) Assuming full exercise of 32,949,185 Warrants 2011/2016 at the exercise price of RM0.35 each.

(3) Taking into consideration the issuance of 73,507,405 Warrants at a relative fair value of RM0.017 each based on the Black-Scholes option pricing model.

(4) After deducting RM600,000 as the estimated expenses in relation to the Corporate Exercises against share premium account pursuant to Section 60 of the Act.

(5) Arising from the issuance of 735,074,052 ICPS at the issue price of RM0.05 each.

(6) Assuming full conversion of 735,074,052 ICPS via combination of one (1) ICPS and RM0.45 in cash for one (1) new OCR Share.

(7) Assuming full exercise of 73,507,405 Warrants at the exercise price of RM0.50 each. The originating entry to recognise warrant reserve upon the issuance 73,507,405 Warrants is reversed upon the exercise of 73,507,405 Warrants.

8.3 Earnings and EPS

The Rights Issue of ICPS with Warrants is not expected to have any material effect on the consolidated earnings and EPS of our Group for the FYE 31 July 2016 as the Rights Issue of ICPS with Warrants is only expected to be completed in the third (3rd) quarter of 2016 with the resulting proceeds to be raised are expected to be utilised within twenty-four (24) months from the date of the ICPS listing. However, the Rights Issue of ICPS with Warrants is expected to contribute positively to the future earnings of our Group when the benefits of the utilisation of proceeds are realised.

The EPS of our Company shall be correspondingly diluted as a result of the increase in the number of issued OCR Shares arising from the conversion of the ICPS and/or the exercise of the Warrants in the future.

The effect of any ICPS conversion and/or Warrants exercise on our Company's consolidated EPS would be dependent on the Conversion Ratio chosen for the ICPS and the returns generated by our Company from the utilisation of proceeds arising from the Right Issue of ICPS with Warrants and/or conversion of the ICPS with cash option and/or the exercise of Warrants.

For illustration purposes, assuming the Rights Issue of ICPS with Warrants is completed on 1 August 2014, being the commencement for the FYE 31 July 2015, the EPS of our Group shall be as follows:

Minimum Scenario

	(Audited) As at 31 July 2015	(I) After subsequent event up to the LPD[1]	(II) After (I) and the Rights Issue of ICPS with Warrants	(III) After (II) and assuming full conversion of ICPS[2]	(IV) After (III) and assuming full exercise of the Warrants 2011/2016[3]	(V) After (IV) and assuming full exercise of the Warrants[4]
LAT attributable to our equity holders (RM)	(7,990,875)	(7,990,875)	(7,990,875)	(7,990,875)	(7,990,875)	(7,990,875)
No. of OCR Shares in issue	204,301,799	212,075,499	212,075,499	229,315,329	262,264,514	279,504,344
No. of ICPS in issue	-	-	172,398,300	-	-	-
No. of Warrants in issue	-	-	17,239,830	17,239,830	17,239,830	-
No. of Warrants 2011/2016 in issue	40,722,885	32,949,185	32,949,185	32,949,185	-	-
Basic LPS (sen)	(4.20)	(3.77)	(3.77)	(3.48)	(3.05)	(2.86)
Diluted LPS (sen)	N/A[5]	N/A[5]	N/A[5]	N/A[5]	N/A[5]	N/A[5]

Notes:

(1) Taking into consideration of the exercise of 7,773,700 Warrants 2011/2016 at the exercise price of RM0.35.

(2) Assuming full conversion of ten (10) ICPS into one (1) OCR Share.

(3) Assuming full exercise of 32,949,185 Warrants 2011/2016 at the exercise price of RM0.35 each.

(4) Assuming full exercise of 17,239,830 Warrants at the exercise price of RM0.50 each.

(5) Not applicable as the effects arising from the assumed exercise of the SIS options, Warrants 2011/2016 are anti-dilutive on the LPS of our Group for the FYE 31 July 2015.

Maximum Scenario

	(Audited) As at 31 July 2015	(I) After subsequent event up to the LPD[1]	(II) After (I) and assuming full exercise of the Warrants 2011/2016[2]	(III) After (II) and the Rights Issue of ICPS with Warrants	(IV) After (III) and assuming full conversion of ICPS[3]	(V) After (IV) and assuming full exercise of the Warrants[4]
LAT attributable to our equity holders (RM)	(7,990,875)	(7,990,875)	(7,990,875)	(7,990,875)	(7,990,875)	(7,990,875)
No. of OCR Shares in issue	204,301,799	212,075,499	245,024,684	245,024,684	980,098,736	1,053,606,141
No. of ICPS in issue	-	-	-	735,074,052	-	-
No. of Warrants in issue	-	-	-	73,507,405	73,507,405	-
No. of Warrants 2011/2016 in issue	40,722,885	32,949,185	-	-	-	-
Basic LPS (sen)	(4.20)	(3.77)	(3.26)	(3.26)	(0.82)	(0.76)
Diluted LPS (sen)	N/A[5]	N/A[5]	N/A[5]	N/A[5]	N/A[5]	N/A[5]

Notes:

(1) Taking into consideration of the exercise of 7,773,700 Warrants 2011/2016 at the exercise price of RM0.35.

(2) Assuming full exercise of 32,949,185 Warrants 2011/2016 at the exercise price of RM0.35 each.

(3) Assuming full conversion of 735,074,052 ICPS via combination of one (1) ICPS and RM0.45 in cash for one (1) new OCR Share.

(4) Assuming full conversion of 73,507,405 Warrants at the exercise price of RM0.50 each.

(5) Not applicable as the effects arising from the assumed exercise of the SIS options, Warrants 2011/2016 are anti-dilutive on the LPS of our Group for the FYE 31 July 2015.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Board is of the opinion that after taking into consideration the proceeds from the Rights Issue of ICPS with Warrants, cash in hand, funds generated from our operations and banking facilities available, our Group will have adequate working capital for the next twelve (12) months from the date of this AP.

9.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of RM2.60 million, all of which are interest-bearing and from local financial institutions as follows:

	As at the LPD (RM'000)
Short-term borrowings:	
Hire purchase payables	165
Term loans	71
Bank overdrafts	1,305
Long-term borrowings:	
Hire purchase payables	503
Term loans	554

Our Group has no non-interest bearing and foreign currency-denominated borrowings as at the LPD.

Our Group did not default on the payment of any interest or principal sums in respect of any borrowing, throughout the past one (1) FYE 31 July 2015, and the subsequent financial period up to the LPD.

9.3 Contingent liabilities

Save as disclosed below, as at the LPD, there is no other contingent liability incurred by our Company or our Group, which upon becoming enforceable, may have a material impact on the financial position of our Group:

	Company level	
	As at LPD (RM'000)	**As at 31 July 2015 (RM'000)**
Corporate guarantees extended:		
- to financial institutions for bank overdraft granted to Takaso Marketing Sdn Bhd, a wholly owned subsidiary of Takaso Rubber Products Sdn Bhd	1,305	1,752

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9.4 Material commitments

Save as disclosed below, as at the LPD, there is no other material commitment incurred by our Company or our Group, which upon becoming enforceable, may have a material impact on the financial position of our Group:

	RM'000
Balance purchase consideration to MIESB in relation to the acquisition of the Melaka Land, representing approximately 85.0% of the total purchase consideration	7,919
Balance purchase consideration in relation to the Acquisition of MCSB, representing approximately 30.0% of the total purchase consideration	1,500
Cash consideration in relation to the acquisition of A.W. Impian Sdn Bhd	6,000

Our Group intends to satisfy the abovementioned material commitments via internally generated funds.

10. TERMS AND CONDITIONS

The issuance of the ICPS with Warrants is governed by the terms and conditions set out in this AP, the Deed Poll, the NPA and the RSF enclosed herewith.

11. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully
For and behalf of the Board of
O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD)

ONG KAH HOE
Executive Director

CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF ICPS WITH WARRANTS PASSED AT OUR EGM HELD ON 16 MAY 2016

O&C RESOURCES BERHAD

(Formerly known as Takaso Resources Berhad)
(Company No: 440503-K)
(Incorporated in Malaysia)

EXTRACT OF MINUTES OF EXTRAORDINARY GENERAL MEETING
OF THE COMPANY HELD ON 16TH MAY 2016

AS ORDINARY RESOLUTION 2
PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 735,074,052 ICPS ON THE BASIS OF THREE (3) ICPS FOR EVERY ONE (1) EXISTING ORDINARY SHARE OF RM0.25 EACH IN OCR ("OCR SHARE" OR "SHARE") HELD, TOGETHER WITH UP TO 73,507,405 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF ONE (1) WARRANT FOR EVERY TEN (10) ICPS SUBSCRIBED AT AN ENTITLEMENT DATE TO BE DETERMINED LATER ("ENTITLEMENT DATE") ("PROPOSED RIGHTS ISSUE OF ICPS WITH WARRANTS")

RESOLVED:-
THAT subject to and conditional upon the passing of the Special Resolution 1 and Ordinary Resolution 1 and the approvals of all relevant parties and/or authorities being obtained (where required), the Board of Directors of the Company ("**Board**") be and is hereby authorised:

(i) to provisionally issue and allot by way of a renounceable rights issue of up to 735,074,052 ICPS at an issue price of RM0.05 each on the basis of three (3) ICPS for every one (1) existing OCR Share held, together with up to 73,507,405 Warrants on the basis of one (1) Warrant for every ten (10) ICPS subscribed by the shareholders of OCR whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined later by the Board;

(ii) to enter into and execute the deed poll in relation to the Proposed Rights Issue of ICPS with Warrants ("**Deed Poll**") and to do all acts, deeds and things as they may deem fit or expedient in order to implement, finalise and give full effect to the aforesaid Deed Poll; and

(iii) to utilise the proceeds to be derived from the Proposed Rights Issue of ICPS with Warrants in the manner as set out in Section 3 of the Circular and to vary the manner and/or purpose of utilisation of such proceeds as they may deem fit and in the best interest of the Company.

THAT the shareholders' fractional entitlements to the Warrants under the Proposed Rights Issue of ICPS with Warrants, if any, shall be disregarded and dealt with by the Board in such manner at the absolute discretion of the Board as they may deem fit or expedient and in the best interest of the Company.

THAT the ICPS with Warrants which are not taken up or validly taken up shall be made available for excess applications by the entitled shareholders and/or their renouncee(s) (if applicable) and such excess ICPS with Warrants shall be allocated in a fair and equitable manner on a basis to be determined by the Board and announced later by the Company.

Dated this 16th day of May, 2016

THAT the new OCR Shares to be issued arising from the conversion of the ICPS and/or exercise of the Warrants shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing OCR Shares, save and except that the new OCR Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of the new OCR Shares arising from the conversion of the ICPS and/or exercise of the Warrants.

AND THAT the Board be and is hereby authorised to take all such necessary steps to give full effect to the Proposed Rights Issue of ICPS with Warrants with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board, and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue of ICPS with Warrants.

Dated this 16th day of May, 2016

CERTIFIED TRUE COPY

ONG KAH HOE
Director

YONG MONG HUAY
Director

1. HISTORY AND BUSINESS

Our Company was incorporated in Malaysia under the Act on 28 July 1997 as a public limited company and was listed on the then Second Board *(now known as Main Market)* of Bursa Securities on 16 March 1999. On 1 October 2015, our Company changed its name from Takaso Resources Berhad to O&C Resources Berhad.

Our Company is principally engaged in the business of investment holding, while our subsidiary companies are principally involved in the manufacturing of rubber products and baby products as well as trading in baby apparels, infant milk and toiletries, trading of electrical and mechanical products and construction of residential and commercial properties as well as property development and property investment.

Further details of the principal activities of our subsidiary companies are set out in Section 6 of this Appendix II.

2. SHARE CAPITAL

Our authorised and issued and paid-up share capital as at the LPD are as follows:

Type	No. of OCR Shares/ ICPS	Par value RM	Total RM
Authorised share capital			
- OCR Shares	1,600,000,000	0.25	400,000,000
- ICPS	2,000,000,000	0.05	100,000,000
			500,000,000
Issued and paid-up share capital			
- OCR Shares	212,075,499	0.25	53,018,875
- ICPS	-	0.05	-
			53,018,875

The changes in our issued and paid-up share capital for the past three (3) years up to the LPD are as follows:

Date of allotment	No. of Shares allotted	Par value (RM)	Description	Cumulative issued and paid-up share capital (RM)
4 November 2013	12,004,000	0.25	Exercise of employee share issuance scheme options	40,186,949.75
1 October 2014	9,956,600	0.25	Exercise of employee share issuance scheme options	42,676,099.75
13 October 2014	2,166,000	0.25	Exercise of Warrants 2011/2016	43,217,599.75
16 October 2014	370,000	0.25	Exercise of Warrants 2011/2016	43,310,099.75
21 October 2014	340,000	0.25	Exercise of Warrants 2011/2016	43,395,099.75
24 October 2014	443,000	0.25	Exercise of Warrants 2011/2016	43,505,849.75
29 October 2014	455,000	0.25	Exercise of Warrants 2011/2016	43,619,599.75
4 November 2014	3,199,800	0.25	Exercise of Warrants 2011/2016	44,419,549,75
10 November 2014	1,165,500	0.25	Exercise of Warrants 2011/2016	44,710,924.75
18 November 2014	830,000	0.25	Exercise of Warrants 2011/2016	44,918,424.75
24 November 2014	130,000	0.25	Exercise of Warrants 2011/2016	44,950,924.75

Date of allotment	No. of Shares allotted	Par value (RM)	Description	Cumulative issued and paid-up share capital (RM)
8 December 2014	17,900,000	0.25	Cash (from private placement)	49,425,924.75
10 December 2014	100,000	0.25	Exercise of Warrants 2011/2016	49,450,924.75
17 December 2014	150,000	0.25	Exercise of Warrants 2011/2016	49,488,424.75
29 December 2014	53,000	0.25	Exercise of Warrants 2011/2016	49,501,674.75
8 January 2015	70,000	0.25	Exercise of Warrants 2011/2016	49,519,174.75
29 January 2015	893,500	0.25	Exercise of Warrants 2011/2016	49,742,549.75
5 February 2015	2,200,000	0.25	Exercise of Warrants 2011/2016	50,292,549.75
6 February 2015	900,800	0.25	Exercise of Warrants 2011/2016	50,517,749.75
10 February 2015	1,045,000	0.25	Exercise of Warrants 2011/2016	50,778,999.75
12 February 2015	120,000	0.25	Exercise of Warrants 2011/2016	50,808,999.75
16 February 2015	706,800	0.25	Exercise of Warrants 2011/2016	50,985,699.75
20 April 2015	199,000	0.25	Exercise of Warrants 2011/2016	51,035,449.75
30 April 2015	160,000	0.25	Exercise of Warrants 2011/2016	51,075,449.75
11 August 2015	331,000	0.25	Exercise of Warrants 2011/2016	51,158,199.75
18 August 2015	748,000	0.25	Exercise of Warrants 2011/2016	51,345,199.75
25 August 2015	162,000	0.25	Exercise of Warrants 2011/2016	51,385,699.75
14 September 2015	82,000	0.25	Exercise of Warrants 2011/2016	51,406,199.75
22 September 2015	100,000	0.25	Exercise of Warrants 2011/2016	51,431,199.75
13 October 2015	92,000	0.25	Exercise of Warrants 2011/2016	51,454,199.75
15 December 2015	92,000	0.25	Exercise of Warrants 2011/2016	51,477,199.75
20 January 2016	92,000	0.25	Exercise of Warrants 2011/2016	51,500,199.75
28 January 2016	1,890,200	0.25	Exercise of Warrants 2011/2016	51,972,749.75
2 February 2016	731,600	0.25	Exercise of Warrants 2011/2016	52,155,649.75
16 February 2016	133,900	0.25	Exercise of Warrants 2011/2016	52,189,124.75
22 February 2016	848,300	0.25	Exercise of Warrants 2011/2016	52,401,199.75
1 March 2016	755,500	0.25	Exercise of Warrants 2011/2016	52,590,074.75
9 March 2016	319,800	0.25	Exercise of Warrants 2011/2016	52,670,024.75
21 March 2016	380,600	0.25	Exercise of Warrants 2011/2016	52,765,174.75
31 March 2016	266,000	0.25	Exercise of Warrants 2011/2016	52,831,674.75
12 April 2016	193,500	0.25	Exercise of Warrants 2011/2016	52,880,049.75
27 April 2016	465,300	0.25	Exercise of Warrants 2011/2016	52,996,374.75
17 May 2016	90,000	0.25	Exercise of Warrants 2011/2016	53,018,874.75

3. BOARD OF DIRECTORS

Please refer to the Corporate Directory on page 1 of this AP for details of the members of our Board.

4. DIRECTORS' SHAREHOLDINGS

The pro forma effects of the Rights Issue of ICPS with Warrants on the shareholdings of our Directors based on our Record of Depositors as at the LPD are as follows:

Minimum Scenario

	As at the LPD				(I) Assuming full conversion of the ICPS*			
	Direct		Indirect		Direct		Indirect	
Name	No. of OCR Shares	%	No. of OCR Shares	%	No. of OCR Shares	%	No. of OCR Shares	%
Tunku Azudinshah Ibni Tunku Annuar	-	-	-	-	-	-	-	-
OKH	16,087,300	7.59	41,378,800[(1)]	19.51	20,913,490	9.12	53,792,440[(1)]	23.46
Tee Tze Chern, JP	88	*Neg*	-	-	88	*Neg*	-	-
Yong Mong Huay	-	-	-	-	-	-	-	-
Tan Ooi Jin	-	-	-	-	-	-	-	-
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria	-	-	-	-	-	-	-	-
Hj. Abdullah Bin Abdul Rahman	-	-	-	-	-	-	-	-

Name	(II) After (I) and assuming full exercise of the Warrants 2011/2016				(III) After (II) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of OCR Shares	%	No. of OCR Shares	%	No. of OCR Shares	%	No. of OCR Shares	%
Tunku Azudinshah Ibni Tunku Annuar	-	-	-	-	-	-	-	-
OKH	20,913,490	7.97	54,231,940[(1)(2)]	20.68	25,739,680	9.21	66,645,580[(1)]	23.84
Tee Tze Chern, JP	88	*Neg*	-	-	88	*Neg*	-	-
Yong Mong Huay	-	-	-	-	-	-	-	-
Tan Ooi Jin	-	-	-	-	-	-	-	-
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria	-	-	-	-	-	-	-	-
Hj. Abdullah Bin Abdul Rahman	-	-	-	-	-	-	-	-

Notes:

* *The issuance of the ICPS with Warrants will not have an effect on the shareholdings of our shareholders. Assuming the Conversion Ratio of ten (10) ICPS into one (1) new OCR Share.*

Neg *Negligible*

(1) *The indirect interests are via his parents and siblings' shareholdings and via Kenanga Nominees (Tempatan) Sdn Bhd, pledged securities accounts for OCR Land in which he is deemed interested pursuant to Section 6A of the Act.*

(2) *OKC holds 439,500 Warrants 2011/2016 as at the LPD.*

Maximum Scenario

Name	As at the LPD				(I) Assuming full exercise of the Warrants 2011/2016			
	Direct		Indirect		Direct		Indirect	
	No. of OCR Shares	%	No. of OCR Shares	%	No. of OCR Shares	%	No. of OCR Shares	%
Tunku Azudinshah Ibni Tunku Annuar	-	-	-	-	-	-	-	-
OKH	16,087,300	7.59	41,378,800[(1)]	19.51	16,087,300	6.57	41,818,300[(1)(2)]	17.07
Tee Tze Chern, JP	88	*Neg*	-	-	88	*Neg*	-	-
Yong Mong Huay	-	-	-	-	-	-	-	-
Tan Ooi Jin	-	-	-	-	-	-	-	-
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria	-	-	-	-	-	-	-	-
Hj. Abdullah Bin Abdul Rahman	-	-	-	-	-	-	-	-

Name	(II) After (I) and assuming full conversion of the ICPS*				(III) After (II) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of OCR Shares	%	No. of OCR Shares	%	No. of OCR Shares	%	No. of OCR Shares	%
Tunku Azudinshah Ibni Tunku Annuar	-	-	-	-	-	-	-	-
OKH	64,349,200	6.57	167,273,200[(1)]	17.07	69,175,390	6.57	179,818,690[(1)]	17.07
Tee Tze Chern, JP	352	*Neg*	-	-	378	*Neg*	-	-
Yong Mong Huay	-	-	-	-	-	-	-	-
Tan Ooi Jin	-	-	-	-	-	-	-	-
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria	-	-	-	-	-	-	-	-
Hj. Abdullah Bin Abdul Rahman	-	-	-	-	-	-	-	-

Notes:

* *The issuance of the ICPS with Warrants will not have an effect on the shareholdings of our shareholders. Assuming the Conversion Ratio of one (1) ICPS and RM0.45 in cash for one (1) new OCR Share.*

(1) *The indirect interests are via his parents and siblings' shareholdings and via Kenanga Nominees (Tempatan) Sdn Bhd, pledged securities accounts for OCR Land in which he is deemed interested pursuant to Section 6A of the Act.*

(2) *OKC holds 439,500 Warrants 2011/2016 as at the LPD.*

5. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The pro forma effects of the Rights Issue of ICPS with Warrants on the shareholdings of our substantial shareholders based on our Record of Depositors as at the LPD are as follows:

Minimum Scenario

	As at the LPD				(I) Assuming full conversion of the ICPS*			
	Direct		Indirect		Direct		Indirect	
Name	No. of OCR Shares	%	No. of OCR Shares	%	No. of OCR Shares	%	No. of OCR Shares	%
OCR Land	31,215,000	14.72	-	-	40,579,500	17.70	-	-
OKH	16,087,300	7.59	41,378,800[(1)]	19.51	20,913,490	9.12	53,792,440[(1)]	23.46
Innofarm Sdn Bhd	15,713,000	7.41	-	-	15,713,000	6.85	-	-

	(II) After (I) and assuming full exercise of the Warrants 2011/2016				(III) After (II) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect	
Name	No. of OCR Shares	%	No. of OCR Shares	%	No. of OCR Shares	%	No. of OCR Shares	%
OCR Land	40,579,500	15.47	-	-	49,944,000	17.87	-	-
OKH	20,913,490	7.97	54,231,940[(1)(2)]	20.68	25,739,680	9.21	66,645,580[(1)]	23.84
Innofarm Sdn Bhd	15,713,000	5.99	-	-	15,713,000	5.62	-	-

Notes:

* *The issuance of the ICPS with Warrants will not have an effect on the shareholdings of our shareholders. Assuming the Conversion Ratio of ten (10) ICPS into one (1) new OCR Share.*

(1) *The indirect interests are via his parents and siblings' shareholdings and via Kenanga Nominees (Tempatan) Sdn Bhd, pledged securities accounts for OCR Land in which he is deemed interested pursuant to Section 6A of the Act.*

(2) *OKC holds 439,500 Warrants 2011/2016 as at the LPD.*

Maximum Scenario

	As at the LPD				(I) Assuming full exercise of the Warrants 2011/2016			
	Direct		Indirect		Direct		Indirect	
Name	No. of OCR Shares	%	No. of OCR Shares	%	No. of OCR Shares	%	No. of OCR Shares	%
OCR Land	31,215,000	14.72	-	-	31,215,000	12.74	-	-
OKH	16,087,300	7.59	41,378,800[(1)]	19.51	16,087,300	6.57	41,818,300[(1)(2)]	17.07
Innofarm Sdn Bhd	15,713,000	7.41	-	-	15,713,000	6.41	-	-

	(II) After (I) and assuming full conversion of the ICPS*				(III) After (II) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect	
Name	No. of OCR Shares	%	No. of OCR Shares	%	No. of OCR Shares	%	No. of OCR Shares	%
OCR Land	124,860,000	12.74	-	-	134,224,500	12.74	-	-
OKH	64,349,200	6.57	167,273,200[(1)]	17.07	69,175,390	6.57	179,818,690[(1)]	17.07
Innofarm Sdn Bhd	62,852,000	6.41	-	-	67,565,900	6.41	-	-

Notes:

* *The issuance of the ICPS with Warrants will not have an effect on the shareholdings of our shareholders. Assuming the Conversion Ratio of one (1) ICPS and RM0.45 in cash for one (1) new OCR Share.*

(1) *The indirect interests are via his parents and siblings' shareholdings and via Kenanga Nominees (Tempatan) Sdn Bhd, pledged securities accounts for OCR Land in which he is deemed interested pursuant to Section 6A of the Act.*

(2) *OKC holds 439,500 Warrants 2011/2016 as at the LPD.*

6. SUBSIDIARY AND ASSOCIATED COMPANIES

The details of our subsidiary companies as at the LPD are as follows:

Company	Date and place of incorporation	Principal activities	Issued and paid-up share capital (RM)	Effective equity interest (%)
Takaso Rubber Products Sdn Bhd	7 July 1982, Malaysia	Manufacturing of rubber products and baby products, and trading in baby accessories, apparels and milk powder.	8,000,000	100.00
Japlo Healthcare Sdn Bhd	24 November 1999, Malaysia	Distributing and retailing of baby products.	500,000	100.00
Takaso Commerce Sdn Bhd	27 September 2011, Malaysia	Retail and trading of consumable products.	1,500,000	100.00
Takaso Industries Pte Ltd	12 November 2011, The Republic of Singapore	Trading or electrical and mechanical products.	SGD100,000	100.00
TDKSB	24 April 2015, Malaysia	Property development and property investment.	100	70.00[(1)]
TCSB	5 June 2015, Malaysia	Dormant.	2	100.00
Grand Superland Sdn Bhd	12 June 2015, Malaysia	Dormant.	2	100.00
Takaso Marketing Sdn Bhd	11 December 1996, Malaysia	Marketing of rubber products, baby products, and trading in baby accessories, apparels and milk powder.	8,500,000	100.00[(2)]
Takaso Land Sdn Bhd	21 November 2014, Malaysia	Construction of residential and commercial properties and property development.	750,000	100.00
PT Takaso Indonesia Global Manufacturing	4 November 2014, Indonesia	Dormant.	Nil[(3)]	51.00[(3)]
Takaso SC	27 November 2013, The Kingdom of Thailand	Dormant.	THB20,000,000	100.00

Company	Date and place of incorporation	Principal activities	Issued and paid-up share capital (RM)	Effective equity interest (%)
MCSB	25 March 2011, Malaysia	Property development and property investment.	10,000.00	50.01[4]

Notes:

(1) The remaining 30% equity interest in TDKSB is owned by SSPP Development Sdn Bhd, a third party.

(2) Held through Takaso Rubber Products Sdn Bhd.

(3) No capital injection has been effected by our Company as at the LPD.

(4) Held through Takaso Industries Pte Ltd. The remaining 49% equity interest is owned by Sendy Parmon, Eddy Iskandar and Harrison Law, third parties.

(5) The remaining 49.99% equity interest is owned by MISB, a third party.

We do not have any associated companies as at the LPD.

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7. PROFIT AND DIVIDEND RECORDS

The profit and dividend records based on our Group's audited consolidated financial statements for the FYE 31 July 2013, FYE 31 July 2014, and FYE 31 July 2015, as well as for the six (6)-month FPE 31 January 2015 and 31 January 2016, are summarised as follows:

	← Unaudited →		← Audited →		
	Six (6)-month FPE 31 January 2016 (RM'000)	**Six (6)-month FPE 31 January 2015 (RM'000)**	**2015 (RM'000)**	**FYE 31 July 2014 (RM'000)**	**2013 (RM'000)**
Revenue	20,067	18,516	36,763	37,563	45,083
GP	4,440	3,490	5,679	5,603	7,066
Other income	1,749	664	758	810	556
Administrative expenses	(4,024)	(4,462)	(8,968)	(8,794)	(8,711)
Selling and distribution expenses	(832)	(466)	(1,083)	(1,098)	(1,146)
Other expenses	(428)	(198)	(4,079)	(1,809)	(702)
Profit / (Loss) from operations	**905**	**(972)**	**(7,693)**	**(5,288)**	**(2,937)**
Finance costs	(175)	(130)	(268)	(447)	(522)
PBT / (LBT)	**730**	**(1,102)**	**(7,961)**	**(5,735)**	**(3,459)**
Taxation	(166)	(98)	(31)	(212)	(147)
PAT / (LAT)	**564**	**(1,200)**	**(7,992)**	**(5,947)**	**(3,606)**
PAT / (LAT) attributable to:					
Equity holders of our Company	596	(1,200)	(7,991)	(5,947)	(3,606)
Non-controlling interests	(32)	-	(1)	-	-
PAT / (LAT)	**564**	**(1,200)**	**(7,992)**	**(5,947)**	**(3,606)**
EBITDA / (LBITDA)	1,819	(73)	(5,875)	(3,804)	(1,737)
Weighted average number of OCR Shares in issue ('000)	205,695	177,195	190,447	157,623	148,744
Basic EPS / (LPS)[(1)] (sen)	0.29	(0.68)	(4.20)	(3.77)	(2.42)
Diluted EPS / (LPS) (sen)	0.27	(0.62)	N/A[(2)]	N/A[(2)]	N/A[(2)]
GP margin (%)	22.13	18.85	15.45	14.92	15.67
PBT / (LBT) margin (%)	3.64	(5.95)	(21.65)	(15.27)	(7.67)
PAT / (LAT) margin (%)	2.81	(6.48)	(21.74)	(15.83)	(8.00)
Dividend (sen)	-	-	-	-	-

Notes:

N/A *Not applicable*

(1) *Being the PAT/(LAT) attributable to owners of our Company divided by weighted average number of Shares in issue for the financial periods/years under review.*

(2) *Not applicable as the effects arising from the assumed exercise of the SIS options, Warrants 2003/2013 and/or Warrants 2011/2016 are anti-dilutive.*

(i) **FYE 31 July 2014 vs FYE 31 July 2013**

Our Group's revenue for the FYE 31 July 2014 decreased by 16.68% to approximately RM37.56 million from approximately RM45.08 million for the FYE 31 July 2013. The decrease in revenue for the FYE 31 July 2014 was mainly due to:

(i) reduced trading sales in computer accessories as a result of a one-off project sales to a customer in the FYE 31 July 2013;

(ii) slowdown in cathode ray tube glass recycling business contributed by Benchmark Vista Sdn Bhd* as a result of lower market demand; and

(iii) weaker export sales to Middle East and African countries due to their unstable market conditions.

As a result of the above mentioned decreased revenue, our Group's GP and GP margin decreased to approximately RM5.60 million and 14.92% for FYE 31 July 2014 compared to RM7.07 million and 15.67% for the FYE 31 July 2013, respectively.

Other income for the FYE 31 July 2014 of approximately RM0.81 million comprised mainly interest income generated from fixed deposits with licensed banks of approximately RM0.23 million and other income of approximately RM0.50 million which mainly consists of back-charged income generated from our customers in relation to forwarding cost, packaging cost, exhibition cost, insurance expense as well as refund of human development resources fund ("**Back-Charged Income**") compared to the FYE 31 July 2013 of approximately RM0.56 million which comprised mainly interest income generated from fixed deposits with licensed banks of approximately RM0.24 million and Back-Charged Income of approximately RM0.29 million .

Our Group's LAT for the FYE 31 July 2014 in turn increased by 64.87% to approximately RM5.95 million from approximately RM3.61 million for the FYE 31 July 2013. Thus, the increase in LAT for the FYE 31 July 2014 was mainly due to:

(i) decreased in revenue which is insufficient to cover the operating expenses such as depreciation of property, plant and equipment of approximately RM1.68 million, rental of premises of approximately RM1.26 million and staff cost of approximately RM6.86 million;

(ii) impairment loss on goodwill of approximately RM0.41 million as a result of more prudent approach adopted by our Group on the fair value assessment of goodwill; and

(iii) impairment loss on plant and equipment of approximately RM1.00 million as a result of value in use of the plant and equipment is lower than its recoverable amount.

(ii) **FYE 31 July 2015 vs FYE 31 July 2014**

Our Group's revenue for the FYE 31 July 2015 decreased by 2.13% to approximately RM36.76 million from approximately RM37.56 million for the FYE 31 July 2014. The decrease in revenue for the FYE 31 July 2015 was mainly due to:

(i) slowdown in cathode ray tube recycling business contributed by Benchmark Vista Sdn Bhd* due to lower market demand; and

(ii) decrease in trading sales in consumable products due to competitive pricing from competitors to secure orders.

Notwithstanding the above mentioned decreased revenue, our Group's GP and GP margin increased to approximately RM5.68 million and 15.45% for FYE 31 July 2015 compared to RM5.60 million and 14.92%, respectively mainly due to lower cost of materials charged by new suppliers and tighter cost controls implemented by our Group to trim down our Group's operational costs such as utilities, upkeep of plant and machinery and packaging charges.

Other income for the FYE 31 July 2015 of approximately RM0.76 million comprised mainly bad debt recovered of approximately RM0.19 million and Back-Charged Income of approximately RM0.40 million compared to the FYE 31 July 2014 of approximately RM0.81 million which comprised mainly interest income generated from fixed deposits with licensed banks of approximately RM0.23 million and Back-Charged Income of approximately RM0.50 million.

Nevertheless, our Group's LAT increased by 34.39% to approximately RM7.99 million for the FYE 31 July 2015 from approximately RM5.95 million for the FYE 31 July 2014. The LAT increased by approximately RM2.05 million mainly due to:

(i) impairment loss on plant and machinery of approximately RM2.52 million (FYE 31 July 2014: RM1.0 million) as value in use of selected plant and machinery is lower than its recoverable amount; and

(ii) impairment loss on receivables of approximately RM0.82 million due to amount owing by receivables had exceeded the credit terms granted of up to 120 days.

Note:

* *In view of the slowdown in the business of Benchmark Vista Sdn Bhd, our Company had and as announced on 11 September 2015 entered into a shares sale agreement with Cheah Kim Tee and Norhalimah Binti Rahim to dispose 1,000,000 ordinary shares of RM1.00 each in Benchmark Vista Sdn Bhd, representing 100% of issued and paid-up share capital of Benchmark Vista Sdn Bhd for a total cash consideration of RM655,000. The said disposal was completed on 8 December 2015.*

(iii) Six (6)-month FPE 31 January 2016 vs Six (6)-month FPE 31 January 2015

Our Group's revenue for the six (6)-month FPE 31 January 2016 increased by 8.38% to approximately RM20.07 million from approximately RM18.52 million for the six (6)-month FPE 31 January 2015. The increase in revenue for the six (6)-month FPE 31 January 2016 was mainly due to:

(i) increased sales generated from the manufacturing of rubber products and baby products business contributed by Takaso Rubber Products Sdn Bhd arising from increased orders from major customers;

(ii) increased sales generated from the trading of electrical and mechanical products business contributed by Takaso Industries Pte Ltd as a result of the weakening of RM against Singapore Dollar (i.e. sales were in Singapore Dollars); and

(iii) progressive recognition of revenue from the Construction Works which commenced in April 2015.

As a result of the above mentioned increased revenue, our Group's GP and GP margin increased to approximately RM4.44 million and 22.13%, respectively for the six (6)-month FPE 31 January 2016 compared to RM3.49 million and 18.85%, respectively for the six (6)-month FPE 31 January 2015.

Other income for the six (6)-month FPE 31 January 2016 of approximately RM1.75 million comprised of unrealised gain on foreign exchange gain of approximately RM1.25 million and Back-Charged Income of approximately RM0.49 million compared to the six (6)-month FPE 31 January 2015 of approximately RM0.66 million which comprised mainly Back-Charged Income of approximately RM0.61 million.

Our Group recorded a PAT of approximately RM0.60 million in the six (6)-month FPE 31 January 2016 as compared to LAT of RM1.20 million in the six (6)-month FPE 31 January 2015 mainly attributable to the above and higher other income of approximately RM1.75 million for the six (6)-month FPE 31 January 2016 as mentioned above compared to other income of approximately RM0.66 million for the six (6)-month FPE 31 January 2015.

8. HISTORICAL PRICES OF OCR SHARES

The monthly highest and lowest transacted market prices of OCR Shares for the past twelve (12) months are as follows:

	Highest (RM)	Lowest (RM)
2015		
May	0.520	0.480
June	0.500	0.470
July	0.565	0.470
August	0.580	0.480
September	0.555	0.480
October	0.510	0.480
November	0.500	0.460
December	0.500	0.480
2016		
January	0.560	0.465
February	0.540	0.470
March	0.515	0.490
April	0.520	0.480

The last transacted market price of OCR Shares on 18 August 2015 (being the last trading date prior to the Announcement) was RM0.550.

The last transacted market price of OCR Shares on 23 May 2016 (being the LPD) was RM0.575.

The last transacted market price of OCR Shares on 10 June 2016 (being the last day on which OCR Shares were traded prior to the ex-date of the Rights Issue of ICPS with Warrants) was RM0.51.

(Source: Bloomberg Finance L.P.)

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Crowe Horwath AF 1018
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Our Ref: AUD/CSU1/CTW/NTBH

1 June 2016

The Board of Directors

O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD)
49-B, Jalan Melaka Raya 8
Taman Melaka Raya
75000 Melaka
Malaysia

Strictly Private and Confidential

Dear Sir/Madam,

O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
REPORTING ACCOUNTANTS' LETTER ON THE COMPILATION OF PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015

We have completed our assurance engagement to report on the compilation of Proforma Consolidated Statements of Financial Position of OCR and its subsidiaries (the "OCR Group") as at 31 July 2015 together with the accompanying notes thereto, (which we have stamped for the purpose of identification), which have been prepared by the Board of Directors for illustrative purposes, in relation to the renounceable rights issue of up to 735,074,052 new irredeemable convertible preference shares of RM0.05 each in OCR ("ICPS") on the basis of three (3) ICPS for every one (1) existing ordinary share of RM0.25 each in OCR ("OCR Share" or "Share") held as at 5.00 pm on 15 June 2016, together with up to 73,507,405 free detachable warrants ("Warrants") on the basis of one (1) Warrant for every ten (10) ICPS subscribed for at an issue price of RM0.05 per ICPS ("Rights Issue of ICPS with Warrants").

The Proforma Consolidated Statements of Financial Position are compiled by the Board of Directors to illustrate the impact of the event or transaction on the basis set out on Note 1 of the Proforma Consolidated Statements of Financial Position.

As part of this process, information about the financial position has been extracted by the Board of Directors from the relevant financial statements for the financial year ended 31 July 2015, on which audit reports have been published.

Crowe Horwath

DIRECTORS' RESPONSIBILITIES FOR THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The Board of Directors is solely responsible for compiling the Proforma Consolidated Statements of Financial Position on the basis set out on Note 1 of the Proforma Consolidated Statements of Financial Position.

OUR RESPONSIBILITIES

Our responsibility is to express an opinion about whether the Proforma Consolidated Statements of Financial Position have been compiled, in all material aspects, by the Board of Directors of OCR on the basis of the applicable criteria.

We conducted our work in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3420 Assurance Engagements to Report on the Compilation of Proforma Financial Information included in a Prospectus issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors have compiled, in all material respects, the proforma financial information on the basis of the applicable criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Proforma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Proforma Consolidated Statements of Financial Position.

The purpose of the Proforma Consolidated Statements of Financial Position is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Proforma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors of the Company in the compilation of Proforma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

(i) the related proforma adjustments give appropriate effect to those criteria; and

(ii) the Proforma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

Crowe Horwath.

The procedures selected depend on our judgement, having regard to our understanding of the nature of OCR, the event or transaction in respect of which the Proforma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Proforma Consolidated Statements of Financial Position.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis of our opinion.

OPINION

In our opinion, the Proforma Consolidated Statements of Financial Position have been properly compiled on the basis stated.

OTHER MATTERS

We understand that this letter is issued for the sole purpose of inclusion in the Abridged Prospectus to Shareholders in connection with the Rights Issue of ICPS with Warrants. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Chong Tuck Wai
Approval No: 3023/03/17 (J)
Chartered Accountant

O&C RESOURCES BERHAD (FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015

Initialed For Identification Purposes Only
CroweHorwath
AF 1018

MINIMUM SCENARIO

	Note	Audited as at 31.7.2015 RM	(I) Proforma I After subsequent event of OCR RM	(II) Proforma II After Proforma I and the Rights Issue of ICPS with Warrants RM	(III) Proforma III After Proforma II and assuming full conversion of ICPS RM	(IV) Proforma IV After Proforma III and assuming full exercise of Warrants 2011/2016 RM	(V) Proforma V After Proforma IV and assuming full exercise of Warrants RM
ASSETS							
NON-CURRENT ASSETS							
Property, plant and equipment		22,861,576	22,861,576	22,861,576	22,861,576	22,861,576	22,861,576
Investment property		1,995,017	1,995,017	1,995,017	1,995,017	1,995,017	1,995,017
		24,856,593	24,856,593	24,856,593	24,856,593	24,856,593	24,856,593
CURRENT ASSETS							
Inventories		5,580,592	5,580,592	5,580,592	5,580,592	5,580,592	5,580,592
Trade and other receivables		23,953,695	23,953,695	23,953,695	23,953,695	23,953,695	23,953,695
Current tax assets		29,680	29,680	29,680	29,680	29,680	29,680
Fixed deposits with licensed banks		120,000	120,000	120,000	120,000	120,000	120,000
Cash and bank balances	2	4,817,815	7,538,610	15,558,525	15,558,525	27,090,740	35,710,655
		34,501,782	37,222,577	45,242,492	45,242,492	56,774,707	65,394,622
TOTAL ASSETS		**59,358,375**	**62,079,170**	**70,099,085**	**70,099,085**	**81,631,300**	**90,251,215**

O&C RESOURCES BERHAD (FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015 (CONT'D)
MINIMUM SCENARIO (CONT'D)

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	Note	Audited as at 31.7.2015 RM	(I) Proforma I After subsequent event of OCR RM	(II) Proforma II After Proforma I and the Rights Issue of ICPS with Warrants RM	(III) Proforma III After Proforma II and assuming full conversion of ICPS RM	(IV) Proforma IV After Proforma III and assuming full exercise of Warrants 2011/2016 RM	(V) Proforma V After Proforma IV and assuming full exercise of Warrants RM
EQUITY AND LIABILITIES							
EQUITY							
Share capital	3	51,075,450	53,018,875	53,018,875	57,328,833	65,566,129	69,876,087
Warrant reserve	4	3,302,847	2,672,358	2,967,026	2,967,026	294,668	-
Share premium	5	12,941,164	14,349,023	13,749,023	18,058,980	24,026,257	28,630,882
Foreign exchange translation reserve		248,339	248,339	248,339	248,339	248,339	248,339
Irredeemable convertible preference share ("ICPS")	6	-	-	8,619,915	-	-	-
Accumulated losses	7	(19,044,619)	(19,044,619)	(19,339,287)	(19,339,287)	(19,339,287)	(19,339,287)
EQUITY TO OWNERS		48,523,181	51,243,976	59,263,891	59,263,891	70,796,106	79,416,021
Non-controlling interest		(1,291)	(1,291)	(1,291)	(1,291)	(1,291)	(1,291)
TOTAL EQUITY		48,521,890	51,242,685	59,262,600	59,262,600	70,794,815	79,414,730
NON-CURRENT LIABILITIES							
Long-term borrowings		1,124,433	1,124,433	1,124,433	1,124,433	1,124,433	1,124,433
Deferred tax liability		258,000	258,000	258,000	258,000	258,000	258,000
		1,382,433	1,382,433	1,382,433	1,382,433	1,382,433	1,382,433

O&C RESOURCES BERHAD (FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015 (CONT'D)

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MINIMUM SCENARIO (CONT'D)

	Note	Audited as at 31.7.2015 RM	(I) Proforma I After subsequent event of OCR RM	(II) Proforma II After Proforma I and the Rights Issue of ICPS with Warrants RM	(III) Proforma III After Proforma II and assuming full conversion of ICPS RM	(IV) Proforma IV After Proforma III and assuming full exercise of Warrants 2011/2016 RM	(V) Proforma V After Proforma IV and assuming full exercise of Warrants RM
CURRENT LIABILITIES							
Trade and other payables		7,355,837	7,355,837	7,355,837	7,355,837	7,355,837	7,355,837
Short-term borrowings		305,749	305,749	305,749	305,749	305,749	305,749
Provision for taxation		40,452	40,452	40,452	40,452	40,452	40,452
Bank overdrafts		1,752,014	1,752,014	1,752,014	1,752,014	1,752,014	1,752,014
		9,454,052	9,454,052	9,454,052	9,454,052	9,454,052	9,454,052
TOTAL LIABILITIES		10,836,485	10,836,485	10,836,485	10,836,485	10,836,485	10,836,485
TOTAL EQUITY AND LIABILITIES		**59,358,375**	**62,079,170**	**70,099,085**	**70,099,085**	**81,631,300**	**90,251,215**
Ratios							
Number of OCR Shares		204,301,799	212,075,499	212,075,499	229,315,329	262,264,514	279,504,344
Net assets per OCR Share (RM)		0.24	0.24	0.28	0.26	0.27	0.28
Net tangible assets per OCR Share (RM)		0.24	0.24	0.28	0.26	0.27	0.28
Total interest-bearing borrowings		3,182,196	3,182,196	3,182,196	3,182,196	3,182,196	3,182,196
Gearing (times)		0.07	0.06	0.05	0.05	0.04	0.04

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O&C RESOURCES BERHAD (FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015 (CONT'D)

MAXIMUM SCENARIO

	Note	Audited as at 31.7.2015 RM	(I) Proforma I After subsequent event of OCR RM	(II) Proforma II After Proforma I and assuming full exercise of Warrants 2011/2016 RM	(III) Proforma III After Proforma II and the Rights Issue of ICPS with Warrants RM	(IV) Proforma IV After Proforma III and assuming full conversion of ICPS RM	(V) Proforma V After Proforma IV and assuming full exercise of Warrants RM
ASSETS							
NON-CURRENT ASSETS							
Property, plant and equipment		22,861,576	22,861,576	22,861,576	22,861,576	22,861,576	22,861,576
Investment property		1,995,017	1,995,017	1,995,017	1,995,017	1,995,017	1,995,017
		24,856,593	24,856,593	24,856,593	24,856,593	24,856,593	24,856,593
CURRENT ASSETS							
Inventories		5,580,592	5,580,592	5,580,592	5,580,592	5,580,592	5,580,592
Trade and other receivables		23,953,695	23,953,695	23,953,695	23,953,695	23,953,695	23,953,695
Current tax assets		29,680	29,680	29,680	29,680	29,680	29,680
Fixed deposits with licensed banks		120,000	120,000	120,000	120,000	120,000	120,000
Cash and bank balances	2	4,817,815	7,538,610	19,070,825	55,224,528	386,007,851	422,761,554
		34,501,782	37,222,577	48,754,792	84,908,495	415,691,818	452,445,521
TOTAL ASSETS		**59,358,375**	**62,079,170**	**73,611,385**	**109,765,088**	**440,548,411**	**477,302,114**

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O&C RESOURCES BERHAD (FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015 (CONT'D)

MAXIMUM SCENARIO (CONT'D)

	Note	Audited as at 31.7.2015 RM	(I) Proforma I After subsequent event of OCR RM	(II) Proforma II After Proforma I and assuming full exercise of Warrants 2011/2016 RM	(III) Proforma III After Proforma II and the Rights Issue of ICPS with Warrants RM	(IV) Proforma IV After Proforma III and assuming full conversion of ICPS RM	(V) Proforma V After Proforma IV and assuming full exercise of Warrants RM
EQUITY AND LIABILITIES							
EQUITY							
Share capital	3	51,075,450	53,018,875	61,256,171	61,256,171	245,024,684	263,401,535
Warrant reserve	4	3,302,847	2,672,358	-	1,256,409	1,256,409	-
Share premium	5	12,941,164	14,349,023	20,316,300	19,716,300	203,484,813	223,118,074
Foreign exchange translation reserve		248,339	248,339	248,339	248,339	248,339	248,339
Irredeemable convertible preference share ("ICPS")	6	-	-	-	36,753,703	-	-
Accumulated losses	7	(19,044,619)	(19,044,619)	(19,044,619)	(20,301,028)	(20,301,028)	(20,301,028)
EQUITY TO OWNERS		48,523,181	51,243,976	62,776,191	98,929,894	429,713,217	466,466,920
Non-controlling interest		(1,291)	(1,291)	(1,291)	(1,291)	(1,291)	(1,291)
TOTAL EQUITY		48,521,890	51,242,685	62,774,900	98,928,603	429,711,926	466,465,629
NON-CURRENT LIABILITIES							
Long-term borrowings		1,124,433	1,124,433	1,124,433	1,124,433	1,124,433	1,124,433
Deferred tax liability		258,000	258,000	258,000	258,000	258,000	258,000
		1,382,433	1,382,433	1,382,433	1,382,433	1,382,433	1,382,433

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O&C RESOURCES BERHAD (FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015 (CONT'D)

MAXIMUM SCENARIO (CONT'D)

	Note	Audited as at 31.7.2015 RM	(I) Proforma I After subsequent event of OCR RM	(II) Proforma II After Proforma I and assuming full exercise of Warrants 2011/2016 RM	(III) Proforma III After Proforma II and the Rights Issue of ICPS with Warrants RM	(IV) Proforma IV After Proforma III and assuming full conversion of ICPS RM	(V) Proforma V After Proforma IV and assuming full exercise of Warrants RM
CURRENT LIABILITIES							
Trade and other payables		7,355,837	7,355,837	7,355,837	7,355,837	7,355,837	7,355,837
Short-term borrowings		305,749	305,749	305,749	305,749	305,749	305,749
Provision for taxation		40,452	40,452	40,452	40,452	40,452	40,452
Bank overdrafts		1,752,014	1,752,014	1,752,014	1,752,014	1,752,014	1,752,014
		9,454,052	9,454,052	9,454,052	9,454,052	9,454,052	9,454,052
TOTAL LIABILITIES		10,836,485	10,836,485	10,836,485	10,836,485	10,836,485	10,836,485
TOTAL EQUITY AND LIABILITIES		**59,358,375**	**62,079,170**	**73,611,385**	**109,765,088**	**440,548,411**	**477,302,114**
Ratios							
Number of OCR shares		204,301,799	212,075,499	245,024,684	245,024,684	980,098,736	1,053,606,141
Net assets per OCR Share (RM)		0.24	0.24	0.26	0.40	0.44	0.44
Net tangible assets per OCR Share (RM)		0.24	0.24	0.26	0.40	0.44	0.44
Total interest-bearing borrowings		3,182,196	3,182,196	3,182,196	3,182,196	3,182,196	3,182,196
Gearing (times)		0.07	0.06	0.05	0.03	0.01	0.01

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O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015

1. Basis Of Preparation

1.1 Proforma Consolidated Statements of Financial Position

The Proforma Consolidated Statements of Financial Position of OCR have been prepared based on the audited Consolidated Statements of Financial Position of OCR as at 31 July 2015. The Proforma Consolidated Statements of Financial Position have been prepared solely for illustrative purposes, to show the effect of the renounceable rights issue of up to 735,074,052 new irredeemable convertible preference shares of RM0.05 each in OCR ("ICPS") on the basis of three (3) ICPS for every one (1) existing ordinary share of RM0.25 each in OCR ("OCR Share" or "Share") held as at 5.00 p.m. on 15 June 2016, together with up to 73,507,405 free detachable warrants ("Warrants") on the basis of one (1) Warrant for every ten (10) ICPS subscribed for at an issue price of RM0.05 per ICPS ("Rights Issue of ICPS with Warrants").

The financial statements used in the preparation of the Proforma Consolidated Statements of Financial Position have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards in Malaysia and the auditors' report on the said financial statements was not qualified.

The Proforma Consolidated Statements of Financial Position have been prepared based on the accounting policies and bases consistent with those adopted by OCR in the preparation of its audited consolidated financial statements.

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O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015

1. Basis Of Preparation (Cont'd)

1.2 Proforma I – Subsequent event

Proforma I incorporates the effects of the significant event subsequent to the audited consolidated financial statements of OCR for the financial year ended ("FYE") 31 July 2015 up to 23 May 2016. A total of 7,773,700 new OCR Shares of RM0.25 each were allotted at an exercise price of RM0.35 each per Share for cash pursuant to the exercise of warrants 2011/2016 in OCR as constituted in the deed poll dated 26 July 2011 ("Warrant 2011/2016") by warrant holders of OCR. This exercise has an effect on its issued and paid-up share capital, net assets, net assets per share and gearing position.

1.3. Minimum Scenario

1.3(a) Proforma II – Rights Issue of ICPS with Warrants

Proforma II incorporates the effects of Proforma I and the Rights Issue of 172,398,300 ICPS at an issue price of RM0.05 per ICPS together with 17,239,830 free detachable warrants on the basis of one (1) Warrant for every ten (10) ICPS subscribed to raise gross proceeds of RM8,619,915. It also incorporates the effects of the estimated expenses of RM600,000 in relation to the corporate exercises announced on 19 August 2015 by OCR which include the Rights Issue of ICPS with Warrants ("Corporate Exercises").

The proceeds arising from the Rights Issue of ICPS with Warrants will be utilised in the following manner:

		Amount RM'000
Construction works	*	3,000
Property development	*	4,340
Staff costs	*	680
Estimated expenses in relation to the Corporate Exercises		600
Total estimated proceeds		8,620

* For illustrative purpose, the proceeds are included in cash and bank balances.

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O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015

1. Basis Of Preparation (Cont'd)

1.3. Minimum Scenario (Cont'd)

1.3(b) Proforma III – Assuming full conversion of ICPS

Proforma III incorporates the effects of Proforma II and assumes that 172,398,300 ICPS at the issue price of RM0.05 per ICPS are fully converted into 17,239,830 OCR Shares at the conversion ratio of ten (10) ICPS into one (1) new OCR Share without additional consideration by the ICPS holders.

1.3(c) Proforma IV – Assuming full exercise of Warrants 2011/2016

Proforma IV incorporates the effects of Proforma III and assumes that all 32,949,185 Warrants 2011/2016 are fully exercised into 32,949,185 OCR Shares at the exercise price of RM0.35 per Share.

1.3(d) Proforma V – Assuming full exercise of Warrants

Proforma V incorporates the effects of Proforma IV and assumes that all 17,239,830 Warrants are fully exercised into 17,239,830 OCR Shares at the exercise price of RM0.50 per Share.

1.4. Maximum Scenario

1.4(a) Proforma II – Assuming full exercise of Warrants 2011/2016

Proforma II incorporates the effects of Proforma I and assumes that all 32,949,185 Warrants 2011/2016 are fully exercised into 32,949,185 OCR Shares at the exercise price of RM0.35 per Share.

1.4(b) Proforma III – Rights Issue of ICPS with Warrants

Proforma III incorporates the effects of Proforma II and the Rights Issue of 735,074,052 ICPS at an issue price of RM0.05 per ICPS on the basis of three (3) ICPS for every one (1) existing OCR Share held, together with 73,507,405 Warrants on the basis of one (1) Warrant for every ten (10) ICPS subscribed to raise gross proceeds of RM36,753,703. It also incorporates the effects of the estimated expenses of RM600,000 in relation to the Corporate Exercises.

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O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015

1. Basis Of Preparation (Cont'd)

1.4. Maximum Scenario (Cont'd)

1.4(b) Proforma III – Rights Issue of ICPS with Warrants (Cont'd)

The proceeds arising from the Rights Issue of ICPS with Warrants will be utilised in the following manner:

		Amount RM'000
Construction works	*	3,000
Property development	*	32,474
Staff costs	*	680
Estimated expenses in relation to the Corporate Exercises		600
Total estimated proceeds		36,754

* For illustrative purposes, the proceeds are included in cash and bank balances.

1.4(c) Proforma IV – Assuming full conversion of ICPS

Proforma IV incorporates the effects of Proforma III and assumes that 735,074,052 ICPS are fully converted into 735,074,052 OCR Shares at the conversion ratio of one (1) ICPS and RM0.45 in cash for one (1) new OCR Share.

1.4(d) Proforma V – Assuming full exercise of Warrants

Proforma V incorporates the effects of Proforma IV and assumes that 73,507,405 Warrants are fully exercised into 73,507,405 OCR Shares at the exercise price of RM0.50 per Share.

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O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015

2. Cash and bank balances

The movements in the cash and bank balances of OCR are as follows:

Minimum Scenario

	Amount RM
As at 31 July 2015 (audited)	4,817,815
Proceeds from exercise of Warrants 2011/2016	2,720,795
As per Proforma I	7,538,610
Proceeds from Rights Issue of ICPS with Warrants	8,619,915
Estimated expenses relating to the Corporate Exercises *	(600,000)
As per Proforma II/III	15,558,525
Proceeds from assuming full exercise of Warrants 2011/2016	11,532,215
As per Proforma IV	27,090,740
Proceeds from assuming full exercise of Warrants	8,619,915
As per Proforma V	35,710,655

* The estimated expenses related to the Corporate Exercises of RM600,000 will be written off against the share premium account under Section 60 of the Companies Act, 1965.

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O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015

2. Cash and bank balances (Cont'd)

Maximum Scenario

	Amount RM
As at 31 July 2015 (audited)	4,817,815
Proceeds from exercise of Warrants 2011/2016	2,720,795
As per Proforma I	7,538,610
Proceeds from assuming full exercise of Warrants 2011/2016	11,532,215
As per Proforma II	19,070,825
Proceeds from Rights Issue of ICPS with Warrants	36,753,703
Estimated expenses relating to the Corporate Exercises *	(600,000)
As per Proforma III	55,224,528
Proceeds from assuming full conversion of ICPS	330,783,323
As per Proforma IV	386,007,851
Proceeds from assuming full exercise of Warrants	36,753,703
As per Proforma V	422,761,554

* The estimated expenses related to the Corporate Exercises of RM600,000 will be written off against the share premium account under Section 60 of the Companies Act, 1965.

O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015

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3. Share Capital

The movements in the issued and paid-up share capital of OCR are as follows:

Minimum Scenario

	Number of Ordinary Shares	Amount RM
As at 31 July 2015 (audited)	204,301,799	51,075,450
New shares issued from the exercise of Warrant 2011/2016	7,773,700	1,943,425
As per Proforma I/II	212,075,499	53,018,875
Assuming full conversion of ICPS	17,239,830	4,309,958
As per Proforma III	229,315,329	57,328,833
Assuming full exercise of Warrants 2011/2016	32,949,185	8,237,296
As per Proforma IV	262,264,514	65,566,129
Assuming full exercise of Warrants	17,239,830	4,309,958
As per Proforma V	279,504,344	69,876,087

Maximum Scenario

	Number of Ordinary Shares	Amount RM
As at 31 July 2015 (audited)	204,301,799	51,075,450
New shares issued from the exercise of Warrant 2011/2016	7,773,700	1,943,425
As per Proforma I	212,075,499	53,018,875
Assuming full exercise of Warrants 2011/2016	32,949,185	8,237,296
As per Proforma II/III	245,024,684	61,256,171
Assuming full conversion of ICPS	735,074,052	183,768,513
As per Proforma IV	980,098,736	245,024,684
Assuming full exercise of Warrants	73,507,405	18,376,851
As per Proforma V	1,053,606,141	263,401,535

O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015

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4. Warrant Reserve

Minimum Scenario

	Number of Warrants	Amount RM
As at 31 July 2015 (audited)	40,722,885	3,302,847
Exercised	(7,773,700)	(630,489)
As per Proforma I	32,949,185	2,672,358
Arising from Rights Issue of ICPS with Warrants	17,239,830	294,668
As per Proforma II/III	50,189,015	2,967,026
Assuming full exercise of Warrants 2011/2016	(32,949,185)	(2,672,358)
As per Proforma IV	17,239,830	294,668
Assuming full exercise of Warrants	(17,239,830)	(294,668)
As per Proforma V	-	-

Maximum Scenario

	Number of Warrants	Amount RM
As at 31 July 2015 (audited)	40,722,885	3,302,847
Exercised	(7,773,700)	(630,489)
As per Proforma I	32,949,185	2,672,358
Assuming full exercise of Warrants 2011/2016	(32,949,185)	(2,672,358)
As per Proforma II	-	-
Arising from Rights Issue of ICPS with Warrants	73,507,405	1,256,409
As per Proforma III/IV	73,507,405	1,256,409
Assuming full exercise of Warrants	(73,507,405)	(1,256,409)
As per Proforma V	-	-

The allocated fair value of Warrants that is credited to a warrant reserve is non-distributable. Warrant reserve is transferred to the share premium account upon the exercise of Warrants.

The value of the Warrants is based on the relative fair values of the ordinary shares by reference to the critical assumptions comprising:-

Theoretical ex-all price of OCR Share	: RM0.5523
Exercise price	: RM0.50
Assumed expiry date	: 22 May 2021
Volatility	: Historical volatility of last past 365 days up to 23 May 2016 was 45.412%
Dividend	: Nil

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O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015

5. Share Premium

Minimum Scenario

	Amount RM
As at 31 July 2015 (audited)	12,941,164
Arising from issuance of new shares from the exercise of Warrants 2011/2016	777,370
Arising from exercise of Warrants 2011/2016	630,489
As per Proforma I	14,349,023
Estimated expenses relating to the Corporate Exercises *	(600,000)
As per Proforma II	13,749,023
Assuming full conversion of ICPS	4,309,957
As per Proforma III	18,058,980
Assuming full exercise of Warrants 2011/2016	2,672,358
Assuming issuance of new shares on full exercise of Warrants 2011/2016	3,294,919
As per Proforma IV	24,026,257
Assuming full exercise of Warrants	294,668
Assuming issuance of new shares on full exercise of Warrants	4,309,957
As per Proforma V	28,630,882

* The estimated expenses related to the Corporate Exercises of RM600,000 will be written off against the share premium account under Section 60 of the Companies Act, 1965.

O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015

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5. Share Premium (Cont'd)

Maximum Scenario

	Amount RM
As at 31 July 2015 (audited)	12,941,164
Arising from issuance of new shares from the exercise of Warrants 2011/2016	777,370
Arising from exercise of Warrants 2011/2016	630,489
As per Proforma I	14,349,023
Assuming full exercise of Warrants 2011/2016	2,672,358
Assuming issuance of new shares on full exercise of Warrants 2011/2016	3,294,919
As per Proforma II	20,316,300
Estimated expenses relating to the Corporate Exercises *	(600,000)
As per Proforma III	19,716,300
Assuming full conversion of ICPS	183,768,513
As per Proforma IV	203,484,813
Assuming full exercise of Warrants	1,256,409
Assuming issuance of new shares on full exercise of Warrants	18,376,852
As per Proforma V	223,118,074

* The estimated expenses related to the Corporate Exercises of RM600,000 will be written off against the share premium account under Section 60 of the Companies Act, 1965.

6. ICPS

Minimum Scenario

	Number of ICPS	Amount RM
As at 31 July 2015 (audited)/ As per Proforma I	-	-
Arising from issuance of ICPS	172,398,300	8,619,915
As per Proforma II	172,398,300	8,619,915
Assuming full conversion of ICPS	(172,398,300)	(8,619,915)
As per Proforma III/IV/V	-	-

O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015

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6. ICPS (Cont'd)

Maximum Scenario

	Number of ICPS	Amount RM
As at 31 July 2015 (audited)/As per Proforma I/II	-	-
Arising from issuance of ICPS	735,074,052	36,753,703
As per Proforma III	735,074,052	36,753,703
Assuming full conversion of ICPS	(735,074,052)	(36,753,703)
As per Proforma IV/V	-	-

7. Accumulated Losses

Minimum Scenario

	Amount RM
As at 31 July 2015 (audited)/As per Proforma I	(19,044,619)
Arising from Rights Issue of ICPS with Warrants	(294,668)
As per Proforma II/III/IV/IV	(19,339,287)

Maximum Scenario

	Amount RM
As at 31 July 2015 (audited)/As per Proforma I/II	(19,044,619)
Arising from Rights Issue of ICPS with Warrants	(1,256,409)
As per Proforma III/IV/IV	(20,301,028)

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O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD) ("OCR")
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015

APPROVED AND ADOPTED ON BEHALF OF THE BOARD

Ong Kah Hoe
Executive Director

Yong Mong Huay
Executive Director

ATTESTED COPY

CERTIFIED TRUE COPY

CHONG TUCK WAI
Partner
Crowe Horwath AF 1018
Chartered Accountants

O&C RESOURCES BERHAD

(Formerly known as Takaso Resources Berhad)
(Incorporated in Malaysia)
Company No : 440503 - K

FINANCIAL REPORT

for the financial year ended 31 July 2015

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O&C RESOURCES BERHAD

(Formerly known as Takaso Resources Berhad)
(Incorporated in Malaysia)
Company No : 440503 - K

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 July 2015.

CHANGE OF NAME

The Company has changed its name from Takaso Resources Berhad to O&C Resources Berhad on 1 October 2015.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	THE GROUP RM	THE COMPANY RM
Loss after taxation for the financial year	(7,992,196)	(7,265,084)
Attributable to:-		
Owners of the Company	(7,990,875)	(7,265,084)
Non-controlling interest	(1,321)	-
	(7,992,196)	(7,265,084)

DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

O&C RESOURCES BERHAD

(Formerly known as Takaso Resources Berhad)
(Incorporated in Malaysia)
Company No : 440503 - K

DIRECTORS' REPORT

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the authorised share capital of the Company;

(b) the Company increased its issued and paid-up ordinary shares from RM40,186,950 to RM51,075,450 by:

(i) the issuance of 9,956,600 new ordinary shares of RM0.25 each at an issue price of RM0.25 per share pursuant to the Company's Share Issuance Scheme ("SIS"). The new ordinary shares were issued for cash consideration;

(ii) the issuance of 15,697,400 new ordinary shares of RM0.25 each resulting from the conversion of Warrants B at the exercise price of RM0.35 per share. The new ordinary shares were issued for cash consideration; and

(iii) the issuance of 17,900,000 new ordinary shares of RM0.25 each at an issue price of RM0.514 per share pursuant to private placement. The new ordinary shares were issued for cash consideration.

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

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of share options granted pursuant to the SIS.

The Company's SIS is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 27 June 2012, and the SIS was implemented on 30 August 2012 and will be in force for a period of 5 years from the effective date. The share options will expire on 29 August 2017.

The salient features of the SIS are as follows:

(a) The SIS is administered by a committee appointed by the Board of Directors.

O&C RESOURCES BERHAD

(Formerly known as Takaso Resources Berhad)
(Incorporated in Malaysia)
Company No : 440503 - K

DIRECTORS' REPORT

OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

The salient features of the SIS are as follows: (Cont'd)

(b) The aggregate number of SIS options offered and to be offered shall not in aggregate exceed fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares, if any) at any point of time during the duration of the SIS. Furthermore, the allocation of SIS options to the directors and senior management of the Group shall not, in aggregate, exceed fifty percent (50%) of the new shares available under the SIS. In addition, not more than ten percent (10%) of the new shares available under the SIS shall be allocated to any individual eligible person who, either singly or collectively through persons connected with such person, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company (excluding treasury shares, if any).

(c) Any employee of the Group shall be eligible to participate in the SIS as at the date of offer:

  (i) the employee is at least eighteen (18) years of age; and

  (ii) is employed full time by and on the payroll and employment has been confirmed by any company in the Group.

(d) Any director of the Group shall be eligible to participate in the SIS if as at the date of offer:

  (i) the director is at least eighteen (18) years of age;

  (ii) the director is a director named in the register of directors of the Group; and

  (iii) specific allocation of new shares to the director of the Company under SIS must have been approved by the shareholders of the Company in a general meeting and is not prohibited or disallowed by the relevant authorities or laws from participating in the SIS.

(e) The SIS option price for each share shall be determined by the Board of the Company based on the five (5) days volume weighted average market price of the shares of the Company immediately preceding the date of offer, with a discount of not more than ten percent (10%) or such other percentage of discount as maybe permitted by Bursa Malaysia Securities Berhad or any other relevant authorities from time to time during the duration of the SIS; or at the par value of the shares, whichever is the higher.

(f) The new shares to be allotted and issued upon the exercise of any SIS options granted will, upon allotment, issuance and full payment, rank pari passu in all respects with the then existing issued and paid-up shares of the Company, save and except that the new shares so allotted and issued will not be entitled to any dividends, rights, allotments or other distributions, which may be declared, made or paid, the entitlement date of which precedes the date of allotment and issuance of such new shares. The new shares will be subjected to the provisions of the Articles of Association of the Company. The SIS options shall not carry any rights to vote at any general meeting of the Company.

O&C RESOURCES BERHAD

(Formerly known as Takaso Resources Berhad)
(Incorporated in Malaysia)
Company No : 440503 - K

DIRECTORS' REPORT

OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

The SIS options offered to take up unissued ordinary shares of RM0.25 each and the exercise price is as follows:

		NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM0.25 EACH			
DATE OF OFFER	EXERCISE PRICE RM	AT 1.8.2014	GRANTED	EXERCISED	AT 31.7.2015
23 January 2013	0.25	6,145,600	-	(6,145,600)	-
24 October 2013	0.25	3,811,000	-	(3,811,000)	-
		9,956,600	-	(9,956,600)	-

WARRANTS 2011/2016

Pursuant to a Deed Poll dated 26 July 2011 ("Deed Poll"), the Company issued 56,420,285 warrants ("Warrants B") in conjunction with the issue of 94,033,811 renounceable rights issue at a nominal value of RM0.25 in 2011.

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

(a) Each Warrant B entitles the registered holder to subscribe for one ordinary share at an exercise price of RM0.35 per ordinary share;

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

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

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

   (ii) in any other case, every Warrant B holder will be entitled to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the exercise rights represented by that Warrant B to the extent specified in the exercise forms and be entitled to receive out of the assets of the Company which would be available in liquidation if he had on such date been the holder of the new ordinary shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company will give effect to such election accordingly.

O&C RESOURCES BERHAD

(Formerly known as Takaso Resources Berhad)
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DIRECTORS' REPORT

WARRANTS 2011/2016 (CONT'D)

The salient features of the Warrants B as stated in the Deed Poll are as follows (Cont'd):

(d) The exercise period is approximately 5 years from the date of issue expiring on 4 September 2016; and

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

The Warrants B were granted for listing and quotation with effect from 13 September 2011.

There were a total of 15,697,400 Warrants B being exercised during the financial year ended 31 July 2015. As at 31 July 2015, 40,722,885 Warrants B have yet to be exercised.

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

O&C RESOURCES BERHAD

(Formerly known as Takaso Resources Berhad)
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DIRECTORS' REPORT

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 33 to the financial statements. At the date of this report, there does not exist:-

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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

O&C RESOURCES BERHAD

(Formerly known as Takaso Resources Berhad)
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DIRECTORS' REPORT

DIRECTORS

The directors who served since the date of the last report are as follows:-

TEE TZE CHERN, JP
ONG KAH HOE (APPOINTED ON 14.11.2014)
YONG MONG HUAY
TUNKU MAKHLAD BIN TUNKU MOHAMED JAMIL
TAN OOI JIN
AHMAD RUSLAN ZAHARI BIN ZAKARIA
TUNKU AZUDINSHAH IBNI TUNKU ANNUAR (APPOINTED ON 14.8.2015)
ABDULLAH BIN ABDUL RAHMAN (APPOINTED ON 14.8.2015)

DIRECTORS' INTERESTS

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

	NUMBER OF ORDINARY SHARES OF RM0.25 EACH			
	AT 1.8.2014	BOUGHT	SOLD	AT 31.7.2015
DIRECT INTERESTS IN THE COMPANY				
TEE TZE CHERN, JP	88	2,034,400	(2,034,400)	88
ONG KAH HOE	-	23,807,300	(7,720,000)	16,087,300
INDIRECT INTERESTS IN THE COMPANY				
TEE TZE CHERN, JP#	25,000,000	5,341,300	(800,000)	29,541,300
ONG KAH HOE*	-	46,818,800	(5,440,000)	41,378,800

	NUMBER OF WARRANTS 2011/2016			
	AT 1.8.2014	BOUGHT	SOLD	AT 31.7.2015
INDIRECT INTERESTS IN THE COMPANY				
TEE TZE CHERN, JP#	90	-	-	90
ONG KAH HOE ^	-	650,000	-	650,000

\# *Deemed interested by virtue of his direct substantial shareholding in Nextplus Fortune Sdn. Bhd., which ceased to be a substantial shareholder of the Company in August 2015.*

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

^ *Deemed interested via his father's shareholdings in the Company.*

O&C RESOURCES BERHAD

(Formerly known as Takaso Resources Berhad)
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DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D)

	NUMBER OF ORDINARY SHARES OF RM0.25 EACH UNDER OPTION			
	AT 1.8.2014	GRANTED	EXERCISED	AT 31.7.2015
SHARE OPTIONS OF THE COMPANY				
TEE TZE CHERN, JP	2,034,400	-	(2,034,400)	-
YONG MONG HUAY	2,034,400	-	(2,034,400)	-
TAN OOI JIN	668,000	-	(668,000)	-

By virtue of his shareholding in the Company, Ong Kah Hoe is deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 6A of the Companies Act 1965.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 31 to the financial statements.

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 36 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 37 to the financial statements.

O&C RESOURCES BERHAD

(Formerly known as Takaso Resources Berhad)
(Incorporated in Malaysia)
Company No : 440503 - K

DIRECTORS' REPORT

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 27 OCTOBER 2015

Tee Tze Chern, JP

Ong Kah Hoe

O&C RESOURCES BERHAD

(Formerly known as Takaso Resources Berhad)
(Incorporated in Malaysia)
Company No : 440503 - K

STATEMENT BY DIRECTORS

We, Tee Tze Chern, JP and Ong Kah Hoe, being two of the directors of O&C Resources Berhad (formerly known as Takaso Resources Berhad), state that, in the opinion of the directors, the financial statements set out on pages 14 to 112 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 July 2015 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 38, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 27 OCTOBER 2015

Tee Tze Chern, JP

Ong Kah Hoe

STATUTORY DECLARATION

I, Tang Fook Choy, I/C No. 760820-14-5283, being the officer primarily responsible for the financial management of O&C Resources Berhad (formerly known as Takaso Resources Berhad), do solemnly and sincerely declare that the financial statements set out on pages 14 to 112 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Tang Fook Choy, I/C No. 760820-14-5283,
at Kuala Lumpur
on this 27 October 2015

PESURUHJAYA SUMPAH
No. W - 275
Datin Hajah Raihela Wanchik
MALAYSIA

Tang Fook Choy

Before me

Rabin & Associates
C-12-5
Blok C, Ting. 12 Unit 5
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel: 012-3008300

Crowe Horwath.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
O&C RESOURCES BERHAD

(Formerly known as Takaso Resources Berhad)
(Incorporated in Malaysia)
Company No : 440503 - K

Report on the Financial Statements

We have audited the financial statements of O&C Resources Berhad (formerly known as Takaso Resources Berhad), which comprise the statements of financial position as at 31 July 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 14 to 112.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Crowe Horwath.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
O&C RESOURCES BERHAD (CONT'D)

(Formerly known as Takaso Resources Berhad)
(Incorporated in Malaysia)
Company No : 440503 - K

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 July 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' report of the subsidiaries of which we have not acted as auditors, which is indicated in Note 6 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 38 on page 113 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Crowe Horwath™

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
O&C RESOURCES BERHAD (CONT'D)

(Formerly known as Takaso Resources Berhad)
(Incorporated in Malaysia)
Company No : 440503 - K

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Chong Tuck Wai
Approval No: 3023/03/17(J)
Chartered Accountant

27 October 2015

Kuala Lumpur

O&C RESOURCES BERHAD

(Formerly known as Takaso Resources Berhad)
(Incorporated in Malaysia)
Company No: 440503 - K

STATEMENTS OF FINANCIAL POSITION AT 31 JULY 2015

		THE GROUP		THE COMPANY	
	NOTE	2015 RM	2014 RM	2015 RM	2014 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	11,437,730	15,805,656
Property, plant and equipment	7	22,861,576	22,131,322	324,414	1
Investment property	8	1,995,017	2,036,364	1,995,017	2,036,364
Amount owing by a subsidiary	9	-	-	7,000,000	7,000,000
		24,856,593	24,167,686	20,757,161	24,842,021
CURRENT ASSETS					
Inventories	10	5,580,592	7,132,494	-	-
Trade and other receivables	11	23,953,695	11,951,711	32,374,178	19,465,206
Current tax assets		29,680	102,209	-	-
Fixed deposits with licensed banks	12	120,000	4,244,237	-	-
Cash and bank balances		4,817,815	2,811,278	1,663,995	656,498
		34,501,782	26,241,929	34,038,173	20,121,704
TOTAL ASSETS		59,358,375	50,409,615	54,795,334	44,963,725
EQUITY AND LIABILITIES					
EQUITY					
Share capital	13	51,075,450	40,186,950	51,075,450	40,186,950
Reserves	14	(2,552,269)	(1,102,321)	2,897,092	3,965,718
Equity attributable to owners of the Company		48,523,181	39,084,629	53,972,542	44,152,668
Non-controlling interest		(1,291)	-	-	-
TOTAL EQUITY		48,521,890	39,084,629	53,972,542	44,152,668
NON-CURRENT LIABILITIES					
Long-term borrowings	15	1,124,433	1,311,944	613,693	679,431
Deferred tax liability	18	258,000	258,000	-	-
		1,382,433	1,569,944	613,693	679,431
CURRENT LIABILITIES					
Trade and other payables	19	7,355,837	6,510,054	140,713	64,601
Short-term borrowings	20	305,749	412,528	68,386	67,025
Provision for taxation		40,452	57,181	-	-
Bank overdrafts	21	1,752,014	2,775,279	-	-
		9,454,052	9,755,042	209,099	131,626
TOTAL LIABILITIES		10,836,485	11,324,986	822,792	811,057
TOTAL EQUITY AND LIABILITIES		59,358,375	50,409,615	54,795,334	44,963,725

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

O&C RESOURCES BERHAD

(Formerly known as Takaso Resources Berhad)
(Incorporated in Malaysia)
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STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

		THE GROUP		THE COMPANY	
	NOTE	2015 RM	2014 RM	2015 RM	2014 RM
REVENUE	22	36,762,894	37,562,970	-	-
COST OF SALES		(31,083,794)	(31,959,826)	-	-
GROSS PROFIT		5,679,100	5,603,144	-	-
OTHER INCOME		758,007	809,689	60,002	133,333
		6,437,107	6,412,833	60,002	133,333
SELLING AND DISTRIBUTION EXPENSES		(1,082,530)	(1,098,436)	-	-
ADMINISTRATIVE EXPENSES		(8,967,960)	(8,794,155)	(1,614,103)	(978,014)
OTHER EXPENSES		(4,079,485)	(1,808,646)	(5,675,397)	(712,327)
FINANCE COSTS		(267,527)	(446,949)	(35,583)	(29,748)
LOSS BEFORE TAXATION	23	(7,960,395)	(5,735,353)	(7,265,081)	(1,586,756)
INCOME TAX EXPENSE	24	(31,801)	(211,491)	(3)	-
LOSS AFTER TAXATION		(7,992,196)	(5,946,844)	(7,265,084)	(1,586,756)
OTHER COMPREHENSIVE INCOME/(EXPENSES), NET OF TAX					
Items that may be classified subsequently to profit or loss					
- Foreign currency translation		344,469	(132,264)	-	-
		344,469	(132,264)	-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		(7,647,727)	(6,079,108)	(7,265,084)	(1,586,756)

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

O&C RESOURCES BERHAD

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STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 JULY 2015 (CONT'D)

		THE GROUP		THE COMPANY	
	NOTE	2015 RM	2014 RM	2015 RM	2014 RM
LOSS AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(7,990,875)	(5,946,844)	(7,265,084)	(1,586,756)
Non-controlling interest		(1,321)	-	-	-
		(7,992,196)	(5,946,844)	(7,265,084)	(1,586,756)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:-					
Owners of the Company		(7,646,406)	(6,079,108)	(7,265,084)	(1,586,756)
Non-controlling interest		(1,321)	-	-	-
		(7,647,727)	(6,079,108)	(7,265,084)	(1,586,756)
LOSS PER SHARE (SEN)					
- Basic	25	(4.20)	(3.77)		
- Diluted		Not Applicable	Not Applicable		

O&C RESOURCES BERHAD

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(Incorporated in Malaysia)
Company No: 440503 - K

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

		<—— NON-DISTRIBUTABLE ——>					DISTRIBUTABLE			
THE GROUP	NOTE	SHARE CAPITAL RM	WARRANT RESERVE RM	SHARE PREMIUM RM	FOREIGN EXCHANGE TRANSLATION RESERVE RM	SHARE ISSUANCE SCHEME RESERVE RM	ACCUMULATED LOSSES RM	ATTRIBUTABLE TO OWNERS OF THE COMPANY RM	NON-CONTROLLING INTEREST RM	TOTAL EQUITY RM
Balance at 1.8.2013		37,185,950	4,575,992	3,884,561	36,134	1,400,000	(5,106,900)	41,975,737	-	41,975,737
Loss after taxation for the financial year		-	-	-	-	-	(5,946,844)	(5,946,844)	-	(5,946,844)
Other comprehensive expenses for the financial year, net of tax:										
- Foreign currency translation		-	-	-	(132,264)	-	-	(132,264)	-	(132,264)
Total comprehensive expenses for the financial year		-	-	-	(132,264)	-	(5,946,844)	(6,079,108)	-	(6,079,108)
Contributions by and distributions to owners of the Company:										
- Share-based compensation pursuant to SIS		-	-	-	-	187,000	-	187,000	-	187,000
- Issuance of ordinary shares pursuant to exercise of SIS	13	3,001,000	-	-	-	-	-	3,001,000	-	3,001,000
Transfer of share premium for SIS exercised	14	-	-	722,699	-	(722,699)	-	-	-	-
Balance at 31.7.2014/Balance carried forward		40,186,950	4,575,992	4,607,260	(96,130)	864,301	(11,053,744)	39,084,629	-	39,084,629

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

O&C RESOURCES BERHAD

(Formerly known as Takaso Resources Berhad)
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Company No: 440503 - K

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2015 (CONT'D)

		<— NON-DISTRIBUTABLE —>					DISTRIBUTABLE			
THE GROUP	NOTE	SHARE CAPITAL RM	WARRANT RESERVE RM	SHARE PREMIUM RM	FOREIGN EXCHANGE TRANSLATION RESERVE RM	SHARE ISSUANCE SCHEME RESERVE RM	ACCUMULATED LOSSES RM	ATTRIBUTABLE TO OWNERS OF THE COMPANY RM	NON-CONTROLLING INTEREST RM	TOTAL EQUITY RM
Balance at 1.8.2014/Balance brought forward		40,186,950	4,575,992	4,607,260	(96,130)	864,301	(11,053,744)	39,084,629	-	39,084,629
Loss after taxation for the financial year		-	-	-	-	-	(7,990,875)	(7,990,875)	(1,321)	(7,992,196)
Other comprehensive income for the financial year, net of tax: - Foreign currency translation		-	-	-	344,469	-	-	344,469	-	344,469
Total comprehensive expenses for the financial year		-	-	-	344,469	-	(7,990,875)	(7,646,406)	(1,321)	(7,647,727)
Balance carried forward		40,186,950	4,575,992	4,607,260	248,339	864,301	(19,044,619)	31,438,223	(1,321)	31,436,902

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

O&C RESOURCES BERHAD

(Formerly known as Takaso Resources Berhad)
(Incorporated in Malaysia)
Company No: 440503 - K

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2015 (CONT'D)

		<—— NON-DISTRIBUTABLE ——>					DISTRIBUTABLE			
THE GROUP	NOTE	SHARE CAPITAL RM	WARRANT RESERVE RM	SHARE PREMIUM RM	FOREIGN EXCHANGE TRANSLATION RESERVE RM	SHARE ISSUANCE SCHEME RESERVE RM	ACCUMULATED LOSSES RM	ATTRIBUTABLE TO OWNERS OF THE COMPANY RM	NON-CONTROLLING INTEREST RM	TOTAL EQUITY RM
Balance brought forward		40,186,950	4,575,992	4,607,260	248,339	864,301	(19,044,619)	31,438,223	(1,321)	31,436,902
Contributions by and distributions to owners of the Company:										
- Acquisition of a subsidiary		-	-	-	-	-	-	-	30	30
- Issuance of ordinary shares pursuant to exercise of SIS	13	2,489,150	-	-	-	-	-	2,489,150	-	2,489,150
- Issuance of ordinary shares pursuant to exercise of Warrants B	13	3,924,350	-	1,569,740	-	-	-	5,494,090	-	5,494,090
- Issuance of ordinary shares pursuant to private placement	13	4,475,000	-	4,725,600	-	-	-	9,200,600	-	9,200,600
- Expenses incurred for private placement	14	-	-	(98,882)	-	-	-	(98,882)	-	(98,882)
Transfer of share premium for:										
- SIS exercised	14	-	-	864,301	-	(864,301)	-	-	-	-
- Warrants B exercised	14	-	(1,273,145)	1,273,145	-	-	-	-	-	-
Balance at 31.7.2015		51,075,450	3,302,847	12,941,164	248,339	-	(19,044,619)	48,523,181	(1,291)	48,521,890

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O&C RESOURCES BERHAD

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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2015 (CONT'D)

		<—Non-distributable—>				Distributable	
	Note	Share Capital RM	Warrant Reserve RM	Share Premium RM	Share Issuance Scheme Reserve RM	Accumulated Losses RM	Total Equity RM
The Company							
Balance at 1.8.2013		37,185,950	4,575,992	3,884,561	1,400,000	(4,495,079)	42,551,424
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	-	(1,586,756)	(1,586,756)
Contributions by and distributions to owners of the Company:							
- Share-based compensation pursuant to SIS		-	-	-	187,000	-	187,000
- Issuance of ordinary shares pursuant to exercise of SIS	13	3,001,000	-	-	-	-	3,001,000
Transfer of share premium for SIS exercised		-	-	722,699	(722,699)	-	-
Balance at 31.7.2014/1.8.2014		40,186,950	4,575,992	4,607,260	864,301	(6,081,835)	44,152,668
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	-	(7,265,084)	(7,265,084)
Contributions by and distributions to owners of the Company:							
- Issuance of ordinary shares pursuant to exercise of SIS	13	2,489,150	-	-	-	-	2,489,150
- Issuance of ordinary shares pursuant to exercise of Warrants B	13	3,924,350	-	1,569,740	-	-	5,494,090
- Issuance of ordinary shares pursuant to private placement	13	4,475,000	-	4,725,600	-	-	9,200,600
- Expenses incurred for private placement	14	-	-	(98,882)	-	-	(98,882)
Transfer of share premium for:							
- SIS exercised	14	-	-	864,301	(864,301)	-	-
- Warrants B exercised	14	-	(1,273,145)	1,273,145	-	-	-
Balance at 31.7.2015		51,075,450	3,302,847	12,941,164	-	(13,346,919)	53,972,542

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

O&C RESOURCES BERHAD

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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

		THE GROUP		THE COMPANY	
	NOTE	2015 RM	2014 RM	2015 RM	2014 RM
CASH FLOWS FOR OPERATING ACTIVITIES					
Loss before taxation		(7,960,395)	(5,735,353)	(7,265,081)	(1,586,756)
Adjustments for:-					
Bad debts written off		1,129	11,868	-	-
Compensation for SIS		-	187,000	-	-
Deposit written off		200,000	-	-	-
Depreciation of:					
- investment property		41,347	31,011	41,347	31,011
- property, plant and equipment		1,849,415	1,681,547	11,997	202
Impairment losses on:					
- amount owing by subsidiaries		-	-	1,350,000	-
- goodwill		-	406,711	-	-
- investments in subsidiaries		-	-	4,368,000	638,000
- plant and equipment		2,524,984	1,000,000	-	-
- trade receivables		826,298	-	-	-
Interest expense		267,527	446,949	35,583	29,748
Inventories written off		-	132,417	-	-
Loss on disposal of plant and equipment		104,307	3,596	-	-
Plant and equipment written off		91,355	35,340	-	-
Unrealised (gain)/loss on foreign exchange		(10,766)	1,520	(95,948)	43,114
Bad debts recovered		(191,142)	(21,155)	-	-
Interest income		(73,071)	(229,432)	-	(92,024)
Reversal of impairment loss on receivables		-	(17,465)	-	-
Operating loss before working capital changes		(2,329,012)	(2,065,446)	(1,554,102)	(936,705)
Inventories		1,551,902	(575,099)	-	-
Receivables		(12,838,269)	(512,740)	(5,070,605)	205,521
Payables		1,035,798	(446,446)	74,112	14,608
CASH FOR OPERATIONS		(12,579,581)	(3,599,731)	(6,550,595)	(716,576)
Net tax refunded/(paid)		23,999	(130,860)	(3)	-
NET CASH FOR OPERATING ACTIVITIES		(12,555,582)	(3,730,591)	(6,550,598)	(716,576)

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

O&C RESOURCES BERHAD

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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2015 (CONT'D)

		THE GROUP		THE COMPANY	
	NOTE	2015 RM	2014 RM	2015 RM	2014 RM
CASH FLOWS FOR INVESTING ACTIVITIES					
Acquisition of subsidiaries	6	30	-	(74)	-
Additional investment in subsidiaries	6	-	-	-	(3,515,000)
Interest received		73,071	229,432	-	92,024
Advances to subsidiaries		-	-	(9,428,829)	(1,096,669)
Proceeds from disposal of plant and equipment		109,825	8,374	-	-
Purchase of:					
- investment property	27	-	(1,267,375)	-	(1,267,375)
- property, plant and equipment	28	(5,021,455)	(3,569,185)	-	-
NET CASH FOR INVESTING ACTIVITIES		(4,838,529)	(4,598,754)	(9,428,903)	(5,787,020)

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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2015 (CONT'D)

		THE GROUP		THE COMPANY	
	NOTE	2015 RM	2014 RM	2015 RM	2014 RM
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Interest paid		(267,527)	(446,949)	(35,583)	(29,748)
Proceeds from issuance of ordinary shares pursuant to:					
- exercise of SIS		2,489,150	3,001,000	2,489,150	3,001,000
- exercise of Warrants B		5,494,090	-	5,494,090	-
- private placement		9,200,600	-	9,200,600	-
Expenses incurred for private placement		(98,882)	-	(98,882)	-
(Repayment to)/Advances from directors		(190,015)	142,175	2,000	(6,300)
Repayment of:					
- bankers' acceptances		(137,000)	(3,363,000)	-	-
- hire purchase		(92,913)	(162,383)	-	-
- term loans		(64,377)	(65,945)	(64,377)	(53,544)
Placement of fixed deposit pledged with licensed banks		(120,000)	-	-	-
NET CASH FROM /(FOR) FINANCING ACTIVITIES		16,213,126	(895,102)	16,986,998	2,911,408
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,180,985)	(9,224,447)	1,007,497	(3,592,188)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		(33,450)	(1,958)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		4,280,236	13,506,641	656,498	4,248,686
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	29	3,065,801	4,280,236	1,663,995	656,498

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

O&C RESOURCES BERHAD

(Formerly known as Takaso Resources Berhad)
(Incorporated in Malaysia)
Company No: 440503 - K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal of business are as follows:-

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 27 October 2015.

2. CHANGE OF NAME

The Company has changed its name from Takaso Resources Berhad to O&C Resources Berhad on 1 October 2015.

3. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

4. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

4. BASIS OF PREPARATION (CONT'D)

(a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

MFRSs and IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities

Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets

Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21 Levies

Annual Improvements to MFRSs 2010 – 2012 Cycle

Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

4. BASIS OF PREPARATION (CONT'D)

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

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

4. BASIS OF PREPARATION (CONT'D)

(b) The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. The Group is currently assessing the financial impact of adopting MFRS 9.

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

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NOTES TO THE FINANCIAL STATEMENTS
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5. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Classification between Investment Properties and Owner-occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates and Judgements (Cont'd)

(ii) Classification between Investment Properties and Owner-occupied Properties (Cont'd)

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

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(iii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(iv) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

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NOTES TO THE FINANCIAL STATEMENTS
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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates and Judgements (Cont'd)

(v) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(vi) Impairment of Trade and Other Receivables

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

(vii) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates and Judgements (Cont'd)

(viii) Share-based Payment

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

(b) Basis of Consolidation

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

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, viable returns from its involvement with the entity and has ability to affect those returns through its power over the entity.

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

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(i) Business Combinations

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

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

(i) Business Combinations (Cont'd)

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

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

(ii) Non-controlling Interests

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

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

(iv) Loss of Control

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

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

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

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

(c) Functional and Foreign Currencies

(i) Functional and Presentation Currency

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

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

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Functional and Foreign Currencies (Cont'd)

(ii) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss except for differences arising from the translation of available-for-sale equity instruments which are recognised in other comprehensive income.

(iii) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

(i) Financial Assets

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement:

- *Financial Assets at Fair Value Through Profit or Loss*

  Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

  Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components or other income or other operating losses.

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

  However, derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

- *Held-to-maturity Investments*

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are recognised or impaired, and through the amortisation process.

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

- *Loans and Receivables Financial Assets*

  Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

  Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

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

- *Available-for-sale Financial Assets*

  Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

  Subsequent to initial recognition, financial assets classified as available-for sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sales equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

- *Available-for-sale Financial Assets (Cont'd)*

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

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

Cash and cash equivalents include cash and bank balances, bank overdraft, deposits and other short term, highly liquid investment, which are readily convertible to cash and are subject to insignificant risk of changes in value with original maturity periods of three months or less.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset had expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

(ii) Financial Liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two categories after initial recognition for the purpose of subsequent measurement:

- *Financial liabilities at fair value through profit or loss*

  Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

  Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gain or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

- *Other financial liabilities*

  Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

  Subsequent to initial recognition, other financial liabilities are measures at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

(ii) Financial Liabilities (Cont'd)

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

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguished of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

At the end of every reporting period, the Group shall assess whether its recognised insurance liabilities are adequate, using current estimates for future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a charge, cancellation or expiration.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

(iii) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefits. Otherwise, they are charged to profit or loss.

Dividends to shareholders are recognised in equity in the period in which they are declared.

If the Company reacquires its own equity instruments, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

(iv) Warrants

The Group issued Warrants 2011/2016 at no cost and these are not recognised in the financial statements. Each warrant is convertible into one new ordinary share of RM0.25 each at the adjusted exercise price of RM0.35 per share respectively during the exercise period and will only be recognised as equity instruments upon conversion.

(v) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due. The Group designates corporate guarantees given to financial institutions for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these corporate guarantees as liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(e) Investments in Subsidiaries

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

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

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

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

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

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

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

(g) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land is stated at cost less impairment losses, if any. Freehold land is not depreciated.

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

Leasehold land	Over the lease period of 60 years
Buildings	2%
Motor vehicles	10%-20%
Plant and machinery	7.5%-20%
Renovation, furniture and fittings	10%-33%
Tools and equipment	10%-40%

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Property, Plant and Equipment (Cont'd)

Capital-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital-in-progress is stated at cost, and will be transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

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

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

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

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment (Cont'd)

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss.

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

(i) Assets under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated in accordance with the policy set out in Note 5(g) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

(j) Inventories

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Borrowing Costs

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

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

(l) Income Taxes

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Income Taxes (Cont'd)

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(m) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss and included in the development costs, where appropriate in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

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

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Employee Benefits (Cont'd)

(iii) Share-based Payment Transactions (Cont'd)

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

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

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

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

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

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Related Parties

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measure initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interest.

(p) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

Sale of goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods have been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with delivery of goods and acceptance by customers.

Interest income

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Revenue and Other Income (Cont'd)

Rental income

Rental income is recognised on an accrual basis.

(q) Fair Value Measurements

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

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

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

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

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

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

(r) Operating Segments

Operating segments are defined as components if the Group that:

(a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Operating Segments (Cont'd)

Operating segments are defined as components if the Group that (Cont'd):

(b) whose operating results are regularly reviewed by the Group's chief operating decision maker in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profits or loss is 10 per cent or more of the greater, in absolute amount of:

- the combined reported profit of all operating segments that did not report a loss; and
- the combined reported loss of all operating segments that reported a loss.

(c) Its assets are 10 per cent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least 75 per cent of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Earning/Loss Per Share

(i) Basic

Basic earnings/loss per ordinary share for the financial year is calculated by dividing the profit/loss for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted

Diluted earnings/loss per ordinary share for the financial year is calculated by dividing the profit/loss for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

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6. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2015 RM	2014 RM
Unquoted shares, at cost		
At 1 August	32,688,391	28,986,391
Addition during the financial year	74	3,515,000
Share options granted under SIS	-	187,000
At 31 July	32,688,465	32,688,391
Accumulated impairment losses		
At 1 August	(16,882,735)	(16,244,735)
Addition during the financial year	(4,368,000)	(638,000)
At 31 July	(21,250,735)	(16,882,735)
	11,437,730	15,805,656
Represented by:-		
Unquoted shares		
- in Malaysia	8,473,581	12,841,507
- outside Malaysia	2,964,149	2,964,149
	11,437,730	15,805,656

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6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2015 %	2014 %	Principal Activities
Takaso Rubber Products Sdn. Bhd. ("TRP")	Malaysia	100	100	Manufacturing of rubber products and baby products, and trading in baby accessories, apparels and milk powder.
Japlo Healthcare Sdn. Bhd.	Malaysia	100	100	Distributing and retailing of baby products.
Takaso Trading Sdn. Bhd.	Malaysia	100	100	Traders of general products, computer and automobile accessories.
Takaso Commerce Sdn. Bhd.	Malaysia	100	100	Retail and trading of consumable products.
Benchmark Vista Sdn. Bhd. ("BVSB")	Malaysia	100	100	Recycling of glass.
Takaso Industries Pte. Ltd. ^ ("TIPL")	The Republic of Singapore	100	100	Trading of electrical and mechanical products.
Takaso SC (Thailand) Ltd. ^ ("TSC")	The Kingdom of Thailand	100	100	Dormant.

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6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of Company	Country of Incorporation	Effective Equity Interest 2015 %	2014 %	Principal Activities
Takaso Land Sdn. Bhd. ("TLSB")	Malaysia	100	-	Construction of residential and commercial properties and property development.
Takaso Development Kuantan Sdn. Bhd. ("TDKSB")	Malaysia	70	-	Property development and property investment.
Tristar City Sdn. Bhd. ("TRCSB")	Malaysia	100	-	Dormant.
Subsidiary of TRP:-				
Takaso Marketing Sdn. Bhd.	Malaysia	100	100	Marketing of rubber products, baby products, and trading in baby accessories, apparels and milk powder.
Subsidiary of TIPL:-				
P.T.Takaso Indonesia Global Manufacturing# ("TIGM")	Indonesia	51	-	Dormant.

^ These subsidiaries were audited by other firms of chartered accountants.
# As at the end of the reporting period, no capital injection has been effected into TIGM.

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6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) The Company assessed the recoverable amount on certain investments in subsidiaries and determined that impairment losses were recognised as the recoverable amount is lower than the carrying amounts. The recoverable amounts of the investments in subsidiaries were determined by reference to their value in use.

(b) On 24 November 2014, the Company acquired 2 ordinary shares of RM1.00 each, representing 100% of the total issued and paid up share capital of TLSB for a total cash consideration of RM2.

(c) On 6 May 2015, the Company acquired 70 ordinary shares of RM1.00 each, representing 70% of the total issued and paid up share capital of TDKSB for a cash consideration of RM70.

(d) On 21 July 2015, the Company acquired 2 ordinary shares of RM1.00 each, representing 100% of the total issued and paid up share capital of TRCSB for a cash consideration of RM2.

(e) The non-controlling interests at the end of reporting period comprise the following:-

	EFFECTIVE EQUITY INTEREST		THE GROUP	
	2015 %	2014 %	2015 RM	2014 RM
TDKSB	30	-	1,291	-

The summarised financial information (before intra-group elimination) for the subsidiary that has non-controlling interest is not presented as the non-controlling interest is immaterial to the Group.

The above acquisitions did not have any material effect on the financial results and financial position of the Group.

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7. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	AT 1.8.2014 RM	ADDITIONS RM	DISPOSALS RM	WRITTEN OFF RM	DEPRECIATION CHARGE RM	IMPAIRMENT LOSS RM	CURRENCY TRANSLATION DIFFERENCE RM	AT 31.7.2015 RM
NET BOOK VALUE								
Freehold land	5,861,186	-	-	-	-	-	153,295	6,014,481
Leasehold land	1,261,137	-	-	-	(39,225)	-	-	1,221,912
Buildings	6,124,649	-	-	-	(135,600)	-	-	5,989,049
Motor vehicles	936,332	313,732	(32,398)	-	(253,132)	-	41,052	1,005,586
Plant and machinery	734,040	-	-	-	(483,797)	(128,685)	-	121,558
Renovation, furniture and fittings	767,203	200,000	(150,594)	(91,154)	(194,069)	-	9,600	540,986
Tools and equipment	5,616,034	58,481	(31,140)	(201)	(743,592)	(2,396,299)	-	2,503,283
Capital work-in-progress	830,741	4,449,242	-	-	-	-	184,738	5,464,721
	22,131,322	5,021,455	(214,132)	(91,355)	(1,849,415)	(2,524,984)	388,685	22,861,576

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7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE GROUP	AT 1.8.2013 RM	ADDITIONS RM	DISPOSAL RM	WRITTEN OFF RM	DEPRECIATION CHARGE RM	TRANSFER RM	IMPAIRMENT LOSS RM	CURRENCY TRANSLATION DIFFERENCE RM	AT 31.7.2014 RM
NET BOOK VALUE									
Freehold land	4,120,000	1,741,186	-	-	-	-	-	-	5,861,186
Leasehold land	1,300,362	-	-	-	(39,225)	-	-	-	1,261,137
Buildings	6,260,250	-	-	-	(135,601)	-	-	-	6,124,649
Motor vehicles	630,391	483,793	(11,970)	-	(164,232)	-	-	(1,650)	936,332
Plant and machinery	2,278,249	8,800	-	(13,827)	(539,182)	-	(1,000,000)	-	734,040
Renovation, furniture and fittings	771,650	149,326	-	-	(153,464)	-	-	(309)	767,203
Tools and equipment	1,491,988	687,402	-	(21,513)	(649,843)	4,108,000	-	-	5,616,034
Capital work-in-progress	4,108,000	830,741	-	-	-	(4,108,000)	-	-	830,741
	20,960,890	3,901,248	(11,970)	(35,340)	(1,681,547)	-	(1,000,000)	(1,959)	22,131,322

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7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE GROUP	AT COST RM	ACCUMULATED DEPRECIATION RM	ACCUMULATED IMPAIRMENT LOSSES RM	NET BOOK VALUE RM
At 31.7.2015				
Freehold land	6,014,481	-	-	6,014,481
Leasehold land	1,569,000	(347,088)	-	1,221,912
Buildings	6,780,000	(790,951)	-	5,989,049
Motor vehicles	2,556,528	(1,550,942)	-	1,005,586
Plant and machinery	19,092,873	(17,842,630)	(1,128,685)	121,558
Renovation, furniture and fittings	4,472,488	(3,670,502)	(261,000)	540,986
Tools and equipment	15,225,371	(10,325,789)	(2,396,299)	2,503,283
Capital work-in-progress	5,464,721	-	-	5,464,721
	61,175,462	(34,527,902)	(3,785,984)	22,861,576
At 31.7.2014				
Freehold land	5,861,186	-	-	5,861,186
Leasehold land	1,569,000	(307,863)	-	1,261,137
Buildings	6,780,000	(655,351)	-	6,124,649
Motor vehicles	2,257,447	(1,321,115)	-	936,332
Plant and machinery	19,092,871	(17,358,831)	(1,000,000)	734,040
Renovation, furniture and fittings	4,676,412	(3,648,209)	(261,000)	767,203
Tools and equipment	15,203,779	(9,587,745)	-	5,616,034
Capital work-in-progress	830,741	-	-	830,741
	56,271,436	(32,879,114)	(1,261,000)	22,131,322

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7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE COMPANY	AT 1.8.2014 RM	TRANSFER FROM A SUBSIDIARY RM	DEPRECIATION CHARGE RM	AT 31.7.2015 RM
NET BOOK VALUE				
Motor vehicle	-	155,764	(6,231)	149,533
Renovation, furniture and fittings	1	180,646	(5,766)	174,881
	1	336,410	(11,997)	324,414

	AT 1.8.2013 RM	DEPRECIATION CHARGE RM	AT 31.7.2014 RM
NET BOOK VALUE			
Renovation, furniture and fittings	203	(202)	1

THE COMPANY	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
At 31.7.2015			
Motor vehicle	155,764	(6,231)	149,533
Renovation, furniture and fittings	182,475	(7,594)	174,881
	338,239	(13,825)	324,414
At 31.7.2014			
Renovation, furniture and fittings	1,829	(1,828)	1

(a) Included in the property, plant and equipment of the Group at the end of the reporting period were plant and machinery and motor vehicles with a total net book value of RM144,638 and RM679,065 (2014: RM157,688 and RM895,738) respectively, which were acquired under hire purchase terms.

(b) As at 31 July 2015, property, plant and equipment of the Group with a carrying amount of RM3,085,618 (2014: RM18,092,570) are pledged to a licensed bank for credit facilities granted to the Group.

(c) Capital work-in-progress mainly represent building under construction and which are not ready for commercial use.

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7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(d) Included in motor vehicles of the Group with a carrying amount of RM209,642 (2014: RM242,743) is held in trust under the name of a director.

(e) During the financial year, the Group carried out a review of the recoverable amount of its plant and equipment because the manufacturing segment had been making losses. An impairment loss of RM2,524,984 (2014: RM1,000,000), representing the write-down of the plant and equipment to the recoverable amount was recognised in profit or loss as disclosed in Note 23 to the financial statements. The recoverable amount of plant and equipment was based on its value in use and the pre-tax discount rate used was 13.87% (2014: 14.71%).

8. INVESTMENT PROPERTY

THE GROUP/ THE COMPANY	AT 1.8.2014 RM	DEPRECIATION CHARGE RM	AT 31.7.2015 RM
NET BOOK VALUE			
Freehold land and building	2,036,364	(41,347)	1,995,017

THE GROUP/ THE COMPANY	AT 1.8.2013 RM	ADDITION RM	DEPRECIATION CHARGE RM	AT 31.7.2014 RM
NET BOOK VALUE				
Freehold land and building	-	2,067,375	(31,011)	2,036,364

THE GROUP/ THE COMPANY	AT COST RM	ACCUMULATED DEPRECIATION RM	NET CARRYING AMOUNT RM
At 31.7.2015			
Freehold land and building	2,067,375	(72,358)	1,995,017
At 31.7.2014			
Freehold land and building	2,067,375	(31,011)	2,036,364

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8. INVESTMENT PROPERTY (CONT'D)

	THE GROUP/THE COMPANY	
	2015	2014
	RM	RM
Fair Value	2,399,000	2,200,000

(a) As at 31 July 2015, investment property of the Group and the Company is pledged to a licensed bank for credit facilities granted to the Company as disclosed in Note 17 to the financial statements.

(b) The directors have opted for the cost model in determining the carrying amount of the investment property.

The fair value of this property at the end of the reporting period was determined by the directors by reference to market prices of similar properties at the end of the reporting period and after having considered specific factors such as locality and availability of amenities.

9. AMOUNT OWING BY A SUBSIDIARY

	THE COMPANY	
	2015	2014
	RM	RM
Amount owing by a subsidiary		
Non-current		
- TRP	7,000,000	7,000,000

The amount owing represents advances and payment made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. This amount is, in substance, a part of the Company's net investment in the subsidiary. It is stated at cost less accumulated impairment losses, if any.

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10. INVENTORIES

	THE GROUP	
	2015 RM	2014 RM
At cost:-		
Raw materials	1,354,218	1,755,176
Work-in-progress	1,104,869	1,368,128
Finished goods	3,121,505	4,009,190
	5,580,592	7,132,494

The amount of inventories recognised as an expense in cost of sales was RM25,331,904 (2014: RM28,917,109).

11. TRADE AND OTHER RECEIVABLES

		THE GROUP		THE COMPANY	
		2015 RM	2014 RM	2015 RM	2014 RM
Trade receivables:-	(a)				
Third parties		9,923,778	10,848,744	-	-
Allowance for impairment losses:-					
At 1 August		(26,579)	(628,552)	-	-
Addition		(826,298)	-	-	-
Writeback		-	17,465	-	-
Written off		-	584,508	-	-
At 31 July		(852,877)	(26,579)	-	-
		9,070,901	10,822,165	-	-

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11. TRADE AND OTHER RECEIVABLES (CONT'D)

		THE GROUP		THE COMPANY	
		2015 RM	2014 RM	2015 RM	2014 RM
Other receivables:-					
Third parties	(b)	910,859	199,541	-	-
Amount owing by subsidiaries:-	(c)				
Gross		-	-	28,585,219	19,396,852
Less: Allowance for impairment losses:-					
At 1 August		-	-	-	-
Addition		-	-	(1,350,000)	-
At 31 July		-	-	(1,350,000)	-
		910,859	199,541	27,235,219	19,396,852
Deposits	(d)	9,723,151	746,610	3,066,829	20,925
Prepayments	(e)	4,248,784	183,395	2,072,130	47,429
		14,882,794	1,129,546	32,374,178	19,465,206
Total		23,953,695	11,951,711	32,374,178	19,465,206

(a) The Group's normal trade credit terms range from cash term to 120 days (2014: 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

(b) Included in other receivables of the Group is an amount of RM348,428 (2014: RM164,378), being advance payments made to suppliers for future supply of goods.

(c) The amount owing by subsidiaries represents unsecured interest-free advances and payments made on behalf. The amount owing is repayable on demand and is to be settled in cash.

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11. TRADE AND OTHER RECEIVABLES (CONT'D)

(d) Included in deposits at the end of reporting period:-

(i) is an amount of RM3 million (2014: Nil) in the Group and the Company which represents earnest deposit paid in respect of the acquisition of a 51% equity interest in Masbe Coffee Sdn. Bhd. The total purchase consideration of the acquisition is RM5 million;

(ii) is an amount of RM5 million (2014: Nil) in the Group which represents deposit paid by TDKSB upon execution of the Joint Venture Agreement with SSPP Development Sdn. Bhd. in relation to a proposed development on a parcel of land in Bandar Kuantan, Kuantan, Pahang; and

(iii) is an amount of RM936,007 (2014: Nil) in the Group which represents a performance bond made to a company in which a director of the Company has a substantial financial interest for a construction contract awarded to the Group.

(e) Included in prepayments at the end of the reporting period:-

(i) is an amount of RM2 million (2014: Nil) in the Group and the Company which represents prepayment made for technical support and authorities liaison services in relation to property development activities for a project; and

(ii) is an amount of RM2,032,500 (2014: Nil) in the Group which represents prepayment made for technical liaison and consultation fees in relation to the proposed development in Bandar Kuantan, Kuantan, Pahang.

12. FIXED DEPOSITS WITH LICENSED BANKS

The effective interest rate of the deposits at the end of the reporting period was 3.30% (2014: 3.15%) per annum. The deposits have a maturity period of 12 month (2014: 1 month).

The fixed deposit with a licensed bank of the Group at the end of the reporting period has been pledged to the licensed bank as security for banking facilities granted to a subsidiary.

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13. SHARE CAPITAL

The movements in the authorised and paid-up share capital of the Company are as follows:-

	THE COMPANY			
	2015	2014	2015	2014
	NUMBER OF SHARES		RM	RM
AUTHORISED				
Ordinary shares of RM0.25 each	400,000,000	400,000,000	100,000,000	100,000,000
ISSUED AND FULLY PAID-UP				
Ordinary shares of RM0.25 each				
At 1 August	160,747,799	148,743,799	40,186,950	37,185,950
Issuance of shares pursuant to:-				
- SIS	9,956,600	12,004,000	2,489,150	3,001,000
- Warrants B	15,697,400	-	3,924,350	-
- private placement	17,900,000	-	4,475,000	-
At 31 July	204,301,799	160,747,799	51,075,450	40,186,950

During the financial year, the Company increased its issued and paid-up ordinary shares from RM40,186,950 to RM51,075,450 by:

(a) the issuance of 9,956,600 new ordinary shares of RM0.25 each at an issue price of RM0.25 per share pursuant to the Company's Share Issuance Scheme. The new shares were issued for cash consideration;

(b) the issuance of 15,697,400 new ordinary shares of RM0.25 each resulting from the conversion of Warrants B at the exercise price of RM0.35 per share. The new shares were issued for cash consideration; and

(c) the issuance of 17,900,000 new ordinary shares of RM0.25 each at an issue price of RM0.514 per share pursuant to private placement. The new shares were issued for cash consideration.

All new ordinary shares issued ranked pari passu in all respects with the existing ordinary shares of the Company.

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14. RESERVES

		THE GROUP		THE COMPANY	
		2015 RM	2014 RM	2015 RM	2014 RM
Warrant reserve	(a)	3,302,847	4,575,992	3,302,847	4,575,992
Share premium	(b)	12,941,164	4,607,260	12,941,164	4,607,260
Foreign exchange translation reserve	(c)	248,339	(96,130)	-	-
Share Issuance Scheme reserve	(d)	-	864,301	-	864,301
Accumulated losses		(19,044,619)	(11,053,744)	(13,346,919)	(6,081,835)
		(2,552,269)	(1,102,321)	2,897,092	3,965,718

(a) Warrant Reserve

The warrant reserve arose from the allocation of the proceeds received from the issuance of the Warrants B by reference to the fair value of the Warrants B net of discount, amounting to RM0.08 per Warrant B and net of expenses incurred in relation to the Rights Issue completed on 13 September 2011.

(b) Share Premium

The movement of the share premium of the Group and of the Company are as follows:

	THE GROUP/THE COMPANY	
	2015 RM	2014 RM
At 1 August	4,607,260	3,884,561
Issuance of shares pursuant to:		
- Warrants B	1,569,740	-
- private placement	4,725,600	-
Expenses incurred for private placement	(98,882)	-
Transfer of share premium for:		
- SIS exercised	864,301	722,699
- Warrants B exercised	1,273,145	-
At 31 July	12,941,164	4,607,260

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

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14. RESERVES (CONT'D)

(c) Foreign Exchange Translation Reserve

The translation reserve arose from the translation of the financial statements of a foreign subsidiary and is not distributable by way of dividends.

(d) Share Issuance Scheme Reserve

The SIS reserve represents the equity-settled share options granted to employees of certain subsidiaries and the Company's directors. This reserve consists of the cumulative value of services received from the employees recorded on the grant of share options and is reduced by the expiry or exercise of the share options.

15. LONG-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Hire purchase payables (Note 16)	510,740	632,513	-	-
Term loans (Note 17)	613,693	679,431	613,693	679,431
	1,124,433	1,311,944	613,693	679,431

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16. HIRE PURCHASE PAYABLES

	THE GROUP	
	2015 RM	2014 RM
Minimum hire purchase payments:		
- not later than one year	272,105	249,183
- later than one year and not later than five years	536,572	646,273
- later than five years	32,480	69,813
	841,157	965,269
Less: Future finance charges	(93,054)	(124,253)
Present value of hire purchase payables	748,103	841,016
Current portion (Note 20):		
- not later than one year	237,363	208,503
Non-current portion (Note 15):		
- later than one year and not later than five years	510,740	566,004
- later than five years	-	66,509
	510,740	632,513
	748,103	841,016

The hire purchase payables of the Group bore effective interest rates ranging from 4.62% to 7.33% (2014: 4.62% to 7.33%) per annum at the end of the reporting period.

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17. TERM LOANS

	THE GROUP/THE COMPANY 2015 RM	2014 RM
Current portion (Note 20):		
- not later than one year	68,386	67,025
Non-current portion (Note 15):		
- later than one year and not later than five years	309,185	301,103
- later than five years	304,508	378,328
	613,693	679,431
	682,079	746,456

The term loan is secured by:-

(a) a fixed charge over the investment property as disclosed in Note 8 to the financial statements; and

(b) a corporate guarantee of the Company.

The repayment terms of the term loans are as follows:-

Term loan at effective interest rate of 4.85%	Repayable in 120 monthly instalments effective from 1 October 2013.

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18. DEFERRED TAX LIABILITY

	THE GROUP	
	2015 RM	2014 RM
At 1 August	258,000	115,530
Recognised in profit or loss (Note 24)	-	142,470
At 31 July	258,000	258,000

No deferred tax assets are recognised in respect of the following items:-

	THE GROUP	
	2015 RM	2014 RM
Accelerated capital allowances	(6,735,000)	(7,050,000)
Unutilised tax losses	18,678,000	16,729,000
Unabsorbed capital allowances	12,194,000	12,050,000
Unabsorbed reinvestment allowances	5,710,000	5,710,000
Other deductible timing differences	8,714,000	2,998,000
	38,561,000	30,437,000

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19. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade payables:-				
Third party	2,430,065	2,307,462	-	-
Related party	570,249	667,932	-	-
	3,000,314	2,975,394	-	-
Other payables:-				
Third parties	3,087,328	2,107,316	92,368	24,256
Amounts owing to directors	536,066	726,081	12,000	10,000
Accruals	732,129	701,263	36,345	30,345
	4,355,523	3,534,660	140,713	64,601
	7,355,837	6,510,054	140,713	64,601

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from cash term to five months (2014: cash term to five months).

Amounts owing to directors represent mainly advances and remuneration payable, which are unsecured, interest-free and payable upon demand in cash.

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20. SHORT-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Bankers' acceptances	-	137,000	-	-
Hire purchase payables (Note 16)	237,363	208,503	-	-
Term loans (Note 17)	68,386	67,025	68,386	67,025
	305,749	412,528	68,386	67,025

The short-term borrowings of the Group are secured by a fixed charge over the property, plant and equipment and investment property with a total carrying amount of RM3,085,618 and RM1,995,017 respectively (2014: RM18,092,570 and RM2,036,364) as disclosed in Note 7 and Note 8 to the financial statements. These borrowings are also guaranteed by the Company.

21. BANK OVERDRAFTS

The bank overdrafts bore a weighted average effective interest rate of 9.31% (2014: 8.51%) per annum as at the end of the reporting period.

The bank overdrafts of the Group are secured by a fixed charge over the property, plant and equipment with a total carrying amount of RM3,085,618 (2014: RM18,092,570) as disclosed in Note 7 to the financial statements. These bank overdrafts are also guaranteed by the Company.

22. REVENUE

Revenue of the Group represents the invoiced value of goods sold less discounts and returns.

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23. LOSS BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Loss before taxation is arrived at after charging/(crediting):-				
Audit fee:				
- statutory audit				
- for the financial year	129,947	101,012	31,000	28,000
- underprovision in the previous financial year	-	2,500	-	-
- non-statutory audit	46,800	-	46,800	-
Bad debts written off	1,129	11,868	-	-
Deposit written off	200,000	-	-	-
Depreciation of:				
- investment property	41,347	31,011	41,347	31,011
- property, plant and equipment	1,849,415	1,681,547	11,997	202
Directors' fee	137,000	120,000	137,000	120,000
Directors' non-fee emoluments	402,020	395,200	3,800	3,700
Impairment losses on:				
- amount owing by subsidiaries	-	-	1,350,000	-
- goodwill	-	406,711	-	-
- investments in subsidiaries	-	-	4,368,000	638,000
- plant and equipment	2,524,984	1,000,000	-	-
- trade receivables	826,298	-	-	-
Interest expense:				
- bank overdrafts	171,553	264,021	-	-
- bankers' acceptances	250	115,755	-	-
- hire purchase	44,737	37,229	-	-
- others	15,404	-	-	-
- term loans	35,583	29,944	35,583	29,748
Inventories written off	-	132,417	-	-
Loss on disposal of plant and equipment	104,307	3,596	-	-
(Gain)/Loss on foreign exchange:				
- realised	(33,457)	13,219	-	-
- unrealised	(10,766)	1,520	(95,948)	43,114
Rental of:				
- motor vehicles	30,505	26,981	-	-
- premises	1,180,561	1,255,337	67,353	44,928
Staff costs:				
- defined contribution plan	696,518	656,059	57,615	45,866
- salaries, wages, bonuses and allowances	6,178,257	5,857,968	487,675	380,169
- other benefits	181,826	154,816	2,014	1,859
- compensation for SIS	-	187,000	-	-
Plant and equipment written off	91,355	35,340	-	-

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23. LOSS BEFORE TAXATION (CONT'D)

	THE GROUP		THE COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Loss before taxation is arrived at after charging/(crediting) (Cont'd):-				
Bad debts recovered	(191,142)	(21,155)	-	-
Interest income	(73,071)	(229,432)	-	(92,024)
Rental income	(83,534)	(55,290)	(59,500)	(41,290)
Reversal of impairment loss on receivables	-	(17,465)	-	-

24. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Income tax:				
- Foreign tax	35,705	57,617	-	-
(Over)/Underprovision of income tax in the previous financial year	(3,904)	11,404	3	-
	31,801	69,021	3	-
Deferred tax expense (Note 18):				
- underprovision in the previous financial year	-	142,470	-	-
	31,801	211,491	3	-

The statutory tax rate will be reduced to 24% from the current financial year's rate of 25%, effective year of assessment 2016.

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24. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the loss before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and the Company is as follows:-

	THE GROUP		THE COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Loss before taxation	(7,960,395)	(5,735,353)	(7,265,081)	(1,586,756)
Tax at the statutory tax rate of 25%	(1,990,099)	(1,433,838)	(1,816,270)	(396,689)
Tax effects of:-				
Non-deductible expenses	133,308	575,103	1,816,270	396,689
Non-taxable income	(100,470)	-	-	-
Deferred tax assets not recognised during the financial year	2,029,746	982,190	-	-
Differential in tax rates	(36,780)	(65,838)	-	-
(Over)/Underprovision in the previous financial year:				
- income tax	(3,904)	11,404	3	-
- deferred tax	-	142,470	-	-
Income tax expense for the financial year	31,801	211,491	3	-

25. LOSS PER SHARE

	THE GROUP	
	2015	2014
Loss attributable to owners of the Company (RM)	(7,990,875)	(5,946,844)
Weighted average number of ordinary shares:-		
Issued ordinary shares at 1 August	160,747,799	148,743,799
Effect of SIS	8,265,342	8,879,671
Effect of Warrants B	9,957,976	-
Effect of private placement	11,475,616	-
Weighted average number of ordinary shares at 31 July	190,446,733	157,623,470
Basic loss per share (Sen)	(4.20)	(3.77)

The diluted loss per ordinary share of the current and previous financial year are not presented as it is anti-dilutive effect arising from the assumed conversion of SIS and warrants.

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26. SHARE-BASED COMPENSATION PURSUANT TO SHARE ISSUANCE SCHEME

On 23 January 2013 and 24 October 2013, the Group granted share options to employees of certain subsidiaries and the Company's directors to purchase shares in the Company under the SIS approved by the shareholders of the Company on 27 June 2012.

The number of share options are as follows:

	NUMBER OF ORDINARY SHARES OF RM0.25 EACH GRANTED UNDER OPTION			
	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
At 1 August	9,956,600	10,649,600	8,154,600	5,143,600
Granted	-	11,611,000	-	3,011,000
Exercised	(9,956,600)	(12,004,000)	(8,154,600)	-
Cancellation due to staff resignation	-	(300,000)	-	-
At 31 July	-	9,956,600	-	8,154,600

In the previous financial year, the fair value of the share options granted were estimated by using the binomial model, taking into consideration the terms and conditions upon which the options were granted. The fair value of the share options measured at the grant date and the assumptions are as follows:-

	2014
Fair value of share options at the grant date (RM per share)	0.02
Exercise price per option (RM)	0.25
Expected volatility (%)	23.76
Expected life (years)	5
Risk free rate (%)	4.1

Value of employee services received for issue of share options

	THE GROUP		THE COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Total expense recognised as share-based compensation pursuant to SIS	-	187,000	-	-

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27. PURCHASE OF INVESTMENT PROPERTY

	THE GROUP/THE COMPANY	
	2015 RM	2014 RM
Cost of investment property purchased	-	2,067,375
Amount financed through term loan	-	(800,000)
Cash disbursed for purchase of investment property	-	1,267,375

28. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP	
	2015 RM	2014 RM
Cost of property, plant and equipment purchased	5,021,455	3,901,248
Amount financed through hire purchase	-	(332,063)
Cash disbursed for purchase of property, plant and equipment	5,021,455	3,569,185

29. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Fixed deposits with licensed banks	120,000	4,244,237	-	-
Cash and bank balances	4,817,815	2,811,278	1,663,995	656,498
Bank overdrafts (Note 21)	(1,752,014)	(2,775,279)	-	-
	3,185,801	4,280,236	1,663,995	656,498
Less: fixed deposit pledged to licensed banks	(120,000)	-	-	-
	3,065,801	4,280,236	1,663,995	656,498

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30. DIRECTORS' REMUNERATION

(a) The aggregate amounts of emoluments received and receivable by directors of the Group and the Company during the financial year are as follows:-

	THE GROUP		THE COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Executive directors:				
- fee	65,000	48,000	65,000	48,000
- allowance	2,000	1,200	2,000	1,200
- non-fee emoluments	398,220	391,500	-	-
Non-executive directors:				
- fee	72,000	72,000	72,000	72,000
- allowance	1,800	2,500	1,800	2,500
	539,020	515,200	140,800	123,700

(b) Details of directors' emoluments of the Group and the Company received/receivable for the financial year in bands of RM50,000 are as follows:-

	THE GROUP	
	2015	2014
Executive directors:-		
Below RM50,000	1	-
RM50,001 – RM100,000	-	-
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	2	2
Non-executive directors:-		
Below RM50,000	3	3
	6	5

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31. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

The Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) In addition to the information detailed elsewhere in the financial statements, the Group and the Company carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Transfer of equipment from a subsidiary	-	-	336,410	-
Sales to companies in which a substantial shareholder has a substantial financial interest	-	4,861,366	-	-
Sales to a company which is connected to a director of the Company	682,749	67,693	-	-
Professional services rendered by a company in which a director has a substantial financial interest	43,950	65,543	43,950	-
Rental paid to companies in which a substantial shareholder has a substantial financial interest	-	312,934	-	-
Purchases from a company in which a director has a substantial financial interest	931,517	1,340,714	-	-

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31. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(b) In addition to the information detailed elsewhere in the financial statements, the Group and the Company carried out the following significant transactions with the related parties during the financial year (Cont'd):-

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Key management personnel compensation:				
- short-term employee benefits	1,337,253	1,491,554	408,860	3,370,320
- contribution to defined contribution plan	153,322	170,324	32,669	29,520
- share-based payments	-	17,440	-	-

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32. OPERATING SEGMENTS

The Group are principally engaged in the manufacturing of rubber products and baby products as well as trading in baby apparels, infant milk and toiletries, recycling, trading of general products, electrical and mechanical products, construction of residential and commercial properties and property development.

The Group has arrived at five reportable segments that are organised and managed separately according to the nature of products and services. The reportable segments are summarised as follows:-

Manufacturing	:	Manufacturing of condoms, baby products and moulds and recycling of glass.
Trading	:	Trading and retailing in rubber products, baby apparels, infant milk formula, toiletries, consumable products, electrical and mechanical products.
Construction	:	Construction of residential and commercial properties.
Property development	:	Property development.
Others	:	Consist of investment holding company and a subsidiary which is dormant.

The accounting policies of operating segments are the same as those disclosed in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and are based on negotiated and mutually agreed terms. Inter-segment revenue is eliminated in the consolidated financial statements.

Segment assets exclude tax asset.

Segment liabilities exclude tax liabilities.

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32. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS

2015	MANUFACTURING RM	TRADING RM	CONSTRUCTION RM	PROPERTY DEVELOPMENT RM	OTHERS RM	GROUP RM
Revenue						
External revenue	9,197,641	27,565,253	-	-	-	36,762,894
Inter-segment revenue	2,710,070	59,509	-	-	-	2,769,579
	11,907,711	27,624,762	-	-	-	39,532,473
Consolidation adjustments and eliminations						(2,769,579)
Consolidated revenue						36,762,894

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32. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2015	MANUFACTURING RM	TRADING RM	CONSTRUCTION RM	PROPERTY DEVELOPMENT RM	OTHERS RM	GROUP RM
Results						
Results before the following adjustments	(2,309,552)	2,031,813	(341,685)	(7,404)	(1,652,289)	(2,279,117)
Consolidation adjustments and eliminations	(10,281)	-	-	-	-	(10,281)
Other material items of income (Note a)	239,102	(3,737)	-	-	-	235,365
Depreciation of investment property	-	-	-	-	(41,347)	(41,347)
Depreciation of property, plant and equipment	(1,462,510)	(362,830)	(182)	-	(23,893)	(1,849,415)
Other material items of expenses (Note b)	(2,883,379)	(864,694)	-	-	-	(3,748,073)
Segment results	(6,426,620)	800,552	(341,867)	(7,404)	(1,717,529)	(7,692,868)
Finance costs						(267,527)
Income tax expense						(31,801)
Consolidated loss after taxation						(7,992,196)

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32. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2015	MANUFACTURING RM	TRADING RM	CONSTRUCTION RM	PROPERTY DEVELOPMENT RM	OTHERS RM	GROUP RM
Assets						
Segment assets	23,391,452	10,008,900	1,020,220	9,034,830	15,873,293	59,328,695
Current tax assets	25,430	4,250	-	-	-	29,680
Consolidated total assets	23,416,882	10,013,150	1,020,220	9,034,830	15,873,293	59,358,375
Liabilities						
Segment liabilities	6,284,709	2,191,467	74,041	13,250	1,974,566	10,538,033
Deferred tax liability	258,000	-	-	-	-	258,000
Provision for taxation	-	40,452	-	-	-	40,452
Consolidated total liabilities	6,542,709	2,231,919	74,041	13,250	1,974,566	10,836,485
Other segment items						
Additions to non-current assets other than financial instruments:-						
- property, plant and equipment	56,331	382,932	2,930	-	4,579,262	5,021,455

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32. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2014	MANUFACTURING RM	TRADING RM	OTHERS RM	GROUP RM
Revenue				
External revenue	12,880,341	24,682,629	-	37,562,970
Inter-segment revenue	2,963,933	37,158	-	3,001,091
	15,844,274	24,719,787	-	40,564,061
Consolidation adjustments and eliminations				(3,001,091)
Consolidated revenue				37,562,970
Results				
Results before the following adjustments	(551,410)	(294,897)	(1,004,610)	(1,850,917)
Consolidation adjustments and eliminations	14,903	-	-	14,903
Other material items of income (Note a)	18,884	19,736	-	38,620
Depreciation of investment property	-	-	(31,011)	(31,011)
Depreciation of property, plant and equipment	(1,443,619)	(237,726)	(202)	(1,681,547)
Other material items of expenses (Note b)	(1,140,340)	(231,401)	(406,711)	(1,778,452)
Segment results	(3,101,582)	(744,288)	(1,442,534)	(5,288,404)
Finance costs				(446,949)
Income tax expense				(211,491)
Consolidated loss after taxation				(5,946,844)

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32. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2014	MANUFACTURING RM	TRADING RM	OTHERS RM	GROUP RM
Assets				
Segment assets	28,988,069	15,580,655	5,738,682	50,307,406
Current tax assets	91,209	11,000	-	102,209
Consolidated total assets	29,079,278	15,591,655	5,738,682	50,409,615
Liabilities				
Segment liabilities	7,772,971	2,412,663	824,171	11,009,805
Deferred tax liability	258,000	-	-	258,000
Provision for taxation	-	57,181	-	57,181
Consolidated total liabilities	8,030,971	2,469,844	824,171	11,324,986
Other segment items				
Additions to non-current assets other than financial instruments:-				
- investment property	-	-	2,067,375	2,067,375
- property, plant and equipment	596,731	732,590	2,571,927	3,901,248

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32. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

(a) Other material items of income consist of the following:-

	THE GROUP	
	2015 RM	2014 RM
Bad debts recovered	191,142	21,155
Realised gain on foreign exchange	33,457	-
Reversal of impairment loss on receivables	-	17,465
Unrealised gain on foreign exchange	10,766	-
	235,365	38,620

(b) Other material items of expenses consist of the following:-

	THE GROUP	
	2015 RM	2014 RM
Allowance for impairment losses on trade receivables	826,298	-
Bad debts written off	1,129	11,868
Compensation for SIS	-	187,000
Deposit written off	200,000	-
Impairment loss on goodwill	-	406,711
Impairment loss of plant and equipment	2,524,984	1,000,000
Inventories written off	-	132,417
Loss on disposal of plant and equipment	104,307	3,596
Plant and equipment written off	91,355	35,340
Unrealised loss on foreign exchange	-	1,520
	3,748,073	1,778,452

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32. OPERATING SEGMENTS (CONT'D)

GEOGRAPHICAL INFORMATION

	REVENUE		NON-CURRENT ASSETS	
	2015 RM	2014 RM	2015 RM	2014 RM
Malaysia	14,628,599	18,390,873	16,819,713	20,974,862
Other Asian countries	20,668,960	18,155,880	8,036,880	3,192,824
European countries	52,305	289,582	-	-
African countries	545,203	358,159	-	-
Others	867,827	368,476	-	-
	36,762,894	37,562,970	24,856,593	24,167,686

MAJOR CUSTOMER

Revenue from one major customer, with revenue equal to or more than 10% of Group revenue, amounts to RM4,046,370 (2014: RM4,169,906) arising from sales by the trading segment.

33. CONTINGENT LIABILITIES

	THE COMPANY	
	2015 RM	2014 RM
Corporate guarantees extended:		
- to financial institutions for credit facilities granted to a subsidiary	1,752,014	3,022,279
- to a supplier for purchases made by a subsidiary	-	96,622
	1,752,014	3,118,901

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34. CAPITAL COMMITMENT

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Contracted But Not Provided For				
Acquisition of new subsidiaries	3,946,925	-	2,000,000	-
Purchase of property, plant and equipment	-	300,000	-	-
	3,946,925	300,000	2,000,000	-

35. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar, Singapore Dollar, and Thailand Baht. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

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35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency is as follows:-

THE GROUP	UNITED STATES DOLLAR RM	SINGAPORE DOLLAR RM	THAILAND BAHT RM	OTHERS RM	RINGGIT MALAYSIA RM	TOTAL RM
2015						
Financial assets						
Trade and other receivables	106,392	3,919,045	1,169,070	56,024	14,454,380	19,704,911
Fixed deposits with licensed banks	-	-	-	-	120,000	120,000
Cash and bank balances	625,711	805,553	101,549	85	3,284,917	4,817,815
	732,103	4,724,598	1,270,619	56,109	17,859,297	24,642,726

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35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

THE GROUP	UNITED STATES DOLLAR RM	SINGAPORE DOLLAR RM	THAILAND BAHT RM	OTHERS RM	RINGGIT MALAYSIA RM	TOTAL RM
2015						
Financial liabilities						
Hire purchase payables	-	441,872	80,356	-	225,875	748,103
Term loans	-	-	-	-	682,079	682,079
Trade and other payables	1,644,231	1,313,555	862,774	66,277	3,469,000	7,355,837
Bank overdrafts	-	-	-	-	1,752,014	1,752,014
	1,644,231	1,755,427	943,130	66,277	6,128,968	10,538,033
Net financial (liabilities)/assets	(912,128)	2,969,171	327,489	(10,168)	11,730,329	14,104,693
Less: Net financial (liabilities)/assets denominated in the respective entities' functional currencies	-	(2,969,171)	(327,489)	-	(11,730,329)	(15,026,989)
Currency exposure	(912,128)	-	-	(10,168)	-	(922,296)

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35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency is as follows:-

THE GROUP	UNITED STATES DOLLAR RM	SINGAPORE DOLLAR RM	THAILAND BAHT RM	OTHERS RM	RINGGIT MALAYSIA RM	TOTAL RM
2014						
Financial assets						
Trade and other receivables	162,828	4,220,110	31,960	56,024	7,297,394	11,768,316
Fixed deposits with licensed banks	-	-	-	-	4,244,237	4,244,237
Cash and bank balances	131,343	136,167	358,335	2,635	2,182,798	2,811,278
	294,171	4,356,277	390,295	58,659	13,724,429	18,823,831

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35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

THE GROUP	UNITED STATES DOLLAR RM	SINGAPORE DOLLAR RM	THAILAND BAHT RM	OTHERS RM	RINGGIT MALAYSIA RM	TOTAL RM
2014						
Financial liabilities						
Hire purchase payables	-	502,955	-	-	338,061	841,016
Term loans	-	-	-	-	746,456	746,456
Trade and other payables	1,704,809	1,351,718	13,114	261,064	3,179,349	6,510,054
Bank overdrafts	-	-	-	-	2,775,279	2,775,279
Bankers' acceptances	-	-	-	-	137,000	137,000
	1,704,809	1,854,673	13,114	261,064	7,176,145	11,009,805
Net financial (liabilities)/assets	(1,410,638)	2,501,604	377,181	(202,405)	6,548,284	7,814,026
Less: Net financial assets denominated in the respective entities' functional currencies	-	(2,501,604)	(377,181)	-	(6,548,284)	(9,427,069)
Currency exposure	(1,410,638)	-	-	(202,405)	-	(1,613,043)

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35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

THE COMPANY	SINGAPORE DOLLAR RM	THAILAND BAHT RM	RINGGIT MALAYSIA RM	TOTAL RM
2015				
Financial assets				
Trade and other receivables	2,055,646	5,934,302	22,312,100	30,302,048
Cash and bank balances	-	-	1,663,995	1,663,995
	2,055,646	5,934,302	23,976,095	31,966,043
Financial liabilities				
Trade and other payables	-	-	140,713	140,713
Term loans	-	-	682,079	682,079
	-	-	822,792	822,792
Net financial assets	2,055,646	5,934,302	23,153,303	31,143,251
Less: Net financial assets denominated in the entity's functional currency	-	-	(23,153,303)	(23,153,303)
Currency exposure	2,055,646	5,934,302	-	7,989,948

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35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

THE COMPANY	SINGAPORE DOLLAR RM	THAILAND BAHT RM	RINGGIT MALAYSIA RM	TOTAL RM
2014				
Financial assets				
Trade and other receivables	1,648,160	1,045,719	16,723,898	19,417,777
Cash and bank balances	-	-	656,498	656,498
	1,648,160	1,045,719	17,380,396	20,074,275
Financial liabilities				
Trade and other payables	-	-	64,601	64,601
Term loans	-	-	746,456	746,456
	-	-	811,057	811,057
Net financial assets	1,648,160	1,045,719	16,569,339	19,263,218
Less: Net financial assets denominated in the entity's functional currency	-	-	(16,569,339)	(16,569,339)
Currency exposure	1,648,160	1,045,719	-	2,693,879

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35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

	THE GROUP		THE COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Effects on loss after taxation				
United States Dollar:				
- strengthened by 10%	+68,410	+105,798	-	-
- weakened by 10%	-68,410	-105,798	-	-
Singapore Dollar:				
- strengthened by 10%	-	-	-154,173	-123,612
- weakened by 10%	-	-	+154,173	+123,612
Thailand Baht:				
- strengthened by 10%	-	-	-445,073	-78,429
- weakened by 10%	-	-	+445,073	+78,429
Effects on equity				
United States Dollar:				
- strengthened by 10%	-68,410	-105,798	-	-
- weakened by 10%	+68,410	+105,798	-	-
Singapore Dollar:				
- strengthened by 10%	-	-	+154,173	+123,612
- weakened by 10%	-	-	-154,173	-123,612
Thailand Baht:				
- strengthened by 10%	-	-	+445,073	+78,429
- weakened by 10%	-	-	-445,073	-78,429

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35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial asset and financial liabilities are disclosed in Note 12, Note 17, Note 20 and Note 21 to the financial statements.

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:-

	THE GROUP		THE COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Effects on loss after taxation				
Increase of 100 basis points	+17,356	-4,391	+5,116	+5,598
Decrease of 100 basis points	-17,356	+4,391	-5,116	-5,598
Effects on equity				
Increase of 100 basis points	-17,356	+4,391	-5,116	-5,598
Decrease of 100 basis points	+17,356	-4,391	+5,116	+5,598

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35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

(ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by two (2) customers which constituted approximately 27% of its trade receivables as at the end of the reporting period.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

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35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Exposure to credit risk (Cont'd)

The exposure of credit risk for trade receivables (including amount owing by related parties) by geographical region is as follows:-

	THE GROUP	
	2015 RM	2014 RM
Malaysia	5,119,226	6,532,296
Other Asian Countries	3,869,566	4,210,130
European Countries	69,611	69,611
African Countries	12,498	10,128
	9,070,901	10,822,165

Ageing analysis

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:-

THE GROUP	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	COLLECTIVE IMPAIRMENT RM	CARRYING VALUE RM
2015				
Not past due	4,285,381	-	-	4,285,381
Past due:				
- less than 3 months	1,657,463	-	-	1,657,463
- 3 to 6 months	457,452	(122,150)	-	335,302
- over 6 months	3,523,482	(730,727)	-	2,792,755
	9,923,778	(852,877)	-	9,070,901

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35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Ageing analysis (Cont'd)

THE GROUP	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	COLLECTIVE IMPAIRMENT RM	CARRYING VALUE RM
2014				
Not past due	4,523,123	-	-	4,523,123
Past due:				
- less than 3 months	2,470,028	-	-	2,470,028
- 3 to 6 months	604,658	-	-	604,658
- over 6 months	3,250,935	(26,579)	-	3,224,356
	10,848,744	(26,579)	-	10,822,165

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Groups uses ageing analysis to monitor the credit quality of the trade receivables.

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35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

THE GROUP	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 – 5 YEARS RM	OVER 5 YEARS RM
2015						
Hire purchase payables	5.50	748,103	841,157	272,105	536,572	32,480
Term loans	4.85	682,079	816,298	99,960	399,840	316,498
Trade and other payables	-	7,355,837	7,355,837	7,355,837	-	-
Bank overdrafts	9.31	1,752,014	1,752,014	1,752,014	-	-
		10,538,033	10,765,306	9,479,916	936,412	348,978

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35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
The Group						
2014						
Hire purchase payables	5.44	841,016	965,269	249,183	646,273	69,813
Bankers' acceptances	4.75	137,000	137,000	137,000	-	-
Term loans	4.85	746,456	916,258	99,960	399,840	416,458
Trade and other payables	-	6,510,054	6,510,054	6,510,054	-	-
Bank overdrafts	8.51	2,775,279	2,775,279	2,775,279	-	-
		11,009,805	11,303,860	9,771,476	1,046,113	486,271
The Company						
2015						
Trade and other payables	-	140,713	140,713	140,713	-	-
Term loans	4.85	682,079	816,298	99,960	399,840	316,498
		822,792	957,011	240,673	399,840	316,498
2014						
Trade and other payables	-	64,601	64,601	64,601	-	-
Term loans	4.85	746,456	916,258	99,960	399,840	416,458
		811,057	980,859	164,561	399,840	416,458

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35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on gearing ratio. The Group's strategies were unchanged from the previous financial year. The gearing ratio is calculated as net debt divided by total capital plus net debt. Net debt is calculated as borrowings less cash and cash equivalents.

The gearing ratio of the Group as at the end of the reporting period was as follows:-

	THE GROUP	
	2015 RM	2014 RM
Hire purchase payables	748,103	841,016
Term loans	682,079	746,456
Bankers' acceptances	-	137,000
Bank overdrafts	1,752,014	2,775,279
	3,182,196	4,499,751
Less: Fixed deposits with licensed banks	(120,000)	(4,244,237)
Less: Cash and bank balances	(4,817,815)	(2,811,278)
Net debt	-	-
Total Equity	48,521,890	39,084,629
Gearing ratio	Not applicable	Not applicable

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35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management (Cont'd)

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) more than 25% of the issued and paid-up share capital (excluding treasury shares). The Company has complied with this requirement.

(c) Classification Of Financial Instruments

	THE GROUP		THE COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Financial asset				
Loans and receivables financial assets				
Trade and other receivables	19,704,911	11,768,316	30,302,048	19,417,777
Fixed deposits with licensed banks	120,000	4,244,237	-	-
Cash and bank balances	4,817,815	2,811,278	1,663,995	656,498
	24,642,726	18,823,831	31,966,043	20,074,275
Financial liability				
Other financial liabilities				
Hire purchase payables	748,103	841,016	-	-
Term loans	682,079	746,456	682,079	746,456
Trade payables and other payables	7,355,837	6,510,054	140,713	64,601
Bankers' acceptances	-	137,000	-	-
Bank overdrafts	1,752,014	2,775,279	-	-
	10,538,033	11,009,805	822,792	811,057

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35. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value Information

At the end of the reporting period, there was no financial instrument carried at fair values in the statements of financial position.

The fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. These fair values are determined by discounting the relevant cash flows at rates equal to the current market interest rate plus appropriate credit rating, where necessary. The fair values are included in level 2 of the fair value hierarchy.

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 2 October 2014, the Company announced that the Company had on 1 October 2014 entered into a conditional Share Sale Agreement with Dynavance Construction Sdn. Bhd. ("Dynavance") to acquire the entire issued and paid up capital of Dynavance ("Proposed Acquisition") for a total cash consideration of RM9,500,000.

On 2 December 2014, the Company informed that the parties to the Share Sale Agreement ("SSA") had vide a Letter of Extension of Time dated 30 December 2014 mutually agreed to extend the time for the satisfaction of the conditions precedent which were originally three (3) months from the date of the SSA to an additional period of three (3) months to expire on 31 March 2015.

On 31 March 2015, the Company announced that the Board of Directors of the Company informed that intention of the Company to deliver the performance of its existing secured construction business as announced on 13 January 2015 and the scale of the Proposed Acquisition, the parties to the SSA had vide a Deed of Mutual Rescission dated 31 March 2015 ("DMR") decided to revoke the SSA with effect from the date of the DMR;

(b) On 4 November 2014, TIPL subscribed for 510,000 ordinary shares of US Dollar ("USD") 1.00, representing 51% of the total issued and paid-up capital of TIGM for a total consideration of USD510,000 which is equivalent to RM1,695,750. TIGM issued and paid-up capital is USD1,000,000. TIGM is presently dormant and the intended activities are manufacturing, marketing and trading of rubber and plastic products especially baby products.

However, as at reporting date, the consideration has yet to be settled;

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36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(c) On 3 December 2014, the Company announced that it has fixed the issue price for the Proposed Private Placement of 17,900,000 new shares to be issued at RM0.514 per placement share. On 9 December 2014, the Proposed Private Placement has been completed following the listing of and quotation for 17,900,000 new shares on the Main Market of Bursa Securities;

(d) On 13 January 2015, the Company announced that TLSB, has accepted a letter of award dated 12 January 2015 from OCR Land Holdings Sdn Bhd, to construct and complete the mechanical and electronic works as well as architect, structure and civil works of a block of twenty-one storey commercial building for a contract sum of RM37,440,290.

The Company proposed to diversify the business of the Company and its subsidiaries to include the construction business which was approved by the shareholders of the Company on April 2015;

(e) On 1 June 2015, TDKSB, entered into a conditional Joint Venture Agreement ("JVA") with SSPP Development Sdn Bhd in relation to a proposed mixed development on a parcel of land in Bandar Kuantan, Kuantan, Pahang;

(f) On 30 July 2015, the Company accepted a conditional Letter of Offer issued by Makok Inti Sdn Bhd ("MISB") with the intention to acquire a 51% equity interest in Masbe Coffee Sdn Bhd from MISB at an offer price of RM5 million.

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37. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) On 11 August 2015, 18 August 2015, 25 August 2015, 14 September 2015, 22 September 2015 and 13 October 2015, allotments totalling 1,515,000 new ordinary shares of RM0.25 each at an exercise price of RM0.35 each per share for cash pursuant to the conversion of Warrants B by warrants holders of the Company;

(b) On 13 August 2015, TRCSB, a wholly-owned subsidiary of the Company had entered into a conditional Sale and Purchase Agreement with Mega Irama Enigma Sdn Bhd, to acquire a piece of leasehold land held under Pajakan Negeri No. Hakmilik 2176, Lot No.475, Kawasan Bandar XXXIX, Daerah Melaka Tengah, Negeri Melaka for a total purchase consideration of RM9,316,165;

(c) On 19 August 2015, the Company announced their prospectus to undertake the following:

- Proposed renounceable rights issue of up to 735,074,052 new irredeemable convertible preference shares of RM0.05 each in the Company ("ICPS") on the basis of three (3) ICPS for every one (1) existing ordinary share of RM0.25 each in the Company ("OCR share") held, together with up to 73,507,405 free detachable warrants ("Warrants") on the basis of one (1) Warrant for every ten (10) ICPS subscribed for at an entitlement date to be determined later;
- Proposed diversification of the business of the Company and its subsidiaries to include property development business;
- Proposed increase in the authorised share capital of the Company from RM100,000,000 comprising 400,000,000 OCR shares to RM500,000,000 comprising 1,600,000,000 OCR shares and 2,000,000,000 ICPS; and
- Proposed amendments to the Memorandum and Articles of Association of OCR to facilitate the issuance of the ICPS pursuant to the Proposed Rights Issue of ICPS with Warrants and the Proposed Increase in Authorised Share Capital.

The listing application has been submitted to Bursa Securities on 7 September 2015;

(d) On 11 September 2015, the Company entered into a Share Sale Agreement with Mr Cheah Kim Tee and Puan Norhalimah Binti Rahim to dispose of its 100% equity stake in its wholly-owned subsidiary, BVSB, representing 1,000,000 ordinary shares of RM1.00 each for a total cash consideration of RM655,000. Upon the completion of this disposal, BVSB shall cease to be a subsidiary of the Company;

O&C RESOURCES BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

37. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONT'D)

(e) On 25 September 2015, the Company acquired two ordinary shares, representing 100% of the total issued and paid-up share capital of Grand Superland Sdn. Bhd. ("GSSB") for a total consideration of RM2. GSSB was incorporated on 12 June 2015 and is presently dormant and the intended activities are property investment, property development and general trading;

(f) On 29 September 2015, the Company entered into a conditional Share Sale Agreement to acquire 125,000 ordinary shares of RM1.00 each representing 50% of the issued and paid-up share capital of A.W.Impian Land Sdn Bhd from Tan Teck Ang and Chen Ling Wah for a total cash consideration of RM6 million; and

(g) On 2 October 2015, the Company accepted a conditional Letter of Intent dated 22 September 2015 from Lay Hong Berhad to acquire 200,000 ordinary shares of THB 100 each in TSC, being 100% of the issued and paid-up share capital of TSC, from the Company.

O&C RESOURCES BERHAD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

38. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED LOSSES

The breakdown of the accumulated losses of the Group and of the Company as at the end of the reporting period into realised and unrealised losses are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	THE GROUP		THE COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Total accumulated losses:				
- realised	(18,797,385)	(10,794,224)	(13,442,867)	(6,038,721)
- unrealised	(247,234)	(259,520)	95,948	(43,114)
At 31 July	(19,044,619)	(11,053,744)	(13,346,919)	(6,081,835)

Company No. 440503-K

APPENDIX V

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE SIX (6)-MONTH FPE 31 JANUARY 2016

Certified True Copy

O&C Resources Berhad
(formerly known as Takaso Resources Berhad)
(Company No: 440503-K)
(Incorporated in Malaysia)

ONG KAH HOE
EXECUTIVE DIRECTOR

Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For the financial quarter ended 31 January 2016

		Individual Quarter		Cumulative Period	
	Note	Current Year Quarter 31.01.2016 RM'000	Preceding Year Quarter 31.01.2015 RM'000	Current Year To Date 31.01.2016 RM'000	Preceding Year To Date 31.01.2015 RM'000
Revenue		9,525	7,611	20,067	18,516
Cost of sales		(7,415)	(5,980)	(15,627)	(15,026)
Gross profit		2,110	1,631	4,440	3,490
Other income		571	507	1,749	664
Selling and distribution expenses		(312)	(214)	(832)	(466)
Administrative expenses		(1,787)	(2,493)	(4,024)	(4,462)
Other expenses		(291)	(106)	(428)	(198)
Finance costs		(120)	(61)	(175)	(130)
Profit/(Loss) before tax		171	(736)	730	(1,102)
Income tax expenses	B5	(31)	(51)	(166)	(98)
Profit /(Loss) after taxation for the financial period		140	(787)	564	(1,200)
Other Comprehensive (Expenses) /Income, net of Tax:					
Foreign currency translation		(330)	280	148	311
Total Comprehensive (Expenses) /Income	B12	(190)	(507)	712	(889)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2015 and the accompanying explanatory notes attached to the interim financial statements.

O&C Resources Berhad
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Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For the financial quarter ended 31 January 2016 (Cont'd)

	Note	Individual Quarter Current Year Quarter 31.01.2016 RM'000	Individual Quarter Preceding Year Quarter 31.01.2015 RM'000	Cumulative Period Current Year To Date 31.01.2016 RM'000	Cumulative Period Preceding Year To Date 31.01.2015 RM'000
Profit/(Loss) after taxation attributable to:					
Owners of the Company		169	(787)	596	(1,200)
Non-Controlling Interests		(29)	-	(32)	-
		140	(787)	564	(1,200)
Total Comprehensive (Expenses) / Income attributable to:					
Owners of the Company	B12	(161)	(507)	744	(889)
Non-Controlling Interests		(29)	-	(32)	-
		(190)	(507)	712	(889)
Earnings /(Loss) per share ("EPS/(LPS)") (in sen)					
Basic EPS/(LPS)	B11	0.08	(0.41)	0.29	(0.68)
Fully Diluted EPS/(LPS)	B11	0.08	(0.37)	0.27	(0.62)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2015 and the accompanying explanatory notes attached to the interim financial statements.

O&C Resources Berhad
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Condensed Consolidated Statement of Financial Position
As at 31 January 2016

	Note	As at 31.01.2016 (Unaudited) RM'000	As at 31.07.2015 (Audited) RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		23,384	22,861
Investment property		1,974	1,995
Goodwill		5,174	-
		30,532	24,856
Current Assets			
Property development cost		6,053	-
Inventories		5,318	5,580
Trade and others receivables		30,777	23,954
Current tax assets		30	30
Cash and cash equivalents		1,922	4,938
		44,100	34,502
TOTAL ASSETS		74,632	59,358
EQUITY AND LIABILITIES			
Share capital		51,973	51,075
Reserves		(1,450)	(2,552)
Shareholders' funds		50,523	48,523
Non-controlling interests		(201)	(1)
TOTAL EQUITY		50,322	48,522
Non-Current Liabilities			
Long-term bank borrowings	B8	1,560	1,124
Deferred tax liabilities		258	258
		1,818	1,382
Current Liabilities			
Trade and other payables		10,727	7,356
Short-term borrowings	B8	11,585	2,058
Current tax liabilities		180	40
		22,492	9,454
TOTAL LIABILITIES		24,310	10,836
TOTAL EQUITY AND LIABILITIES		74,632	59,358
Net assets per share attributable to ordinary equity holders of the Company (RM)		0.22	0.24

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2015 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE SIX (6)-MONTH FPE 31 JANUARY 2016 (*CONT'D*)

O&C Resources Berhad
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Condensed Consolidated Statement of Changes in Equity
For the financial period ended 31 January 2016

	<-----Attributable to owners of the company-----								>
			<----Non Distributable------->			Distributable			
	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Share Issuance Scheme Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Balance as at 1 August 2015	51,075	12,941	3,303	248	-	(19,044)	48,523	(1)	48,522
Profit after taxation for the period	-	-	-	-	-	596	596	(32)	564
Other comprehensive income for the period, net of tax									
- Foreign currency translation	-	-	-	148	-	-	148	-	148
Total comprehensive income for the period	-	-	-	148	-	596	744	(32)	712
Transaction with owners of the company:									
Acquisition of subsidiary company	-	-	-	-	-	-	-	(168)	(168)
Issuance of ordinary share pursuant to:									
- exercise of SIS	-	-	-	-	-	-	-	-	-
- exercise of Warrant B	898	650	(292)	-	-	-	1,256	-	1,256
Transfer of share premium for Warrant B exercised	-	-	-	-	-	-	-	-	-
Balance as at 31 January 2016	51,973	13,591	3,011	396	-	(18,448)	50,523	(201)	50,322

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2015 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE SIX (6)-MONTH FPE 31 JANUARY 2016 (*CONT'D*)

O&C Resources Berhad
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Condensed Consolidated Statement of Changes in Equity
For the financial period ended 31 January 2016 (Cont'd)

	<-----Attributable to owners of the company---->								
			<-----Non Distributable----->			Distributable			
	Share Capital RM'000	Share Premium RM'000	Share Premium RM'000	Foreign Exchange Translation Reserve RM'000	Share Issuance Scheme Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Balance as at 1 August 2014	40,187	4,608	4,576	(96)	864	(11,054)	39,085	-	39,085
Loss after taxation for the period	-	-	-	-	-	(1,200)	(1,200)	-	(1,200)
Other comprehensive Income for the period, net of tax									
- Foreign currency translation	-	-	-	311	-	-	311	-	311
Total comprehensive Income/(expenses) for the period	-	-	-	311	-	(1,200)	(889)	-	(889)
Transaction with owners of the Company:									
Issuance of ordinary share pursuant to :									
-exercise of SIS	2,489	-	-	-	-	-	2,489	-	2,489
- exercise of Warrant B	2,591	1,037	-	-	-	-	3,628	-	3,628
- private placement	4,475	4,627	-	-	-	-	9,102	-	9,102
Transfer of share premium for SIS exercised	-	864	-	-	(864)	-	-	-	-
Balance as at 31 January 2015	49,742	11,136	4,576	215	-	(12,254)	53,415	-	53,415

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2015 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statement of Changes in Equity
For the financial period ended 31 January 2016

	Current Year to date 31.01.2016 RM'000	Preceding Year to date 31.01.2015 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before tax	**730**	**(1,102)**
Adjustments for:		
Non-cash items	(4,143)	938
Non-operating items	401	92
Operating loss before working capital changes	**(3,012)**	**(72)**
Net change in current assets	(1,863)	(7,241)
Net change in current liabilities	(8,058)	(707)
Cash used in operations	**(12,933)**	**(8,020)**
Tax refund	-	-
Tax paid	(29)	(32)
Net cash used in operating activities	**(12,962)**	**(8,052)**
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(326)	(2,140)
Proceeds from disposal of equipment	38	-
Interest income	8	39
Net cash used in investing activities	**(280)**	**(2,101)**
Cash Flows From Financing Activities		
Interest paid	(440)	(130)
Proceeds from issuance of ordinary shares pursuant to:		
-SIS, net of expenses	-	2,489
- exercised of warrants	1,256	3,628
Private placements, net of expenses		9,102
Drawdown /(Repayment) of bank borrowings	9,966	(171)
Repayment of hire purchase payable	(143)	(111)
Net cash generated from financing activities	**10,639**	**14,807**
Net cash (decreased) / increased in cash and cash equivalents	**(2,603)**	**4,654**
Effects of exchange rate changes on cash and cash equivalents	**(8)**	**48**
Cash and cash equivalents at beginning of the financial year	**3,221**	**4,281**
Cash and cash equivalents at end of the financial period	**610**	**8,983**

The Condensed Consolidated Statement of Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2015 and the accompanying explanatory notes attached to the interim financial statements.

O&C Resources Berhad
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Condensed Consolidated Statement of Cash Flows
For the period ended 31 January 2016(Cont'd)

	Current Year To Date 31.01.2016 RM'000	Preceding Year To Date 31.01.2015 RM'000
Analysis of cash and cash equivalents:		
Fixed deposits with licensed banks	120	-
Cash and bank balances	1,802	10,976
Bank overdrafts	(1,192)	(1,993)
	730	8,983
Less: Fixed deposit pledged to licensed banks	(120)	-
	610	8,983

The Condensed Consolidated Statement of Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2015 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. Change of Name

The Company has changed its name from Takaso Resources Berhad to O&C Resources Berhad on 1 October 2015.

2. 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 July 2015.

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 July 2015.

The adoption of the MFRSs and Amendments to MFRSs that came into effect after 1 August 2014 did not have any significant impact on the interim financial statements upon their initial application.

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

Effective for financial periods beginning on or after 1 January 2016

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 10 and MFRS 128 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011)	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Presentation of Financial Statements: Disclosure Initiative
Amendments to MFRS 116 And MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 127 (2011)	Equity Method in Separate Financial Statements
Annual Improvements to MFRSs 2012 – 2014 Cycle	

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

2. Basis of Preparation (Cont'd)

Effective for financial periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers

The adoption of the above accounting standards and interpretations (including consequential amendments, if any) did not have significant impact on the Group's financial statements.

3. Status of Audit Qualifications

The audited financial statements of the Group for the financial year ended 31 July 2015 was not subject to any audit qualification.

4. Seasonality or Cyclicality of Operations

There were no material seasonal or cyclical factors that have affected the financial performance of the Group. However, the demand of the Group's products is generally dependent on consumer demand of baby products and medical contraceptive condoms.

5. 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.

6. 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.

7. Issuances, Cancellation, Repurchases, Resale & Repayments Of Debts And Equity Securities

On 15 December 2015, 20 January 2016, 28 January 2016 there are allotments of a total of 2,074,200 new ordinary shares of RM0.25 each at an exercise price of RM0.35 each per share for cash pursuant to the conversion of Warrant B by warrant holders of the Company.

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

8. Dividend

There were no dividends paid during the current quarter.

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

9. Segment Information

The following is an analysis of the revenue and consolidated result of the Group by segment of its operating activities for the current quarter ended 31 January 2016: -

31 January 2016	Manufacturing RM'000	Trading RM'000	Construction RM'000	Property Development RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
External Sales	3,439	6,469	476	-	-	(859)	9,525
Segment Results (EBITDA)	327	358	(114)	(23)	(257)	462	753
Finance Cost	(32)	(12)	-	(335)	(11)	270	(120)
Depreciation and Amortisation	(364)	(63)	-	-	(35)	-	(462)
Consolidated Profit Before Tax							171
ASSETS							
Segment Assets	21,870	10,967	1,323	12,470	76,437	(48,465)	74,602
LIABILITIES							
Segment Liabilities	13,294	12,781	1,722	12,815	20,325	(37,065)	23,872
OTHER INFORMATION							
Capital Expenditure	576	-	-	-	-	-	576
Depreciation and Amortisation	364	63	-	-	35	-	462
Other Non Cash Expenses/(Income)	(35)	109	-	-	(239)	-	(165)

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

9. Segment Information (Cont'd)

31 January 2015	Manufacturing RM'000	Trading RM'000	Construction RM'000	Property Development RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
External Sales	2,725	5,458	-	-	-	(572)	7,611
Segment Results (EBITDA)	425	(138)	-	-	(651)	162	202
Finance Cost	(47)	(6)	-	-	(8)	-	(61)
Depreciation and Amortisation	(373)	(88)	-	-	(12)	-	(473)
Consolidated Loss Before Tax							**(736)**
ASSETS							
Segment Assets	30,475	24,429	-	-	65,139	(56,250)	63,523
LIABILITIES							
Segment Liabilities	15,008	25,361	-	-	4,612	(35,023)	9,958
OTHER INFORMATION							
Capital Expenditure	13	118	-	-	1,705	-	1,836
Depreciation and Amortisation	373	88	-	-	12	-	473
Other Non Cash Expenses/(Income)	-	-	-	-	-	-	-

GEOGRAPHICAL SEGMENT

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

	Revenue by location of customers		Segments assets by location of assets		Capital expenditure by location of assets	
	31 JANUARY 2016 RM'000	31 JANUARY 2015 RM'000	31 JANUARY 2016 RM'000	31 JANUARY 2015 RM'000	31 JANUARY 2016 RM'000	31 JANUARY 2015 RM'000
Malaysia	2,131	1,829	57,068	50,572	625	39
Other Asian Countries	6,912	5,441	17,534	12,951	(49)	1,797
European Countries	-	324	-	-	-	-
African Countries	123	17	-	-	-	-
Others	359	-	-	-	-	-
Total	**9,525**	**7,611**	**74,602**	**63,523**	**576**	**1,836**

O&C Resources Berhad
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PART A
EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

10. Valuation of Property, Plant and Equipment

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

11. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the reporting period up to 18 March 2016, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report, that have not been reflected in the financial statements for the current quarter ended 31 January 2016 except for a conditional Share Sale Agreement entered with Lay Hong Berhad for the disposal of its entire equity interest in a wholly owned subsidiary, Takaso SC (Thailand) Limited ("TSC") for a cash consideration of RM 8,500,000.00 on 4 February 2016.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter ended 31 January 2016 except for the followings:

(a) On 8 December 2015, the disposal of the Benchmark Vista Sdn Bhd ("BVSB"), a wholly owned subsidiary of the Company had been completed. Thus, BVSB ceased to be a wholly-owned subsidiary of the Company effective 8 December 2015.

(b) On 31 December 2015, the disposal of the Takaso Trading Sdn Bhd ("TTSB")., a wholly owned subsidiary of the Company had been completed. Thus, TTSB ceased to be a wholly-owned subsidiary of the Company effective 31 December 2015.

(c) On 15 January 2016, the Company had completed the acquisition of Masbe Coffee Sdn Bhd ("MCSB") for 51 ordinary shares of RM1.00 each, representing 51% of the total issued and paid up share capital for a cash consideration of RM5,000,000.00. As a result, MCSB became a direct subsidiary company of the Group.

O&C Resources Berhad
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PART A
EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

13. 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 18 March 2016, 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 31.01.2016 RM'000	**As at 31.07.2015 RM'000**
Corporate guarantees extended:		
- to financial institutions for credit facilities granted to a subsidiary	1,192	1,993
- to a supplier for purchases made by a subsidiary	-	233

There were no contingent assets since the last annual balance sheet as at 31 July 2015.

14. Capital Commitments

Save from the following, there were no capital commitments in the current quarter under review:

	As at 31.01.2016 RM'000	**As at 31.7.2015 RM'000**
Contracted but not provided for:		
Acquisition of a piece of development land	7,919	-
Acquisition of new subsidiaries	4,115	3,947
	12,034	3,947

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

15. Significant Inter Company and Related Party Transactions

	Group	
	Current Year To Date 31.01.2016 RM'000	**Preceding Year To Date 31.01.2015 RM'000**
Inter Company Transactions		
Sales by Takaso Rubber Products Sdn Bhd to:-		
Takaso Marketing Sdn Bhd	1,585	1,258
Japlo Healthcare Sdn Bhd	1	5
Sales by Takaso Marketing Sdn Bhd to:-		
Japlo Healthcare Sdn Bhd	16	14
Related Parties Transactions		
Professional services rendered by a company in which a director has a substantial financial interest	-	34
Purchases from a company in which a director has a substantial financial interest	917	249
Sales to a company in which a director has a substantial financial interest	805	-
Project revenue recognized from a contract awarded by a company in which a director has a substantial financial interest	2,018	1,258

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

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

1. Detailed Analysis of the Performance of all Operating Segments

	Individual Quarter		Cumulative Period	
	31.01.2016 RM'000	31.01.2015 RM'000	31.01.2016 RM'000	31.01.2015 RM'000
Revenue	9,525	7,611	20,067	18,516
Profit/(Loss) before tax	171	(736)	730	(1,102)

For the current quarter and cumulative period under review, the Group's revenue increased by 25.15% and 8.38% respectively compared to the corresponding quarter and cumulative period ended 31 January 2015. The increase in revenue was mainly due to progressive recognition of revenue from construction business, increased in sales for trading of electrical & mechanical products and manufacturing of rubber products & baby products.

For the current quarter and cumulative period under review, the Group registered profit before tax of RM0.17 million and RM0.73 million respectively as compared to loss before tax of RM0.74 million and RM1.10 million in the corresponding quarter and cumulative period ended 31 January 2015. The improvement in profit before tax for the current quarter and cumulative period ended 31 January 2016 mainly due to unrealised foreign exchange gain of RM0.46 million and RM1.36 million respectively. The improvement of gross profit in manufacturing of rubber products & baby products business and trading of electrical & mechanical products business also contributing for the better results in the current quarter and cumulative quarter under review.

Further Analysis by Segments

Manufacturing Segment
The revenue has increased by approximately RM0.42 million in the current quarter under review compared to the previous corresponding quarter ended 31 January 2015. The increase in revenue is mainly due to the sales improvement in rubber products and baby products.

Trading Segment
The revenue has increased by approximately RM1.02 million in the current quarter under review compared to the corresponding quarter ended 31 January 2015. The increase in revenue is mainly due to increase in trading business of computer and automobile accessories.

Construction Segment
The revenue generated from this segment was a result of progressive of revenue recognition in the awarded construction contract amounting to RM0.48 million in the current quarter and cumulative period under review.

O&C Resources Berhad
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(Incorporated in Malaysia)

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

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

	Individual Quarter	
	31.01.2016	**31.10.2015**
	RM'000	**RM'000**
Revenue	9,525	10,542
Profit before tax	171	558

The Group recorded profit before tax of RM0.17 million for the current quarter as compared to the immediate preceding quarter of RM0.56 million.

The decrease in profit before tax of approximately RM0.39 million was mainly due lower unrealised foreign exchange gain recognised in the current quarter under review.

3. Current Year Prospects

The Group has been facing challenges in its core business of manufacturing and marketing of condoms and baby products, in view of rising raw material prices and operational costs for the past few years. Taking cognisance of this, the Group has made efforts to improve our financial performance and position which include, among others, the Group's acceptance of a construction contract which led to our Group's diversification of business to include the construction business. At the same time of maintaining on the existing business undertakings, the Group has also expanded its initial foray in the construction business to include the property development business as well.

The following are the plans to be undertaken by the Group to strengthen our financial performance and position in the medium and long term, the Group

(a) had entered into a conditional joint venture agreement to undertake a proposed mixed development project in Kuantan;

(b) had entered into a Share Sale Agreement to acquire 51% equity interest in Masbe Coffee Sdn. Bhd. to facilitate to undertake a proposed residential or mixed development project at Jalan Yap Kwan Seng, Kuala Lumpur;

(c) had entered into a conditional Sale and Purchase Agreement to acquire the Melaka Land to be developed into a mixed development project; and

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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 (Cont'd)

(d) had entered into a conditional Share Sale Agreement to acquire 50% equity interest in A.W. Impian Land Sdn. Bhd. to undertake a proposed residential development project on two lots of Kayu Ara lands.

Through efforts such as brand building and business development activities in future, we hope the market will be aware of the existence of a new niche construction and property player making waves in the Klang Valley.

Notwithstanding the secured construction works and those announced proposal in relate to development projects, the Group is also aggressively taking steps to source and negotiate for more new business opportunities for the future construction and property development sector.

With those efforts undertaken by the Group, our management is of the opinion that the prospects of the Group will improve in the future.

4. Variances Between Actual Profit and Forecast Profit

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

5. Tax Expense

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

6. Status of Corporate Proposals

Save from the following, there were no corporate proposals announced but not completed as at 18 March 2016, being the last practicable date from the date of the issue of this report.

(a) Takaso Development (Kuantan) Sdn Bhd had on 1 June 2015 entered into a joint venture agreement with SSPP Development Sdn Bhd to undertake a proposed mixed development project in Kuantan;

(b) Tristar City Sdn Bhd had on 13 August 2015 entered into the conditional Sale and Purchase Agreement with Mega Irama Enigma Sdn Bhd to acquire a Melaka Land for a cash consideration of RM9,316,165. The Melaka Land is expected to be developed into a mixed development project;

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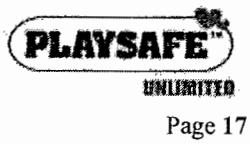

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PART B
EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE BURSA MAIN MARKET LISTING REQUIREMENTS (CONT'D)

6. Status of Corporate Proposals (Cont'd)

(c) On 19 August 2015, the Group has announced to propose undertake the following:

- Proposed renounceable rights issue of up to 735,074,052 new irredeemable convertible preference share of RM0.05 each in O&C Resources Berhad("OCR") (this proposal refer to "ICPS") on the basis of three (3) ICPS for every one (1) existing ordinary share of RM0.25 each in OCR ("OCR share") held , together with up to 73,507,405 free detachable warrants ("Warrants") on the basis of one (1) Warrants for every ten (10) ICPS subscribed at an entitlement date to be determined later;
- Proposed diversification of the business of OCR and its subsidiaries to include property development business;
- Proposed increase in the authorized share capital of OCR from RM100,000,000 comprising 400,000,000 OCR shares to RM500,000,000 comprising 1,600,000,000 OCR shares and 2,000,000,000 ICPS; and
- Proposed amendments to the Memorandum and Articles of Association of OCR to facilitate the issuance of the ICPS pursuant to the Proposed Rights Issue of ICPS with Warrants and the Proposed Increase in Authorised Share Capital.

The listing application has been submitted to Bursa Securities on 7 September 2015; and

(d) On 29 September 2015, the Company had entered into a conditional Share Sale Agreement to acquire 125,000 ordinary shares of RM1.00 each representing 50% of the issued and paid-up share capital of A.W. Impian Land Sdn. Bhd. from Tan Teck Ang and Chen Ling Wah for a cash consideration of RM6,000,000.00.

7. Utilisation Of Proceeds

There were no un-utilisation of proceeds in the current quarter under review.

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

8. Borrowings and Debt Securities

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

	As at 31.01.2016 RM'000
Secured:	
Current liabilities	
- Bank overdrafts	1,192
- Term loan	10,070
	11,262
Non-current liabilities	
- Term loan	579
	579
Unsecured:	
Current liabilities	
- Hire purchase payable	323
	323
Non-current liabilities	
- Hire purchase payable	981
	981
Total Borrowings	13,145

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.

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

	As at 31.01.2016 RM'000
Ringgit Malaysia	12,412
Singapore Dollar	660
Thai Baht	73
Total Borrowings	13,145

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

9. Material Litigation

Since the date of the last annual statement of financial position, there was no pending material litigation as at 18 March 2016, being the last practicable date from the date of issue of this quarterly report.

10. Dividend

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

11. Earnings/(Loss) Per Share

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31.01.2016 RM'000	Preceding Year Quarter 31.01.2015 RM'000	Current Year To Date 31.01.2016 RM'000	Preceding Year Period 31.01.2015 RM'000
(a) Basic earnings/(loss) per share				
Net profit/(loss) for the period	169	(787)	596	(1,200)
Weighted average number of ordinary shares in issue ('000)	205,959	189,830	205,695	177,195
Basic earnings/(loss) per share (sen)	0.08	(0.41)	0.29	(0.68)
(b) Fully diluted loss per share				
Net profit/(loss) for the period	169	(787)	596	(1,200)
Weighted average number of ordinary shares in issue ('000)	205,959	189,830	205,695	177,195
Effects of dilution:				
Warrants ('000)	10,610	20,023	11,397	15,387
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	216,569	209,853	217,092	192,582
Fully diluted earnings/(loss) per share (sen)	0.08	(0.37)	0.27	(0.62)

The fully diluted earnings/(loss) per share for the preceding year corresponding quarter ended 31 January 2015 is not disclosed as the effects on the assumed exercised of the share options under warrants and SIS are anti-dilutive.

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

12. Notes to the Statement of Comprehensive Income

	Group	
	Current Year Quarter 31.01.2016 RM'000	**Current Year to date 31.01.2016 RM'000**
Interest income	(8)	(8)
Other income	(206)	(498)
Interest expense	120	175
Depreciation and amortisation	462	922
Gain or loss on disposal of quoted or unquoted investments or properties	-	8
Foreign exchange gain	(357)	(1,251)

13. 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.

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

14. Disclosure of Realised and Unrealised Accumulated Losses

The Group's realised and unrealised accumulated losses disclosure is as follows:-

	As at 31.01.2016 RM'000	As at 31.07.2015 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(40,925)	(42,829)
- Unrealised	(1,509)	(151)
	(42,434)	(42,980)
Less: Consolidation adjustments	23,986	23,936
	(18,448)	(19,044)

The determination of realised and unrealised profits/losses is compiled based on Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

By order of the Board
O&C Resources Berhad

Ong Kah Hoe
Executive Director
24 March 2016

O&C RESOURCES BERHAD (440503-K)
(formerly known as Takaso Resources Berhad)
Corporate Office
8.01, 8th Floor, Persoft Tower, 6B, Persiaran Tropicana,
Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor.
t +603 7806 3003 f +603 7880 4003

Registered Office
49-B, Jalan Melaka Raya 8, Taman Melaka Raya,
75000 Melaka.
t +606 281 5300 f +606 281 5332

Registered Office:

49-B, Jalan Melaka Raya 8
Taman Melaka Raya
75000 Melaka, Malaysia

6 JUN 2016

To: Shareholders of O&C Resources Berhad *(formerly known as Takaso Resources Berhad)* ("**OCR**" or the "**Company**")

Dear Sir / Madam,

On behalf of the Board of Directors of OCR ("**Board**"), I wish to report that after making due enquiries in relation to our Company and subsidiary companies ("**Group**") during the period between 31 July 2015 (being the date on which the latest audited consolidated financial statements have been made up) to the date thereof, being a date not earlier than fourteen (14) days before the date of this Abridged Prospectus that:

(i) in the opinion of the Board, the business of our Group has been satisfactorily maintained;

(ii) in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;

(iii) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) save as disclosed in this Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;

(v) since the last audited consolidated financial statements of our Group, there has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings; and

(vi) save as disclosed in this Abridged Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the results of our Group since the last audited consolidated financial statements of our Group.

Yours faithfully
For and behalf of the Board of
O&C RESOURCES BERHAD
(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD)

ONG KAH HOE
Executive Director

ADDITIONAL INFORMATION

1. SHARE CAPITAL

1.1 Save for the ICPS, Warrants and new Shares to be issued pursuant to the conversion of the ICPS and the exercise of the Warrants, no securities in our Company will be allotted or issued on the basis of this AP later than twelve (12) months after the date of the issuance of this AP.

1.2 As at the date of this AP, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely ordinary shares of RM0.25 each, all of which rank *pari passu* with one another.

1.3 Save as disclosed below, no person has been or is entitled to be granted an option to subscribe for any of our securities as at the LPD:

(i) the Entitled Shareholders who will be allotted the provisional ICPS with Warrants under the Rights Issue of ICPS with Warrants;

(ii) the holders of the outstanding Warrants 2011/2016, who are entitled to subscribe for one (1) new OCR Share for each Warrant 2011/2016 held during the five (5)-year exercise period up to 4 September 2016 at the exercise price of the Warrants 2011/2016 of RM0.35 each. As at the LPD, our Company has a total of 32,949,185 outstanding Warrants 2011/2016; and

(iii) up to fifteen percent (15%) of the issued and paid-up share capital of our Company (excluding treasury shares) may be issued at any one time during the duration of the SIS for the eligible Directors and employees of our Group (excluding subsidiaries which are dormant). As at the LPD, there is no outstanding SIS option issued by our Company.

2. REMUNERATION OF DIRECTORS

The provisions in our Articles of Association in respect of the arrangements for the remuneration of Directors are as follows:

Remuneration of Directors

102 (a) The remuneration of the Directors shall from time to time be determined by the Company in General Meeting subject to Articles 102(b) and (c) and Article 103. That remuneration shall be deemed to accrue from day to day. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meeting of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company.

(b) Fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover.

(c) Salaries payable to executive Directors may not include a commission on or percentage of turnover.

Increase in Directors' remuneration

103 Fees payable to director shall not be increased except pursuant to a resolution passed at a General Meeting, where notice of the proposed increase has been given in the notice convening the meeting.

3. MATERIAL CONTRACTS

Save as disclosed below, neither we nor our subsidiary companies have entered into any material contracts, (not being contracts entered into in the ordinary course of business) within two (2) years immediately preceding the date of this AP:

(i) Our Company had on 26 September 2014 entered into a letter of intent with Dynavance to acquire 100% of the equity interest in Dynavance. Subsequently, the Company had on 1 October 2014, entered into the SSA to acquire the entire issued and paid-up share capital of Dynavance from OKC, TPY, OKH and OKW, being the vendors and shareholders of Dynavance for a cash consideration of RM9,500,000.

On 30 December 2014, our Company announced that our Company and the shareholders of Dynavance had vide a letter of extension dated 30 December 2014 mutually agreed to extend the time for the satisfaction of conditions precedent which was originally three (3) months from the date of the SSA to additional period of three (3) months expiring on 31 March 2015.

On 31 March 2015, our Company announced that after taking into consideration of the intention of our Company to deliver the performance of the Construction Works and the scale of the abovementioned acquisition, our Company and the shareholders of Dynavance had vide the Deed of Mutual Rescission dated 31 March 2015 decided to rescind the SSA with effect from the date of the said Deed of Mutual Rescission dated 31 March 2015 and subject to the terms and conditions stated therein;

(ii) Conditional letter of offer dated 23 June 2015 to our Company issued by MISB (Conditional LO) in relation to the acquisition of fifty-one percent (51%) equity interest in MCSB from MISB at a cash consideration of RM5.00 million (Acquisition of MCSB). Please refer to Section 5.1(ii) and Section 7.8(iii) of this AP for further details;

(iii) Following the Conditional LO, our Company had on 30 October 2015 entered into the share sale agreement with MISB (SSA with MISB) for the Acquisition of MCSB. Please refer to Section 5.1(ii) and Section 7.8(iii) of this AP for further details;

(iv) On 15 January 2016, our Company entered into a shareholders' agreement with MCSB and MISB (Shareholders' Agreement) to regulate the relationship of the said parties in relation to the Acquisition of MCSB. Pursuant to the Shareholders' Agreement, our Company is entitled to MCSB's share of 50% of the net profits of the Yap Kwan Seng Project. Please refer to Section 5.1(ii) and Section 7.8(iii) of this AP for further details;

(v) On 13 August 2015, TCSB entered into a conditional sale and purchase agreement with MIESB to acquire the Melaka Land for a cash consideration of RM9,316,165.00 (Conditional SPA). Please refer to Section 5.1(iii) and Section 7.8(iv) of this AP for further details;

(vi) Our Company had on 29 September 2015 entered into a conditional share sale agreement with Tan Teck Ang and Chen Ling Wah to acquire 125,000 ordinary shares of RM1.00 each in A.W. Impian Land Sdn Bhd for a cash consideration of RM6,000,000. The said acquisition is expected to be completed in the second (2nd) half of 2016;

(vii) Our Company had on 2 October 2015 accepted a conditional letter of intent dated 22 September 2015 from Lay Hong Berhad to acquire 200,000 Takaso SC Shares, being 100% of the issued and paid-up share capital of Takaso SC.

Subsequently, our Company had on 4 February 2016 entered into a shares sale agreement with Lay Hong Berhad, OKH, Yong Mong Huay and Su Seong Yeen for the disposal of 200,000 Takaso SC Shares for a cash consideration of RM8,500,000.00.

Our Company had on 13 May 2016 entered into a supplemental agreement with Lay Hong Berhad, OKH, Yong Mong Huay and Su Seong Yeen to reflect the deletion of "clause 4.2 – payment of consideration" in the shares sale agreement dated 4 February 2016 and replace it with a new payment schedule. The said disposal is expected to be completed in the third (3rd) quarter of 2016; and

(viii) Deed Poll.

4. MATERIAL LITIGATION

As at the LPD, neither we nor our subsidiary company are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board do not have any knowledge of any proceeding, pending or threatened, against us or our subsidiary company or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position or business of our Company or our subsidiary company.

5. GENERAL

5.1 There is no existing or proposed service contract entered or to be entered into by our Company with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year from the date of this AP.

5.2 Save as disclosed in this AP, the financial conditions and operations of our Group are not affected by any of the following:

(i) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;

(ii) material commitments for capital expenditure of our Group;

(iii) unusual or infrequent events or transactions or significant economic changes that will materially affect the amount of reported income from operations;

(iv) known trends or uncertainties that have had or that our Group reasonably expects will have, a material favourable or unfavourable impact on our Group's revenue or operating income;

(v) substantial increase in revenues; and

(vi) material information, including trading factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our profits.

6. CONSENTS

The Adviser, Company Secretaries, Principal Bankers, Share Registrar, Solicitors for the Rights Issue of ICPS with Warrants and Bloomberg Finance L.P. have given and have not subsequently withdrawn their written consents to the inclusion in this AP of their names and all references thereto in the form and context in which they appear in this AP.

The written consent of our Reporting Accountants and Auditors to the inclusion in this AP of their names and letter relating to the pro forma consolidated statements of financial position of our Group as at 31 July 2015 and the audited consolidated financial statements of our Group for the FYE 31 July 2015 respectively, and all references thereto in the form and context in which they appear have been given before the issuance of this AP and have not subsequently been withdrawn.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at 49-B, Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka, Malaysia during normal business hours from 8.30 a.m. to 5.30 p.m. from Mondays to Fridays (excluding public holidays) for the period of twelve (12) months from the date of this AP:

(i) our Memorandum and Articles of Association;

(ii) the audited financial statements of our Group for the FYE 31 July 2014 and FYE 31 July 2015 and our latest unaudited consolidated financial results for the six (6)-month FPE 31 January 2016;

(iii) the pro forma consolidated statements of financial position as at 31 July 2015 and the Reporting Accountants' letter thereon as set out in **Appendix III** of this AP;

(iv) the undertaking letters from the Undertaking Shareholders referred to in Section 2.5 of this AP;

(v) Directors' Report referred to as **Appendix VI** of this AP;

(vi) the material contracts as set out in Section 3 above; and

(vii) the letters of consent referred to in Section 6 above.

8. RESPONSIBILITY STATEMENT

This AP together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

TA Securities, being the Adviser for the Rights Issue of ICPS with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning this Rights Issue of ICPS with Warrants.

NOTICE OF PROVISIONAL ALLOTMENT OF ICPS WITH WARRANTS

Terms defined in the Abridged Prospectus dated 15 June 2016 ("**Abridged Prospectus**") shall have the same meanings when used in this Notice of Provisional Allotment. The provisional allotment of ICPS (as defined herein) with Warrants (as defined herein) is a prescribed security pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) Amendment Act, 1998 and the Rules of Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**") shall apply in respect of dealings in the provisional allotment of ICPS with Warrants.

O&C RESOURCES BERHAD

(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD)

(Company No. 440503-K)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 735,074,052 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES OF RM0.05 EACH IN O&C RESOURCES BERHAD *(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD)* ("OCR" OR THE "COMPANY") ("ICPS") ON THE BASIS OF THREE (3) ICPS FOR EVERY ONE (1) EXISTING ORDINARY SHARE OF RM0.25 EACH IN OCR ("OCR SHARE" OR "SHARE") HELD AS AT 5.00 P.M. ON 15 JUNE 2016 ("ENTITLEMENT DATE") AT AN ISSUE PRICE OF RM0.05 PER ICPS, TOGETHER WITH UP TO 73,507,405 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF ONE (1) WARRANT FOR EVERY TEN (10) ICPS SUBSCRIBED FOR ("RIGHTS ISSUE OF ICPS WITH WARRANTS")

Adviser

TA SECURITIES
A MEMBER OF THE TA GROUP

TA SECURITIES HOLDINGS BERHAD (14948-M)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

To: Shareholders of OCR

Dear Sir / Madam,

The Board of Directors of OCR ("**Board**") has provisionally allotted to you, in accordance with the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") dated 2 February 2016 and the Ordinary Resolution 2 passed by shareholders of the Company at the Extraordinary General Meeting convened on 16 May 2016, the number of ICPS with Warrants as indicated below ("**Provisional Allotment**").

We wish to advise that the following ICPS with Warrants provisionally allotted to you in respect of the Rights Issue of ICPS with Warrants have been confirmed by Bursa Depository and upon acceptance will be credited into your Central Depository System ("**CDS**") account(s) subject to the terms and conditions stated in the Abridged Prospectus and the Rights Subscription Form dated 15 June 2016 issued by the Company.

The Provisional Allotment is made subject to the provisions in the Abridged Prospectus dated 15 June 2016 issued by the Company. Bursa Securities has already prescribed the securities of OCR listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the provisional allotment of ICPS with Warrants arising from the Rights Issue of ICPS with Warrants are prescribed securities and, as such, all dealings in the Provisional Allotment will be by way of book entry through CDS accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) Amendment Act, 1998 and the Rules of Bursa Depository.

ALL ICPS WITH WARRANTS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE OF ICPS WITH WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING THE ICPS WITH WARRANTS INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S)/TRANSFEREES(S) (IF APPLICABLE). NO PHYSICAL SHARE CERTIFICATES OR WARRANT CERTIFICATES WILL BE ISSUED.

It is the intention of the Board to allot the excess ICPS with Warrants in the following priority:

(i) firstly, to minimise the incidence of odd lots;
(ii) secondly, to the entitled shareholders who have applied for excess ICPS with Warrants, on a pro-rata basis and in board lots, calculated based on their respective shareholdings in the Company on the Entitlement Date;
(iii) thirdly, to the entitled shareholders who have applied for excess ICPS with Warrants, on a pro-rata basis and in board lots, calculated based on the quantum of excess ICPS with Warrants applied for; and
(iv) finally, to transferee(s)/renouncee(s) who have applied for the excess ICPS with Warrants, on a pro-rata basis and in board lots, based on the quantum of excess ICPS with Warrants applied for.

Nevertheless, the Board reserves the right to allot any excess ICPS with Warrants applied for under Part I(B) of the Rights Subscription Form on a fair and equitable basis and in such manner as it deems fit and expedient and in the best interest of the Company subject always to (i), (ii), (iii) and (iv) above are achieved. The Board also reserves the right to accept any excess ICPS with Warrants application, in full or in part, without assigning any reason.

NAME, ADDRESS AND CDS ACCOUNT NUMBER OF ENTITLED SHAREHOLDER

NUMBER OF OCR SHARES HELD AS AT 5.00 P.M. ON 15 JUNE 2016	NUMBER OF ICPS PROVISIONALLY ALLOTTED TO YOU	NUMBER OF WARRANTS ATTACHED TO THE ICPS PROVISIONALLY ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM0.05 PER ICPS (RM)

IMPORTANT RELEVANT DATES AND TIME:

Entitlement date	:	Wednesday, 15 June 2016 at 5.00 p.m.
Last date and time for sale of provisional allotment of ICPS	:	Thursday, 23 June 2016 at 5.00 p.m.
Last date and time for transfer of provisional allotment of ICPS	:	Tuesday, 28 June 2016 at 4.00 p.m.
Last date and time for acceptance and payment	:	Friday, 1 July 2016 at 5.00 p.m.*
Last date and time for excess application and payment	:	Friday, 1 July 2016 at 5.00 p.m.*

* *or such later date and time as the Board may decide at its absolute discretion and announce not less than two (2) market days before the stipulated date and time.*

By order of the Board
Lam Sook Ching (MAICSA 7006942)
Ng Bee Lian (MAICSA 7041392)
Company Secretaries

Share Registrar
Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel. no.: 03-7849 0777
Fax no.: 03-7841 8151/8152

THIS NOTICE OF PROVISIONAL ALLOTMENT IS DATED 15 JUNE 2016.

RIGHTS SUBSCRIPTION FORM

TERMS DEFINED IN THE ABRIDGED PROSPECTUS DATED 15 JUNE 2016 ("ABRIDGED PROSPECTUS") SHALL HAVE THE SAME MEANINGS WHEN USED IN THIS RIGHTS SUBSCRIPTION FORM ("RSF") AND THE NOTES AND INSTRUCTIONS FOR COMPLETING THIS RSF. THIS RSF IS ISSUED FOR THE PURPOSE OF ACCEPTING THE ICPS (AS DEFINED HEREIN) WITH WARRANTS (AS DEFINED HEREIN) AND APPLYING FOR EXCESS ICPS WITH WARRANTS PURSUANT TO THE RIGHTS ISSUE OF ICPS WITH WARRANTS (AS DEFINED HEREIN) OF O&C RESOURCES BERHAD *(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD)* ("OCR" OR THE "COMPANY"). THE LAST TIME AND DATE FOR ACCEPTANCE AND PAYMENT IS 5.00 P.M. ON 1 JULY 2016 OR SUCH LATER TIME AND DATE AS MAY BE DETERMINED AND ANNOUNCED BY THE BOARD OF DIRECTORS OF OCR. THIS RSF IS ONLY APPLICABLE TO PERSONS WHO HAVE PROVISIONAL ALLOTMENT OF ICPS WITH WARRANTS STANDING TO THE CREDIT OF HIS / HER CENTRAL DEPOSITORY SYSTEM ("CDS") ACCOUNT.

O&C RESOURCES BERHAD

(FORMERLY KNOWN AS TAKASO RESOURCES BERHAD)

(Company No. 440503-K)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 735,074,052 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES OF RM0.05 EACH IN OCR ("ICPS") ON THE BASIS OF THREE (3) ICPS FOR EVERY ONE (1) EXISTING ORDINARY SHARE OF RM0.25 EACH IN OCR ("OCR SHARE" OR "SHARE") HELD AS AT 5.00 P.M. ON 15 JUNE 2016 ("ENTITLEMENT DATE") AT AN ISSUE PRICE OF RM0.05 PER ICPS, TOGETHER WITH UP TO 73,507,405 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF ONE (1) WARRANT FOR EVERY TEN (10) ICPS SUBSCRIBED FOR ("RIGHTS ISSUE OF ICPS WITH WARRANTS")

NAME AND ADDRESS OF APPLICANT

NRIC NO. / PASSPORT NO. (STATE COUNTRY) / COMPANY NO.

CDS ACCOUNT NO. | | | | - | | | | - | | | | | | | | | |

NUMBER OF OCR SHARES HELD AT 5.00 P.M. ON 15 JUNE 2016	NUMBER OF ICPS PROVISIONALLY ALLOTTED TO YOU	NUMBER OF WARRANTS ATTACHED TO THE ICPS PROVISIONALLY ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM0.05 PER ICPS (RM)

Note: If you have subsequently purchased additional provisional ICPS with Warrants from the open market, you should indicate your acceptance of the total provisional ICPS with Warrants that you have standing to the credit in your CDS account under Part I(A).

To: The Board of Directors of OCR ("**Board**")

PART I – ACCEPTANCE OF PROVISIONAL ICPS WITH WARRANTS AND APPLICATION FOR EXCESS ICPS WITH WARRANTS

In accordance with the terms of this RSF and the Abridged Prospectus, I / we* hereby irrevocably:
(i) *accept the number of ICPS with Warrants as stated below, which were provisionally allotted / transferred / renounced* to me / us*;
(ii) *apply for the number of excess ICPS with Warrants as stated below in addition to the above;

in accordance with and subject to the Memorandum and Articles of Association of the Company.

I / We* enclose herewith the appropriate remittance(s) for the payment stated below, in favour of the respective account stated below and crossed "**ACCOUNT PAYEE ONLY**", being the full amount payable for the said number of ICPS with Warrants accepted / applied for, and hereby request for the said ICPS with Warrants to be credited into my / our valid and subsisting CDS account as stated above:

NUMBER OF ICPS WITH WARRANTS ACCEPTED / EXCESS ICPS WITH WARRANTS APPLIED		AMOUNT PAYABLE BASED ON RM0.05 PER ICPS (RM)	BANKER'S DRAFT / CASHIER'S ORDER / MONEY ORDER / POSTAL ORDER NO.	PAYABLE TO
(A) ACCEPTANCE				**OCR RIGHTS ISSUE ACCOUNT**
(B) EXCESS				**OCR EXCESS RIGHTS ISSUE ACCOUNT**

I / We* hereby authorise you to return without interest, my / our* application money or the balance thereof should my / our* application for excess ICPS with Warrants be not successful at all or only partial successful by ORDINARY POST to me / us* at MY / OUR* OWN RISK.

PART II – DECLARATION

I / We* hereby confirm and declare that:
(i) All information provided by me / us* is true and correct;
(ii) All information is identical with the information in the records of the Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**") and further agree and confirm that in the event the said information differs from Bursa Depository's record as mentioned earlier, the exercise of my / our* rights may be rejected;
(iii) I / We* consent to OCR and the Share Registrar of OCR collecting the information and personal data (collectively "**Data**") required herein, to process and disclose such Data to any person for the purposes of implementing the Rights Issue of ICPS with Warrants and storing such Data in any servers located in Malaysia or outside Malaysia in accordance with the relevant laws and regulations; and
* I am 18 years of age or over.
* I am / We are* resident(s) of Malaysia.
* I am / We are* resident(s) of …….. (country) and having …… citizenship.
* I am / We are* nominee(s) of a person who is a Bumiputera / Non-Bumiputera / Non-Citizen* resident in …….. (country) and having..…… citizenship.

I / We* hereby accept all the terms and conditions set out in this RSF and the Abridged Prospectus and further confirm compliance with all the requirements for acceptance and payment as set out therein.

Date

Signature / Authorised Signatory(ies)
(Corporate Bodies must affix their Common Seal)

Contact telephone number during office hours

AFFIX MALAYSIAN REVENUE STAMP OF RM10.00 HERE

LAST DATE AND TIME FOR:

Acceptance and payment	:	Friday, 1 July 2016 at 5.00 p.m.^
Excess application and payment	:	Friday, 1 July 2016 at 5.00 p.m.^

^ *Or such later date and time as the Board may decide at its absolute discretion and announce not less than two (2) market days before the stipulated date and time.*

* *Please delete whichever is not applicable.*

NOTES AND INSTRUCTIONS FOR COMPLETION OF THIS RSF

THIS RSF IS NOT A TRANSFERABLE OR NEGOTIABLE INSTRUMENT. IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS AND SERVICES ACT 2007, THIS RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE ABRIDGED PROSPECTUS DATED 15 JUNE 2016 ("ABRIDGED PROSPECTUS").

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. ALL ENQUIRIES CONCERNING THE RIGHTS ISSUE OF ICPS WITH WARRANTS SHOULD BE ADDRESSED TO THE SHARE REGISTRAR OF THE COMPANY, SYMPHONY SHARE REGISTRARS SDN BHD, LEVEL 6, SYMPHONY HOUSE, PUSAT DAGANGAN DANA 1, JALAN PJU 1A/46, 47301 PETALING JAYA, SELANGOR DARUL EHSAN. INVESTORS SHOULD READ AND UNDERSTAND THE CONTENTS OF THE ABRIDGED PROSPECTUS TO WHICH THIS RSF RELATES BEFORE COMPLETING THIS RSF.

This RSF, together with the Abridged Prospectus and Notice of Provisional Allotment ("**NPA**") for the Rights Issue of ICPS with Warrants, is not intended to be issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue of ICPS with Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled shareholders and/or their renouncees/transferees (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue of ICPS with Warrants would result in the contravention of any laws of such countries or jurisdictions. O&C Resources Berhad *(formerly known as Takaso Resources Berhad)* ("**OCR**" or "**Company**") and TA Securities Holdings Berhad shall not accept any responsibility or liability in the event that any acceptance or renunciation made by entitled shareholders and/or their renouncees/transferees (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which the entitled shareholders and/or renouncees/transferees (if applicable) are residents.

A copy of the Abridged Prospectus has been registered with the Securities Commission Malaysia ("**SC**"). A copy of the same, together with the NPA and RSF, have also been lodged with the Registrar of Companies, who takes no responsibility for the contents of these documents.

The shareholders of OCR have approved the Rights Issue of ICPS with Warrants at the Extraordinary General Meeting held on 16 May 2016. Approval has also been obtained from Bursa Malaysia Securities Berhad ("**Bursa Securities**") vide its letter dated 2 February 2016 for the admission of the ICPS and Warrants to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the ICPS, Warrants and the new OCR Shares to be issued upon the conversion of the ICPS and the exercise of the Warrants on the Main Market of Bursa Securities. The official listing of and quotation for ICPS with Warrants will commence after, among others, receipt of confirmation from Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**") that all the Central Depository System ("**CDS**") accounts of entitled shareholders and/or their renouncees/transferees (if applicable) have been duly credited and notices of allotment have been despatched to the successful applicants.

Neither Bursa Securities nor the SC takes any responsibility for the correctness or accuracy of any statements made or opinions expressed herein. Admission to the Official List and quotation of the said securities on Bursa Securities are in no way reflective of the merits of the Rights Issue of ICPS with Warrants.

This RSF, together with the Abridged Prospectus and NPA, have been seen and approved by the Board of Directors of OCR ("**Board**") and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement in these documents false or misleading.

The provisionally allotted ICPS with Warrants are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, the Securities Industry (Central Depositories) Act, 1991, Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of the Bursa Depository shall apply in respect of dealings of the provisionally allotted ICPS with Warrants.

Unless otherwise stated, the unit of currency used in this RSF is Ringgit Malaysia (or "**RM**" in abbreviation) and sen. Terms defined in the Abridged Prospectus shall have the same meanings when used in this documents, unless they are otherwise defined here or other context otherwise requires.

INSTRUCTIONS:

(i) LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT

This RSF is valid for acceptance until 5.00 p.m. on 1 July 2016, or such extended date and time as the Board may decide at its absolute discretion. Where the closing date for acceptance is extended from the original closing date, the announcement of such extension will be made not less than two (2) market days before the original closing date.

(ii) FULL ACCEPTANCE OF THE ICPS WITH WARRANTS

If you wish to accept the ICPS with Warrants provisionally allotted to you, please complete Part I(A) and Part II of this RSF and return this RSF, together with the appropriate remittance made in RM for the full amount in the form of Banker's Draft(s)/Cashier's Order(s)/Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and must be made out in favour of "**OCR RIGHTS ISSUE ACCOUNT**" and crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name, contact number and CDS account number in block letters, for the full amount payable for the ICPS with Warrants accepted, to be received by the Share Registrar as detailed below, before 5.00 p.m. on 1 July 2016 (or such extended date and time as the Board may decide at its absolute discretion). Cheques or any other mode of payments are not acceptable.

FOR DELIVERY BY HAND AND/OR COURIER:-
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

FOR ORDINARY POST:-
Symphony Share Registrars Sdn Bhd
Peti Surat 9150
Pejabat Pos Kelana Jaya
46785 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Telephone No: 603-7849 0777
Facsimile No: 603-7841 8151/8152

If acceptance and payment for the ICPS with Warrants provisionally allotted to you is not received by the Share Registrar by 5.00 p.m. on 1 July 2016, being the last time and date for acceptance and payment (or such extended time and date as may be determined and announced by the Board), such provisional allotment of rights will be deemed to have been declined and will be cancelled. The Board will then have the right to allot such ICPS with Warrants not taken up, first, to applicants applying for excess ICPS with Warrants in the manner set out in note (iv) below.

The remittance must be made for the exact amount payable for the ICPS with Warrants accepted (ROUNDED UP TO THE NEAREST SEN). No acknowledgement will be issued but a notice of allotment will be despatched to you by ordinary post to the address stated in the Record of Depositors provided by Bursa Depository within eight (8) market days from the last date for acceptance and payment for the ICPS with Warrants.

(iii) PART ACCEPTANCE OF THE ICPS WITH WARRANTS

If you wish to accept part of your provisional allotment of the ICPS with Warrants, please complete Part I(A) of this RSF by specifying the number of ICPS with Warrants which you are accepting and Part II of this RSF and deliver the completed RSF together with the relevant payment to the Share Registrar by 5.00 p.m. on 1 July 2016, being the last time and date for acceptance and payment (or such extended time and date as may be determined and announced by the Board).

(iv) APPLICATION FOR EXCESS ICPS WITH WARRANTS

If you and/or your renouncee(s)/transferee(s) (if applicable) wish to apply for excess ICPS with Warrants in addition to those provisionally allotted to you and/or your renouncee(s)/transferee(s) (if applicable), please complete Part I(B) of this RSF (in addition to Parts I(A) and II) and forward it (together with a **separate remittance** for the full amount payable in respect of the excess ICPS with Warrants applied for) to the Share Registrar. Payment for the excess ICPS with Warrants applied for should be made in the same manner described in note (ii) above, with remittance in the form of Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and made payable to "**OCR EXCESS RIGHTS ISSUE ACCOUNT**" and crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name, contact number and CDS account number in block letters to be received by the Share Registrar not later than 5.00 p.m. on 1 July 2016, being the last time and date for the excess ICPS with Warrants acceptance and payment (or such extended time and date as may be determined and announced by the Board). No acknowledgement will be issued but a notice of allotment will be despatched to you by ordinary post to the address stated in the Record of Depositors provided by Bursa Depository within eight (8) market days from the last date for acceptance and payment for the excess ICPS with Warrants.

In respect of unsuccessful or partially successful excess ICPS with Warrants applications, the full amount or the surplus application monies (as the case may be) will be refunded without interest within fifteen (15) market days from the last date for application and payment for the excess ICPS with Warrants by ordinary post to the address shown in the Record of Depositors provided by Bursa Depository at the applicant's own risk. It is the intention of the Board to allot the excess ICPS with Warrants in the following priority:

(a) firstly, to minimise the incidence of odd lots;
(b) secondly, to the entitled shareholders who have applied for excess ICPS with Warrants, on a pro-rata basis and in board lots, calculated based on their respective shareholdings in the Company on the Entitlement Date;
(c) thirdly, to the entitled shareholders who have applied for excess ICPS with Warrants, on a pro-rata basis and in board lots, calculated based on the quantum of excess ICPS with Warrants applied for; and
(d) finally, to transferee(s)/renouncee(s) who have applied for the excess ICPS with Warrants, on a pro-rata basis and in board lots, based on the quantum of excess ICPS with Warrants applied for.

Nevertheless, the Board reserves the right to allot any excess ICPS with Warrants applied for under Part I(B) of the Rights Subscription Form on a fair and equitable basis and in such manner as it deems fit and expedient and in the best interest of the Company subject always to (i), (ii), (iii) and (iv) above are achieved. The Board also reserves the right to accept any excess ICPS with Warrants application, in full or in part, without assigning any reason.

(v) SALE/TRANSFER OF THE PROVISIONAL ALLOTMENT OF ICPS WITH WARRANTS

If you wish to sell/transfer all or part of your provisional allotment of the ICPS with Warrants to your renouncee(s)/transferee(s) (if applicable), you may do so immediately through your stockbroker without first having to request the Company for a splitting of the provisional allotment of the ICPS with Warrants standing to the credit of your CDS accounts. To sell/transfer all or part of your provisional allotment of the ICPS with Warrants, you may sell such provisional allotment of the ICPS with Warrants on the open market of Bursa Securities or transfer such provisional allotment to such persons as may be allowed pursuant to the Rules of Bursa Depository.

In selling/transferring all or part of your provisional allotment of the ICPS with Warrants, you and/or your renouncee(s)/transferee(s) (if applicable) need not deliver any document, including this RSF, to the stockbroker. However, you and/or your renouncee(s)/transferee(s) (if applicable) must ensure that you have sufficient provisional allotment of the ICPS with Warrants standing to the credit of your CDS account before trading.

The purchaser(s)/renouncee(s)/transferee(s) can collect a copy of this RSF for the acceptance of his/her/their rights from his/her/their stockbroker, the Registered Office of the Company, the Share Registrar's office or Bursa Securities' website at http://www.bursamalaysia.com.

If you have sold only part of the provisional allotment of the ICPS with Warrants, you may still accept the balance of your provisional allotment of the ICPS with Warrants by completing Parts I(A) and II of this RSF.

(vi) GENERAL INSTRUCTIONS

(a) All applicants must sign on the front page of this RSF. All corporate bodies must affix their Common Seals.
(b) ICPS with Warrants subscribed by the shareholders and/or their renouncee(s)/transferee(s) will be credited into their respective CDS accounts as shown in Bursa Depository's Record of Depositors.
(c) Any interest or other benefit accruing on or arising from or in connection with any application monies shall be for the benefit of the Company and the Company shall not be under any obligation to account for such interest or other benefit to you.
(d) The contract arising from the acceptance of the provisional allotment of the ICPS with Warrants by you shall be governed by and construed in accordance with the laws of Malaysia, and you shall be deemed to have irrevocably and unconditionally submitted to the exclusive jurisdiction of the courts of Malaysia in respect of any matter in connection with this RSF and the contract.
(e) The Company reserves the right to accept or reject any acceptance and/or application if the instructions hereinabove stated are not strictly adhered to.
(f) Malaysian Revenue Stamp (NOT POSTAGE STAMP) of Ringgit Malaysia Ten (RM10.00) must be affixed on the RSF.