



**O&C RESOURCES
BERHAD** (440503-K)
(formerly known as
Takaso Resources Berhad)



Transformation *Leads Growth*

Annual Report 2015

CONTENTS

002 / Corporate Information	035 / Directors' Responsibility Statement
003 / Corporate Structure	037 / Financial Statements
005 / Five Years Financial Highlights	111 / List of Properties
006 / Board of Directors	112 / Analysis of Shareholdings
010 / Chairman's Statement	115 / Analysis of Warrant B (OCR-WB) Holdings
013 / Statement on Corporate Governance	117 / Notice of Annual General Meeting
021 / Additional Compliance Information	121 / Statement Accompanying the Notice of Annual General Meeting
027 / Audit Committee Report	Proxy Form *
031 / Statement on Risk Management and Internal Control	

Transformation *Leads Growth*

With renewed vigor and impetus, our Company, previously known as Takaso Resources Berhad is now presenting its new self as O&C Resources Berhad (OCR). With the recent reconstruction, the Company aims to deliver new developments and results which will bring more value to our stakeholders. We strongly believe that the transformation will lead OCR to the next level.





Strategy

Leads Growth

In the Art of War, Sun Tzu said “In the midst of chaos, there is also opportunity”, this quote has truly reflected the current state of the Company. With the changes that are happening, there are also lots of opportunity that comes with it.

CORPORATE INFORMATION

BOARD OF DIRECTORS

**Tunku Azudinsyah 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

AUDIT COMMITTEE

**Ahmad Ruslan Zahari Bin
Dato' Dr. Zakaria**
Chairman

**Tunku Azudinsyah Ibni
Tunku Annuar
Tan Ooi Jin
Hj. Abdullah Bin Abdul Rahman**
Member

NOMINATING COMMITTEE

**Tunku Azudinsyah Ibni
Tunku Annuar**
Chairman

**Ahmad Ruslan Zahari Bin
Dato' Dr. Zakaria
Tan Ooi Jin
Hj. Abdullah Bin Abdul Rahman**
Member

REMUNERATION COMMITTEE

**Tunku Azudinsyah Ibni
Tunku Annuar**
Chairman

**Ong Kah Hoe
Tee Tze Chern, JP
Tan Ooi Jin
Ahmad Ruslan Zahari Bin
Dato' Dr. Zakaria
Hj. Abdullah Bin Abdul Rahman**
Member

OPTION COMMITTEE

Tan Ooi Jin
Chairman

**Ahmad Ruslan Zahari Bin
Dato' Dr. Zakaria
Tang Fook Choy
Lily Tee**
Member

COMPANY SECRETARIES

Lam Sook Ching
(MAICSA 7006942)
Low Bee Kheng
(MAICSA 7060813)

PUBLIC RELATIONS

Anthony Lee
Sense Consultancy
Tel : +6 03 7731 3552
+6 012 338 3705
Email : anthony@leesense.com

REGISTERED OFFICE

49-B, Jalan Melaka Raya 8,
Taman Melaka Raya,
75000 Melaka.
Tel : +6 06 281 5300
Fax : +6 06 281 5332

CORPORATE OFFICE

8.01, 8th Floor, Persoft Tower,
6B, Persiaran Tropicana,
Tropicana Golf & Country Resort,
47410 Petaling Jaya, Selangor.
Tel : +6 03 7806 3003
Fax : +6 03 7880 4003

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 6 Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya, Selangor
Tel : +6 03 7841 8358
Fax : +6 03 7841 8151

AUDITORS

Crowe Horwath (AF1018)
Chartered Accountants
Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : +6 03 2788 9999
Fax : +6 03 2788 9998

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
Malayan Banking Berhad
CIMB Berhad

STOCK EXCHANGE LISTING

Main Market – Consumer Products

Bursa Malaysia Securities Berhad

Stock Name and Stock Code
OCR (7071)
OCR-WB (7071WB)
(formerly was TAKASO)
(Listed on Bursa Malaysia Securities
Berhad since 1999)

WEBSITE

www.takaso.com.my

CORPORATE STRUCTURE



**O&C RESOURCES
BERHAD** (440503-K)
(formerly known as
Takaso Resources Berhad)

51%

Subsidiary of Takaso Industries Pte. Ltd.:

- **P.T Takaso Indonesia Global Manufacturing**
(Reg. No.: 15488.2014)
Dormant

70%

Subsidiary of O&C Resources Berhad:

- **Takaso Development (Kuantan) Sdn. Bhd.**
(Co. No. 1142088-K)
Property development and property investment.

100%

Subsidiary of Takaso Rubber Products Sdn. Bhd.:

- **Takaso Marketing Sdn. Bhd.** (Co. No. 413226-A)
Marketing of rubber products and baby products, and trading in baby accessories, apparels and milk powder.

100%

Subsidiaries of O&C Resources Berhad:

- **Takaso Rubber Products Sdn. Bhd.** (Co. No. 87327-V)
Manufacturing of rubber products and baby products, and trading in baby accessories, apparels and milk powder.
- **Japlo Healthcare Sdn. Bhd.** (Co. No. 499674-H)
Distribution and retailing of baby products.
- **Takaso Trading Sdn. Bhd.** (Co. No. 499673-M)
Trading of general products, computer and automobile accessories.
- **Takaso Commerce Sdn. Bhd.** (Co. No. 961749-X)
Retail and trading of consumable products.
- ⁽¹⁾ **Benchmark Vista Sdn. Bhd.** (Co. No. 801961-D) ("BVSB")
Recycling of glass.
- **Takaso Industries Pte. Ltd.** (Reg. No. 201133079W)
Trading of electrical and mechanical products.
- ⁽²⁾ **Takaso SC (Thailand) Ltd** (Co. No. 0905556004741) ("TSC")
Dormant.
- **Takaso Land Sdn. Bhd.** (Co. No. 1119151-W)
Construction of residential and commercial properties and property development.
- **Tristar City Sdn. Bhd.** (Co. No. 1147394-P)
Property development and property investment.
- **Grand Superland Sdn. Bhd.** (Co. No. 1148185-D)
Dormant.

⁽¹⁾ The Board had on 11 September 2015 announced the proposed disposal of its entire equity interest in BVSB and upon completion of the proposed disposal, BVSB shall cease to be a wholly-owned subsidiary of OCR. As at 16 October 2015, the proposed disposal has yet to be completed.

⁽²⁾ The Board had on 2 October 2015 accepted a conditional Letter of Intent to dispose of its entire equity interest in TSC. As at 16 October 2015, the Company has yet to execute the share sale agreement to dispose TSC.



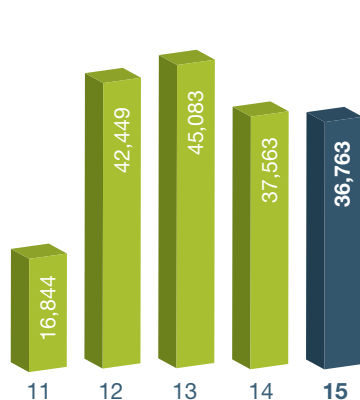
Teamwork *Leads Growth*

Within OCR, we rigorously cultivate and nurture unity. We believe that unity is strength... when there is teamwork and collaboration, wonderful things can be achieved.

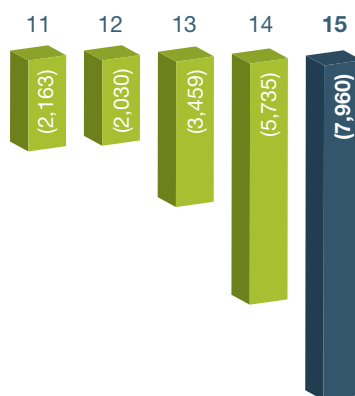
FIVE YEARS FINANCIAL HIGHLIGHTS

		2011	2012	2013	2014	2015
Revenue	RM'000	16,844	42,449	45,083	37,563	36,763
Loss before taxation	RM'000	(2,163)	(2,030)	(3,459)	(5,735)	(7,960)
Loss after taxation	RM'000	(2,163)	(2,128)	(3,607)	(5,947)	(7,992)
Loss after taxation attributable to owners of the Company	RM'000	(2,163)	(2,128)	(3,607)	(5,947)	(7,991)
Non-Controlling Interests	RM'000	-	-	-	-	(1)
Total assets	RM'000	27,837	59,343	55,662	50,410	59,358
Shareholders' equity	RM'000	10,925	44,199	41,976	39,085	48,522
Net tangible asset per share	RM	0.27	0.30	0.28	0.24	0.24
Net loss per share	RM (sen)	(5.25)	(1.64)	(2.42)	(3.77)	(4.20)

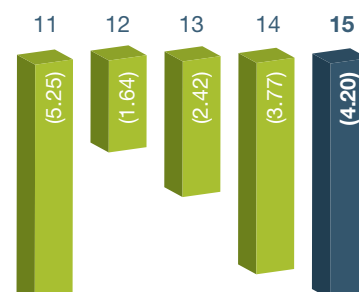
Revenue
(RM'000)



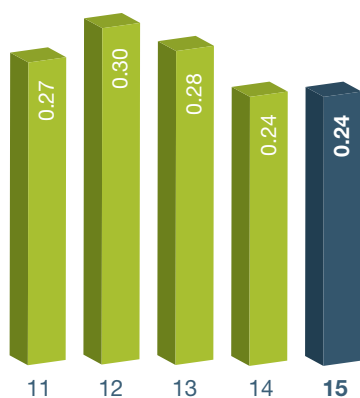
Loss Before Taxation
(RM'000)



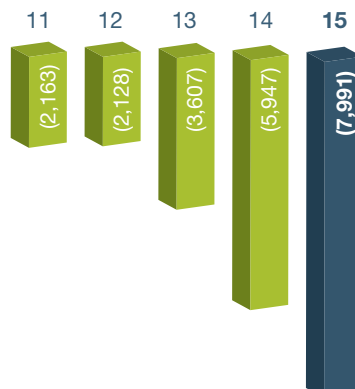
Net Loss Per Share
(RM (Sen))



Net Tangible Asset Per Share
(RM)



Loss After Taxation Attributable to Owners of the Company
(RM'000)



BOARD OF DIRECTORS

Tunku Azudinshah Ibni Tunku Annuar

Age 45, Malaysian

Chairman/Independent Non-Executive Director

Member of Audit Committee, Chairman of Nominating Committee and Remuneration Committee

Tunku Azudinshah Ibni Tunku Annuar was appointed to the Board as Independent Non-Executive Director cum Chairman of the Board of Directors on 14 August 2015. He is a member of the Audit Committee and is Chairman of the Nominating Committee and the Remuneration Committee of the Company.

Tunku Azudinshah started his professional career in advertising with the International Agency AP: Foote, Cone and Belding where he managed numerous multinational accounts. He co-founded PRS Corporate Images and Orbitel.net, media companies and produced television programmes focusing on the “Halal Industry”. Amongst its clients are Nestle, Sime Darby, Mentri Besar Inc (Terengganu), Formis and Inti Group. Premised on his experience with media and communications, Tunku Azudinshah was elected to the board of the International Association of Business Communicators for a period of two years from 2001 - 2002. Currently, Tunku Azudinshah serves as the Chairman of Semula Resources Sdn. Bhd. and Citarasa Kampung Sdn. Bhd.

Tunku Azudinshah Ibni Tunku Annuar does not hold any other directorships in public companies but sits on the board of several private limited companies.

Following his appointment to the Board on 14 August 2015, Tunku Azudinshah has registered for the “Mandatory Accreditation Programme for Directors of Public Listed Companies” organised by Bursatra Sdn. Bhd.

Ong Kah Hoe

Age 41, Malaysian

Executive Director

Member of Remuneration Committee

Mr. Ong Kah Hoe was appointed to the Board as a Non-Independent Non-Executive Director on 14 November 2014 and was re-designated as Executive Director on 2 April 2015. Mr. Ong is a member of the Remuneration Committee of the Company.

Mr. Ong graduated from the University of Coventry, U.K. in 1997 with a Bachelor Degree (Honours) in Business Administration.

After graduation, Mr. Ong worked for a few years as a marketing executive in an established manufacturing and property company gaining invaluable experience in the process. He has over 15 years of property development and construction experience and currently holds a management role at OCR Land Holdings Sdn. Bhd. He joined the OCR Land Holdings Sdn. Bhd. in year 2002 as Managing Director and started off by overseeing its Dahlia Villa Townhouse project in an upscale neighbourhood. While serving as Managing Director, he successfully developed and completed well-received developments. He currently holds a pivotal role managing and overseeing the on-going development projects of the OCR Land Holdings group of companies.

Apart from that, he is also involved in construction companies where he has successfully led and completed numerous construction projects including residential and hotel.

Mr. Ong Kah Hoe does not hold any other directorships in public companies but sits on the board of several private limited companies.

Trainings attended by Mr. Ong during the financial year ended 31 July 2015 are as follows:-

- “Mandatory Accreditation Programme For Directors of Public Listed Companies” organised by Bursatra Sdn Bhd.
- “MAPEX 2015” organised by REHDA.

BOARD OF DIRECTORS

Tee Tze Chern, JP

Age 50, Malaysian

Executive Director

Member of Remuneration Committee

Mr. Tee Tze Chern, JP, was appointed to the Board as the Managing Director on 22 December 1998 and was re-designated as Executive Chairman on 27 December 2010 until 14 August 2015. He is currently an Executive Director of the Company and is a member of the Remuneration Committee of the Company.

Mr. Tee graduated from the Rubber Research Institute with a Diploma in 1992. He has been a member of the Association of Overseas Technical Scholarship Malaysia since 1990 and a member of the Malaysian Institute of Management since 1992. He has over 25 years of experience in the baby products and condom industry. He has previously been invited to sit on SIRIM's Technical Committee on "Standard Specifications" under the ISO division in mechanical contraceptive in 1990.

Mr. Tee Tze Chern, JP, does not hold any other directorships in public companies but sits on the board of several private limited companies.

Trainings attended by Mr. Tee during the financial year ended 31 July 2015 are as follows:-

- "Transformation a Journey of Change" organised by Vistage Malaysia Sdn. Bhd.
- "Chinaplas 2015" organised by Adsale.

Yong Mong Huay

Age 44, Malaysian

Executive Director

Mr. Yong Mong Huay was appointed to the Board as an Executive Director on 3 June 2013. Mr. Yong graduated with a Bachelor of Science (Chemistry) from Universiti Sains Malaysia in 1996.

Mr. Yong was previously the Branch Manager of the Johor Branch of MCL Systems (M) Sdn. Bhd., an IT distribution company. His last posting before leaving MCL Systems (M) Sdn. Bhd. was as the Regional Manager for Northern and East Coast in 2003 covering all aspects of the business within the jurisdiction he was overseeing.

Having built his experience and networking, Mr. Yong started his own business involved in IT distribution in 2003. In 2005, he left his business and joined MCL Berhad as its Northern Regional Manager where within a year, he was promoted to the position of Central Regional Manager. In 2008, Mr. Yong started another business of his own again specialising in the distribution of computer hardware and accessories.

Mr. Yong Mong Huay does not hold any other directorships in public companies but sits on the board of several private limited companies.

Trainings attended by Mr. Yong during the financial year ended 31 July 2015 are as follows:-

- "Electronic & Components Fair Hong Kong" organised by Asia World Expo, Hong Kong.
- "HKTDC Hong Kong Electronics Fair (Autumn Edition)" organised by Hong Kong Trade Development Council.

BOARD OF DIRECTORS

Tan Ooi Jin

Age 40, Malaysian

Independent Non-Executive Director

Member of Audit Committee, Nominating Committee, Remuneration Committee and Chairman of Option Committee

Mr. Tan Ooi Jin was appointed to the Board as an Independent Non-Executive Director on 14 September 2010. He is a member of the Audit Committee, Nominating Committee and Remuneration Committee and is Chairman of the Option Committee of the Company.

Mr. Tan is a lawyer by qualification and holds a Second Class Honours LL.B. Bachelor of Laws degree from the University of Newcastle-upon-Tyne, United Kingdom and during his years of practice, his focus was on the areas of Corporate and Securities and ICT. A former ASEAN scholar, he started his legal career in a medium-sized firm with international affiliation, focusing on Corporate & Securities and ICT.

He also advised the Technopreneurs Association of Malaysia and its members including its council members on legal issues and strategy. He was also part of the team which incorporated the National Incubators Network Association (“NINA”). He currently sits on the Board of Trustees of the 1Utopia Foundation which aims to generate donations whether in cash or in forms of ICT equipment and gadgets to orphanages, schools and underprivileged children.

Hj. Abdullah Bin Abdul Rahman

Age 58, Malaysian

Independent Non-Executive Director

Member of Audit Committee, Nominating Committee, and Remuneration Committee

Hj. Abdullah Bin Abdul Rahman was appointed to the Board as an Independent Non-Executive Director on 14 August 2015. He is a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company.

He graduated with a Bachelor Degree in Business in Business Administration from the Universiti Kebangsaan Malaysia (“UKM”).

Hj. Abdullah’s long career path in management kick-started with Malayan Banking Berhad (“Maybank”). Since then, he has served in various capacities in banking operations and strategic innovation activities at branches, regionals and head office level of Maybank.

During his tenure as a practitioner, he has advised the listing of various companies in Malaysia as well as overseas including London, Hong Kong and Singapore and is constantly consulted to assist public-listed companies to recover and unlock their intrinsic value so as to enhance shareholders’ investments. He currently sits on the board of a private company involved in circuit manufacturing and whose ultimate holding company is listed on the NASDAQ and is also the Chairman of the Board of Directors of The Media Shoppe Berhad. He also holds directorship in 1 Utopia Berhad and Lay Hong Berhad.

Trainings and exhibitions attended by Mr. Tan during the financial year ended 31 July 2015 are as follows:-

- “Listing on the Singapore Exchange” organised by Zaid Ibrahim & Co together with Singapore Exchange.
- “Bauma China 2014 – Shanghai Expo 25” organised by Shanghai Expo.
- “FMM Selangor Entrepreneurship & Innovation Conference 2015” organised by Federation of Malaysian Manufacturers Selangor.

He was previously the Head of Mortgage at Maybank and was responsible for strategic and operational activities related to mortgage and property under Consumer Banking. Prior to his last appointment at Maybank was as the head of Business Banking (EVP) in charge for small and medium enterprises, commercial and corporate units. In 2012, after a 30-year run with Maybank, he retired to sit as director of a few private limited companies.

Hj. Abdullah Bin Abdul Rahman does not hold any other directorships in public companies.

Following his appointment to the Board on 14 August 2015, Hj. Abdullah has attended the “Mandatory Accreditation Programme for Directors of Public Listed Companies” organised by Bursatra Sdn. Bhd.

BOARD OF DIRECTORS

Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria

Age 54, Malaysian

Independent Non-Executive Director

Chairman of Audit Committee and Member of Nominating Committee, Remuneration Committee and Option Committee

Encik Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria was appointed to the Board as an Independent Non-Executive Director on 16 April 2012. He is Chairman of the Audit Committee and a member of the Nominating Committee, Remuneration Committee and Option Committee of the Company.

Encik Ahmad Ruslan graduated from the University of Newcastle-upon-Tyne, England in 1984 with a Bachelor of Arts in Economic Studies (Accounting and Financial Analysis). After graduation, he trained as a Chartered Accountant at a firm in London and in 1986, he joined Merchants Business Growth Consulting, a pan-European marketing consulting company, as its Group Financial Controller.

In 1993, he left Europe and joined the Corporate Finance Department of what is now known as CIMB Investment Bank Berhad. In 1997, he assisted in the formation of Commerce Asset Ventures, the venture capital arm of CIMB Group. In 2000, he joined Clear Channel Communications, Inc., the leading global media organisation listed on the New York Stock Exchange, as its ASEAN Regional Director/Managing Director of the Malaysian operations.

In 2005, he was appointed the Chief Executive Officer of Terengganu Incorporated, a strategic investment holding company for the Terengganu state. In 2008, he joined as CEO, Armstrong Marine & Offshore Sdn. Bhd., the official representatives of Armstrong Corporation Holdings in Asia and the Pacific Rim, a company involved in offshore and shipping investments, oil trading, finance and project development.

Encik Ahmad Ruslan currently sits on board of Spring Gallery Berhad (formerly known as PFCE Berhad), Minetech Resources Berhad, CWorks Systems Berhad and several private limited companies.

Trainings attended by Encik Ahmad Ruslan during the financial year ended 31 July 2015 are as follows:-

- "Appreciation & Application of ASEAN Corporate Governance Scorecard" organised by MSWG & Bursa Malaysia Berhad.
- "Risk Management & Internal Control" organised by Bursa Malaysia Berhad.
- "Responsibilities of Directors in relation to financial statements" organised by Tricor Knowledge House Sdn Bhd.

Notes:

1. Family Relationship

(1) Mr. Tee Tze Chern, JP, and Ms. Lily Tee are siblings. Ms. Lily Tee sits on the Board of the following subsidiaries of the Company alongside Mr. Tee Tze Chern:-

- Takaso Rubber Products Sdn. Bhd.
- Takaso Marketing Sdn. Bhd.
- Japlo Healthcare Sdn. Bhd.

(2) Mr. Ong Kah Hoe and Mr. Ong Kah Wee are siblings. Mr. Ong Kah Wee sits on the Board of the following subsidiaries of the Company alongside Mr. Ong Kah Hoe:-

- Takaso Land Sdn. Bhd.
- Takaso Development (Kuantan) Sdn. Bhd.
- Tristar City Sdn. Bhd.
- Grand Superland Sdn. Bhd.

2. Relationship with substantial shareholders

Mr. Ong Kah Hoe is a director and the major shareholder of OCR Land Holdings Sdn. Bhd., which is also a major shareholder of the Company.

Save as disclosed above, none of the Directors of the Company has any relationship with any directors or substantial shareholders of the Company.

3. Shareholdings in the Company

The direct and indirect interests of each Director in securities and warrants of the Company are set out on page 112 of this Annual Report.

4. Conflict of Interest

Save for the related party transaction involving Madam Lim Kwee Hua, spouse of Mr. Tee Tze Chern, JP, Executive Director of the Company, as disclosed on page 22 of this Annual Report and a letter of award dated 12 January 2015 received by Takaso Land Sdn. Bhd., a wholly-owned subsidiary of the Company, involving interest of Mr. Ong Kah Hoe, the Executive Director of the Company, as disclosed page 21 of this Annual Report, none of the other Directors of the Company has any personal interest in any business arrangements involving the Company.

5. Conviction of Offences

None of the Directors of the Company have been convicted of any offences within the past ten (10) years other than traffic offences, if any.

6. Board Meeting Attendances

The attendance record of the Directors at Board of Directors and Board Committees' meetings are found on page 14 of this Annual Report.



CHAIRMAN'S STATEMENT

Dear Valued Shareholders and Stakeholders,

Another year has gone by and as you may have noticed, the Group has emerged new and fresh with our new Company name "O&C Resources Berhad" to replace the former "Takaso Resources Berhad". The new name is a combination of the words "originality" and "credence" to reinforce the Company's principles in all its business undertakings which are original, credible, and reliable. In addition, the change of name is part of the Group's re-branding strategy to re-position itself with a new corporate identity for its existing and future business undertakings.

Although the Group is making efforts to diversify its business into property and construction industry, the core business, being manufacturing and marketing of rubber and baby products, would still remain.

Once again, it is my honour to present you the Annual Report and Audited Financial Statements of O&C Resources Berhad ("OCR") as well as its subsidiary companies (collectively referred to as "the Group") for the financial year ended 31 July 2015.

BOARD CHANGES

Amongst the Board changes which took place since the Company's last Annual Report issued on 24 November 2014 was my appointment as an Independent and Non-Executive Director and Chairman of the Company on 14 August 2015 while Mr Tee Tze Chern, JP, has been re-designated from Executive Chairman to Executive Director. In addition, Mr. Ong Kah Hoe was also re-designated from Non-Independent and Non-Executive Director to Executive Director on 2 April 2015. In addition, Hj. Abdullah Bin Abdul Rahman was appointed to the Board as an Independent and Non-Executive Director on 14 August 2015. For more details of our profiles, please refer to page 6 to 9 of this Annual Report for more information.

On behalf of the Board of Directors and everyone in the Group, I would like to put on record, our appreciation to Tunku Makhlad Bin Tunku Mohamed Jamil who resigned as Independent Non-Executive Director of the Company on 28 October 2015. As a Director on the Board of Directors, Tunku Makhlad has served with much dedication and passion for the betterment of the Group.

CHAIRMAN'S STATEMENT

FINANCIAL HIGHLIGHTS

Existing Business Undertakings

The existing business undertakings of the Group for the financial year under review refers to the manufacturing of rubber and baby products, trading in baby apparels, infant milk and toiletries, trading of general products, electrical and mechanical products. As part of our efforts to improve our business future performance and earning visibility, our Group has on 2 April 2015, obtained shareholders' approval to diversify into the construction business.

Throughout the financial year 2015, the Group has faced challenges in its core business of manufacturing and marketing of rubber and baby products. The Group has worked hard to control its production costs amidst rising raw material prices and operational costs over the last one year. Apart from that, the retail market was impacted by softened spending behaviour, stemming from slowdown in the regional economy.

The Group's revenue for the financial year ended 31 July 2015 was RM36.76 million, 2.13% marginally lower than the RM37.56 million achieved in the last financial year. The Group registered a loss before tax of RM7.96 million compared to the loss before tax of RM5.74 million in the previous financial year.

The Group's lower revenue was mainly due to a slowdown in the CRT glass business and trading of consumable products. This was despite improvements in revenue from electrical and mechanical products as well as computer accessories.

The increase of the Group's loss before tax for the current financial year was mainly due to an additional impairment loss on its plant and equipment and receivables of approximately RM1.5 million and RM0.82 million respectively.

Going forward, the business performance of both manufacturing of rubber and marketing of baby products will depend on buying sentiments in the retail market. This is amidst various concerns on the uncertainties in the global financial market, higher living expenses and inflation. The rising material prices would continue to be a key factor in the profitability of our business.

However, the Group has received encouraging enquiries from new buyers from various local and overseas online companies to market our rubber and baby products. We have also initiated collaboration with a few leading online portals to market our products. We will be working towards securing more distributors from the online platform in the coming financial year.

Transformation leads growth

One of our strategic decision was to diversify into the construction and property development business. With OCR Land Holdings Sdn. Bhd.'s presence (the major shareholder of OCR), we have a much focused management that has specialised expertise in property and construction.

By this time next year, through efforts such as brand building and business development activities, we hope the market will be aware of the existence of a new niche construction and property player making waves in the Klang Valley – OCR.

With OCR's prime landbanks in Klang Valley and property projects worth some RM730 million in the pipeline, we are excited about growing the Company's branding and returns to shareholders moving forward. FYE2016 will definitely be a year of transformation for OCR.

All businesses have some element of risk but that risk is lessened greatly when we have the execution abilities and more importantly, contracts in hand and ongoing business development activities.

Through the various announcements over the last few months, it is evident that there are concrete development plans and acquisitions. Below are some of the announcements made to Bursa Malaysia Securities Berhad to further emphasise the Group's seriousness in executing and delivering on its new business direction:

- (a) The Group has entered into a conditional joint venture agreement to undertake a proposed mixed development project in Kuantan;
- (b) The Group has accepted a conditional Letter of Offer with the intention to acquire 51% equity interest in a company to undertake a proposed residential or mixed development project at Jalan Yap Kwan Seng, Kuala Lumpur;
- (c) The Group has entered into a conditional Sale and Purchase Agreement to acquire a piece of land in Melaka to be developed into a mixed development project; and
- (d) The Group has 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.

CHAIRMAN'S STATEMENT

OUTLOOK AND FUTURE PROSPECTS

We are excited about making our mark as a niche premium property developer and mid-sized construction player in the country. These business segments are expected to be key contributors to our earnings moving forward.

Although the property sector appears soft currently, this is normal in light that the property sector moves in cycles and it is a matter of time before the cycle resumes its upward trend.

Nonetheless, OCR will weather this downtime resiliently as it has locked up ongoing projects and maintained a moderate gearing over the past one year.

We have planned our launches carefully and our coming property launches will be timed in accordance with the market conditions. There are always opportunities if one knows how to capitalise on the current situation. With the right product offering, we are confident of returning better results next year.

It has never been more obvious, in particular this year, that times of crisis bring opportunities. Over the past few months, we have made many acquisitions and secured contracts simply because we have the resources and expertise during these more challenging times.

Rest assured that the management is aggressively taking steps to negotiate and source for more new business opportunities in the construction and property development sector. With the many efforts undertaken by the Group, our management is cautiously optimistic that the prospects of the Group will improve in the future.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I would like to express appreciation to the management team for their invaluable guidance, and to our dedicated employees for their loyalty, effort, commitment and contributions to the Group over the past year.

In addition, I would like to take this opportunity to extend my gratitude to our shareholders, business partners, media members, as well as the relevant governing authorities and regulatory bodies, for their support and confidence in our Group. We believe that with the premium branding and track record built by our major shareholder, OCR Land Holdings Sdn. Bhd., we will be in a position to take the Company to greater heights and create more value for our esteemed shareholders.

TUNKU AZUDINSHAH IBNI TUNKU ANNUAR
*CHAIRMAN/INDEPENDENT NON-EXECUTIVE
DIRECTOR*

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors is pleased to report to the shareholders the manner in which the Group has applied the principles as set out in the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”) and the governance standards prescribed in the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) during the financial year ended 31 July 2015.

The Board considers that it has to the best of its ability and knowledge, applied the principles set out in the MCCG 2012 and the governance standards of Bursa Securities’ MMLR during the financial year ended 31 July 2015.

A) BOARD OF DIRECTORS

I) Composition and Board Balance

The Board has seven (7) Directors comprising three (3) Executive Directors and four (4) Independent Non-Executive Directors, a list of the entire Board and their respective profiles are found on page 2 and pages 6 to 9 of this Annual Report. The number of independent directors on the Board of the Company complies with the MMLR which requires at least one-third (1/3) of the board of directors of a listed issuer to be independent directors.

The Chairman is an Independent Non-Executive member of the Board and this is in line with Recommendation 3.4 of the MCCG 2012 on separation of the position with the executive members of the Board.

The Independent Non-Executive Directors bring with them objective and independent judgment to facilitate a balanced leadership and decision-making process. They also serve as an effective check and balance to safeguard the interests of the minority shareholders and other stakeholders and to uphold high standards of conduct and integrity.

The Board considers its current size, structure and composition of Directors with its diverse mix of experience, skills and expertise ranging from accounting, legal, media & communications, banking, property development, construction and general management to be optimum and provides the Board with not only essential commercial skills needed for sound management decisions but also, invaluable practical and operational experience to professionally manage the Group and bring it to greater heights.

II) Principal Responsibilities

The Board is responsible for the overall corporate governance of the Group. The Board retains full and effective control of the management of the Company and its overall responsibilities including strategic formulations, planning, succession planning and execution of the Group’s objectives as well as monitoring management’s implementation of its decisions. It is the responsibility of the Board to conscientiously weigh and balance the interests of its shareholders and stakeholders with its own objectives during its decision making process.

The Executive Directors of the Company oversee the operations and running of the business as well as smooth implementation of the policies and strategies adopted by the Board. The Independent Non-Executive Directors engage proactively with management as well as both the external and internal auditors to address matters concerning the management and oversight of the Group’s business and operations.

The roles and responsibilities of the Board and its Board Committees are set out in the Board Charter of the Company which is available on the Company’s website at www.takaso.com.my

III) Board Meetings and Supply of Information

Board meetings are held at least once every quarter to deliberate and approve the financial results of the quarter just ended and meetings are scheduled a year in advance to enable the Directors to plan ahead. Additional ad-hoc meetings would be called if needed.

STATEMENT ON CORPORATE GOVERNANCE

A) BOARD OF DIRECTORS *Cont'd*

III) Board Meetings and Supply of Information *Cont'd*

During the financial year ended 31 July 2015, a total of five (5) Board Meetings were held and the attendance record of each Director is as follows:-

Directors	Attendance
Tunku Azudinshah Ibni Tunku Annuar (<i>Chairman/Independent Non-Executive Director</i>) (<i>appointed on 14 August 2015</i>)	N/A
Ong Kah Hoe (<i>Executive Director</i>) (<i>appointed on 14 November 2014</i>)	3/3
Tee Tze Chern, JP (<i>Executive Director</i>)	5/5
Yong Mong Huay (<i>Executive Director</i>)	5/5
Tunku Makhlad Bin Tunku Mohamed Jamil (<i>Independent Non-Executive Director</i>) (<i>resigned on 28 October 2015</i>)	5/5
Tan Ooi Jin (<i>Independent Non-Executive Director</i>)	5/5
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria (<i>Independent Non-Executive Director</i>)	5/5
Hj. Abdullah bin Abdul Rahman (<i>Independent Non-Executive Director</i>) (<i>appointed on 14 August 2015</i>)	N/A

Board meetings are conducted in accordance with a structured formal agenda which, while not exhaustive, includes review and updates of various aspects of the Group's operations, quarterly financial performance, business plans, strategic decisions, major investments, findings from both the external and internal auditors and any other proposals or other significant matters that require the expeditious direction of the Board including deliberations on any principal risks that may have significant impact on the Group's business or its financial position and the mitigating factors when assessing the viability of business propositions and corporate proposals.

Board meetings are chaired by the Chairman of the Company who has the responsibility of ensuring that each agenda item is adequately reviewed and deliberated upon within a reasonable timeframe. A full set of the Board papers for each meeting including financial reports and notices are submitted to the Directors about a week prior to meetings to provide them with sufficient time to evaluate the matters to be discussed and to enable a more informed decision-making process. The Board is also made aware of the decisions and salient issues deliberated by board committees through the minutes of these committees furnished to them.

The Directors have a duty to declare immediately to the Board should they have any direct or indirect interest in transactions to be entered into by the Company or the Group. The interested Directors would serve notice to the Board and thereupon, abstain from deliberations and decisions of the Board on the transaction concerned. In the event a corporate proposal is required to be approved by shareholders, the interested Directors and person connected to them are also required to abstain from voting in respect of their shareholdings relating to that corporate proposal.

The Chief Financial Officer and the General Manager usually attend Board meetings at the invitation of the Chairman while the internal and external auditors of the Company are invited to attend Board meetings when necessary to provide the Board with their views and explanations on certain agenda being tabled to the Board and to furnish clarification on issues that may be raised by the Directors.

The Directors have direct access to senior management and have complete and unimpeded access to information relating to the Group in the discharge of their duties. The Directors also have the liberty to engage independent professional advice, if necessary, at the expense of the Company. In addition, every Board member has unrestricted access to the advice and the services of the Company Secretary in ensuring the effective functioning of the Board.

STATEMENT ON CORPORATE GOVERNANCE

A) BOARD OF DIRECTORS *Cont'd*

III) Board Meetings and Supply of Information *Cont'd*

Both the Company Secretaries of the Company are members of the Malaysian Institute of Chartered Secretaries and Administrators and are qualified to act as company secretary under Section 139A of the Companies Act 1965. They attend all Board and Committee meetings of the Company. Besides taking minutes of the proceedings and decisions of the Board and its Committee meetings, the Secretaries' duties include ensuring that Board and Committee proceedings are properly conducted, providing advice and ensuring that related statutory obligations namely compliance with Bursa Securities' MMLR, the MCCG 2012, the Companies Act 1965 and other relevant requirements as may be applicable to the Company, are complied with.

The Company Secretaries also advise the Board on matters relating to corporate governance, directors' responsibilities in compliance with the relevant legislation and regulations and updating them of new statutory and regulatory requirements relating to the discharge of duties and responsibilities of directors. Members of the Board have complete and unimpeded access to the services and advice of the Company Secretaries.

IV) Directors' Training

New Directors are required to undergo an induction and familiarisation programme whereby they are brought on an introductory tour of the Group's factory and business offices and introduced to senior management to facilitate a better understanding of the Group's business and operations.

The Board acknowledged that the Directors of the Company, through their varied experience and qualifications, have provided the desired contribution and support to the functions of the Board for the year ended 2015. The Board has empowered Directors of the Company to determine their own training requirements needed to better discharge their duties and responsibilities to the Group and the trainings attended by each Director will be tabled for the review of the Nominating Committee.

The trainings attended by each member of the Board during the financial year just ended are set out in their respective profiles on pages 6 to 9 of this Annual Report.

V) Re-Election

In accordance with Articles of Association of the Company, at least one-third (1/3) of the directors for the time being shall be subject to retirement by rotation at the annual general meeting of the Company. All retiring directors shall be eligible for re-election. In any case, each director shall submit themselves for re-election at regular intervals and at least once every three (3) years.

Directors appointed by the Board during the financial period before an annual general meeting are subject to retirement and shall be eligible for re-election by the shareholders at the annual general meeting of the Company to be held following their appointments.

Details of the retiring Directors are disclosed in the Statement Accompanying the Notice of Annual General Meeting on page 121 of this Annual Report.

VI) Directors' Remuneration

The non-executive directors are remunerated with fees while the remuneration packages of executive directors comprise basic salary, fees and bonus.

STATEMENT ON CORPORATE GOVERNANCE

A) BOARD OF DIRECTORS *Cont'd*

VI) Directors' Remuneration *Cont'd*

Breakdown of the remuneration of Directors of the Company for the financial year ended 31 July 2015 is as follows:-

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)	Total (RM'000)
Salaries & Other Emoluments	398.22	-	398.22
Fees	65.00	72.00	137.00
Meeting Allowance	2.00	1.80	3.80
Benefits in kind	-	-	-
Total	465.22	73.80	539.02

The Executive Directors will abstain from participating in the discussion of their own remuneration. The determination of remuneration of Non-Executive Directors is a matter for the Board as a whole and the individuals concerned will abstain from discussion and decision of his own remuneration.

Directors' remuneration for the financial year ended 31 July 2015 falls into the following bands:-

Range of Remuneration Per Annum	Number of Directors	
	Executive Directors	Non-Executive Directors
Below 50,000	1	3
RM200,001 to RM250,000	2	-

B) COMMITTEES OF THE BOARD

The three (3) committees set up to assist the Board have been delegated with specific powers and responsibilities and operate within clearly defined terms of reference. Chairman of the respective committees reports the outcome of decisions and recommendations to the Board and minutes of committee meetings would be tabled at Board meetings for the Directors' notation. Notwithstanding the recommendations forwarded by the respective committees, the ultimate decision on all matters lies with the entire Board.

The Board Committees of the Company are the Audit Committee, the Nominating Committee and the Remuneration Committee, details of which are as follows:-

I) The Audit Committee

The role of the Audit Committee is to review the adequacy and competency of the Groups' internal control system including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

It assists and supports the Board's responsibility to oversee the Group's operations by providing a means for review of the Group's processes for producing financial data and its internal controls. The Audit Committee will discuss with management and the external auditors the accounting principles and standards that were applied and their judgment of the items that may affect the financial statements.

The Report of the Audit Committee, its salient terms of reference and the list of its committee members are set out on pages 27 to 30 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

B) COMMITTEES OF THE BOARD *Cont'd*

II) The Nominating Committee

The roles and responsibilities of the Nominating Committee are governed by its terms of reference and the Board Charter of the Company. The key role of the Nominating Committee is to review and assess suitable candidates proposed for appointment to the Board as well as those standing for re-election at the annual general meeting of the Company and thereafter, forward their recommendations to the Board. The Committee is also required to assess the effectiveness of the Board as a whole and the contribution of each Board Committee as well as each individual director on annually basis and to ensure that the Board and its respective Board Committees has the appropriate balance of expertise and ability. The Company adopted the peer evaluation to evaluate the performance of the Directors of the Company.

The Nominating Committee will review annually the required mix of skills, experience and other qualities including core competencies which Non-Executive Directors should bring to the Board, identify areas for improvement and review the succession plan for senior management in the Group.

The Nominating Committee has four (4) members comprising exclusively the independent non-executive Directors of the Company and their attendance record at the two (2) meetings held during the financial year are as follows:-

Members	Attendance
Tunku Azudinshah Ibni Tunku Annuar (<i>Chairman/Independent Non-Executive Director</i>) (<i>appointed on 14 August 2015</i>)	N/A
Tunku Makhlad Bin Tunku Mohamed Jamil (<i>Ex-Chairman/Independent Non-Executive Director</i>) (<i>resigned on 28 October 2015</i>)	2/2
Tan Ooi Jin (<i>Member/Independent Non-Executive Director</i>)	2/2
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria (<i>Member/Independent Non-Executive Director</i>)	2/2
Hj. Abdullah bin Abdul Rahman (<i>Member/Independent Non-Executive Director</i>) (<i>appointed on 14 August 2015</i>)	N/A

During the financial year ended 31 July 2015, activities undertaken by the Nominating Committee include:-

- i) reviewed the size, structure and composition of the Board of Directors and its board balance;
- ii) reviewed the required mix of skills and experience and other qualities including core competencies of the Board;
- iii) conducted annual assessment on the effectiveness of the Board as a whole, contribution of each individual director and committees of the Board;
- iv) considered the annual assessment of the independence of the independent Directors;
- v) reviewed the Board's succession plan and training programmes for the Board members;
- vi) assessed the directors retiring and standing for re-election by the shareholders at the forthcoming Annual General Meeting;
- vii) assessed and recommended to the Board, additional directors for appointment to the Board; and
- viii) assessed the performance of the Chief Financial Officer in discharging the role of the Chief Financial Officer of the Group.

Where boardroom diversity is concerned, the Board does not adopt any formal gender diversity policy as the selection of new Board candidates is based on merit.

The Nominating Committee considers that it has discharged its duties as required under Paragraph 15.08A(3) of Bursa Securities' MMLR and has complied with Paragraph 2.20A of the MMLR.

STATEMENT ON CORPORATE GOVERNANCE

B) COMMITTEES OF THE BOARD *Cont'd*

III) The Remuneration Committee

The Remuneration Committee of the Company has established a remuneration policy framework and makes recommendations to the Board on the remuneration and other terms of employment of the Executive Directors. The terms of reference of the Remuneration Committee are clearly defined by the Board to its members.

The component parts of remuneration of directors of the Company are structured so as to link rewards to corporate and individual performance in the case of executive directors. In the case of non-executive directors, the levels of remuneration are reflected by the experience and level of responsibilities.

The Remuneration Committee has six (6) members comprising four (4) Independent Non-Executive Directors and two (2) Executive Directors.

The Remuneration Committee meets at least once a year to conduct the annual review of the overall remuneration policy for Directors whereupon recommendations are submitted to the Board for approval.

During the financial year ended 31 July 2015, the Remuneration Committee met once and the attendance record of each member at the meeting is as follows:-

Members	Attendance
Tunku Azudinshah Ibni Tunku Annuar (<i>Chairman/Independent Non-Executive Director</i>) (<i>appointed on 14 August 2015</i>)	N/A
Tee Tze Chern, JP (<i>Member/Executive Director</i>)	1/1
Tan Ooi Jin (<i>Member/Independent Non-Executive Director</i>)	1/1
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria (<i>Member/Independent Non-Executive Director</i>)	1/1
Ong Kah Hoe (<i>Member/Executive Director</i>) (<i>appointed on 14 November 2014</i>)	N/A
Hj. Abdullah bin Abdul Rahman (<i>Member/Independent Non-Executive Director</i>) (<i>appointed on 14 August 2015</i>)	N/A

C) RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

One of the key elements of good corporate governance is being transparent and accountable to all stakeholders. Underlying the transparency and accountability objectives is the provision of clear, relevant, timely, comprehensive and readily assessable information to all stakeholders.

I) Shareholders' Communication and Investor Relations

The Group values its dialogues with investors as well as stakeholders and its website at www.takaso.com.my has a section dedicated to public relations and provides up-to-date information on the Group's business and operations besides carrying information of all announcements, press releases and product information. As a reflection of the importance the Group places on maintaining good investor relations and its commitment to this function, a public relations consultant, Mr. Anthony Lee of Sense Consultancy, has been engaged. His contact details are found on page 2 of this Annual Report.

Besides its website, shareholders and investors of the Company are also provided with information of the Groups' performance and major developments in its Annual Report and/or Circular, which is disseminated to shareholders either in hard copy or in CD-ROM media.

STATEMENT ON CORPORATE GOVERNANCE

C) RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS *Cont'd*

II) Annual General Meeting (“AGM”) and Extraordinary General Meeting (“EGM”)

The main forum for dialogue with shareholders of the Company is the Company’s AGM and EGM. The AGM represents the primary platform for direct two-way interactions between shareholders, Directors and senior management of the Company. During AGMs, shareholders are encouraged to raise questions which the Directors and senior management are at hand to address.

In addition, the external auditors of the Company are invited to attend the annual general meetings of the Company and would be at hand to answer shareholders’ questions on the conduct of the audit and the preparation and content of the audit report.

Notice of AGM together with the Annual Report and Circular are sent out to the shareholders not less than twenty-one (21) days from the date of the meeting and explanatory notes or statement to facilitate better understanding and evaluation of issues involved, will accompany items under ‘special business’ of the meeting.

In between AGMs, if a transaction or decision arises that requires shareholders’ approval, the Board will convene an EGM and the appropriate notice of meeting would be issued together with a circular explaining the intended agenda and purpose of the meeting to facilitate understanding and evaluation.

During the financial year ended 31 July 2015, there was one (1) EGM held on 2 April 2015 pertaining to the acceptance of a letter of award for construction of a commercial building from a related party, OCR Land Holdings Sdn. Bhd. to Takaso Land Sdn. Bhd. and diversification of the business of the Group and its subsidiaries to include the construction business.

D) ACCOUNTABILITY AND AUDIT

I) Financial Reporting

The Board aims to present a balanced, clear and meaningful assessment of the Group’s financial position and prospects in all their financial reports to stakeholders, shareholders, investors and the relevant regulatory authorities. The Board is assisted by the Audit Committee to oversee the Group’s financial reporting processes and the quality of its reports. The Audit Committee also reviews the appropriateness of the accounting policies of the Company and the Group and the changes to these policies.

The Responsibility Statement by the Directors on the annual audited financial statements of the Company and the Group is set out on page 35.

II) Risk Management and Internal Control

The Board acknowledges its overall responsibility to maintain a sound and reliable system of internal controls within the Group covering financial, operational and compliance aspects of the Group. The internal control systems of individual business units of the Group are managed by the management and operational team of the respective business units. The system of internal controls is designed to meet the Group’s needs and to manage risks to which it is exposed. There is a continuous process of management’s risk assessment, internal control reviews and internal audit assessments on major subsidiaries within the Group. The purpose of this continuous process is to ensure that the Group’s assets are safeguarded in the interest of preserving the investment of shareholders.

The internal audit function is outsourced to external professional firm. The outsourced internal auditor function presented to the Audit Committee with their report and discussed their findings on the adequacy and integrity of the internal control systems under review of the Group during the financial year just ended.

STATEMENT ON CORPORATE GOVERNANCE

D) ACCOUNTABILITY AND AUDIT *Cont'd*

II) Risk Management and Internal Control *Cont'd*

The Board has through the Audit Committee reviewed the adequacy and integrity of the Group's system of internal controls and the Statement on Risk Management and Internal Control are on pages 31 to 34 of this Annual Report.

III) Relationship with Auditors

The Group's independent external auditors are essential for the shareholders in ensuring the reliability of the Group's financial statements and in providing assurance of that reliability to users of these financial statements. The Audit Committee will normally meet with the external auditors at least twice a year, or more if deemed necessary, to discuss their audit plan, audit findings and the financial statements of the Company without the presence of the Executive Directors and employees of the Company.

An appropriate relationship is maintained with the Group's auditors through the Audit Committee. The Audit Committee has been explicitly accorded the power to communicate directly with both the external and internal auditors.

Terms of engagement of the services provided by the external auditors are reviewed by the Audit Committee and approved by the Board. In reviewing the terms of engagement of the services to be provided by the external auditors, the Audit Committee ensures that the independence and objectivity of the external auditors are not compromised.

During the financial year ended 31 July 2015, the Audit Committee meet with the external auditors three (3) times, to discuss their audit plan and audit findings of the Group without the presence of the Executive Directors and employees of the Company and to discuss and review the draft audited financial statements of the Company.

ADDITIONAL COMPLIANCE INFORMATION

1. SANCTIONS AND/OR PENALTIES

During the financial year, there were no sanctions and/or penalties imposed on the Group and its subsidiaries, Directors or management by any regulatory bodies.

2. MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and its subsidiaries involving the interests of Directors and major shareholders of the Company either subsisting at the end of the financial year or entered into since the end of the previous financial year:-

- Takaso Land Sdn. Bhd., a wholly owned subsidiary of the Company, has by a letter of award dated 12 January 2015 (“Letter of Award”) from OCR Land Holdings Sdn. Bhd., been appointed to construct and complete the mechanical and electronic works as well as architect, structure and civil works of a block of twenty-one (21) storey commercial building for a contract sum of RM37.44 million. The Letter of Award is deemed a related party transaction pursuant to Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as OCR Land Holdings Sdn. Bhd, being the party awarding the contract, is a major shareholder of the Company and a company in which Mr. Ong Kah Hoe, the Executive Director and a major shareholder of the Company, has interests in.

3. OPTIONS OR CONVERTIBLE SECURITIES

(i) Share Issuance Scheme

There were no options granted during the financial year ended 31 July 2015, pursuant to the Share Issuance Scheme of the Company (the “Scheme”).

On 1 October 2014, a total of 9,956,600 new ordinary shares of RM0.25 each were exercised and allotted at an exercise price of RM0.25 each for cash pursuant to the Scheme. The shares were listed on Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) on 9 October 2014.

The movement of the options during the financial year is as follows:-

Options Granted	Options Granted and Accepted Brought Forward (No. of Options)	Options Granted and Accepted in FYE 2015 (No. of Options)	Options Lapse (No. of Options)	Options Exercised (No. of Options)	Options Outstanding (No. of Options)
Executive and Non-Executive Directors of the Group	9,156,600	-	-	9,156,600	-
Senior Management, Managers & Executives of the Group	800,000	-	-	800,000	-
Total	9,956,600	-	-	9,956,600	-

The aggregate maximum allocation granted to Directors and Senior Management of the Group since commencement of the Scheme in percentage was 50%. Since the commencement of the Scheme, the allocations of options to the Directors and Senior Management have been fully granted.

The Scheme, effected on 30 August 2012, was approved by the shareholders at the Extraordinary General Meeting held on 27 June 2012 and is valid for a period of five (5) years and may be extended for a further period of up to a maximum of five (5) years at the discretion of the Board upon the recommendation of the Option Committee.

ADDITIONAL COMPLIANCE INFORMATION

3. OPTIONS OR CONVERTIBLE SECURITIES *Cont'd*

(i) Share Issuance Scheme *Cont'd*

The Option Committee, comprising the following members, was established to administer the Scheme in accordance with the objectives and regulations thereof and to determine participant eligibility, option offers and share allocations and to attend to such other matters as may be required:-

Members of the Option Committee

Tan Ooi Jin (*Chairman/Independent Non-Executive Director*)
 Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria (*Member/Independent Non-Executive Director*)
 Tang Fook Choy (*Member/Financial Controller*)
 Lily Tee (*Member/General Manager*)

This is the only employee share issuance scheme of the Company presently in existence during the financial year ended 31 July 2015. The Company had previously on 15 December 2000 established an Executive Share Options Scheme which has since expired on 26 February 2006 pursuant to its By Laws.

(ii) Warrants

On 13 September 2011, the Company issued 94,033,811 Rights Shares of RM0.25 each together with 56,420,285 Warrants (these additional warrants are referred to as "TAKASO-WB" now known as "OCR-WB") on the Main Market of Bursa Securities ("Rights Issue of Shares with Warrants").

During the financial year under review, a total of 15,697,400 of OCR-WB were exercised at the exercise price of RM0.35 each and 40,722,885 OCR-WB were outstanding as at the financial year ended 31 July 2015. However, subsequent to the year end, a total of 1,515,000 OCR-WB were exercised at the exercise price of RM0.35 each, as disclosed in Note 37(a) to the Financial Statements on page 108 of this Annual Report.

4. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

The aggregate value of RRPT of revenue or trading nature conducted pursuant to the shareholders' mandate approved by the shareholders at the Annual General Meeting of the Company held on 16 December 2014 during the financial year ended 31 July 2015 are as follows:-

Transacting Party	Related Party	Nature of Transactions	Interested related party	Actual Value of Transactions conducted pursuant to the Shareholders' Mandate during FYE 2015 (RM'000)
Takaso Rubber Products Sdn. Bhd. ("TRPSB")	London International (Xiamen) Pte. Ltd. ("LIX")	TRPSB purchases packaging materials for baby products and spare parts from LIX	Tee Tze Chern, JP ("TTC"), Lim Kwee Hua ("LKH")	806
Takaso Marketing Sdn. Bhd. ("TMSB")	LIX	TMSB purchases packaging materials for baby products from LIX	TTC, LKH	125

ADDITIONAL COMPLIANCE INFORMATION

4. RECURRENT RELATED PARTY TRANSACTIONS (“RRPT”) *Cont’d*

Related Parties and Nature of Relationship

- a) TTC is the Executive Director of O&C Resources Berhad. (the “Company”), a director of TRPSB and TMSB. He was a major shareholder of the Company with a direct and indirect interest by virtue of his interest in Nextplus Fortune Sdn Bhd. (“Nextplus”), a company in which TTC is deemed interested pursuant to Section 6A of the Companies Act, 1965. TTC disposed his entire interest in the Company on 4 February 2015 and as at 16 October 2015 his direct shareholding in the Company is only 88 ordinary shares when Nextplus disposed its entire shareholding in the Company and ceased to be a major shareholder on 18 August 2015.
- b) LKH is a Director and a major shareholder of LIX. She is also the spouse of TTC.

5. SHARE BUY-BACKS

During the financial year, the Company does not have a share buy-back programme in place.

6. DEPOSITORY RECEIPT PROGRAMME

During the financial year, the Company did not sponsor any depository receipt programme.

7. PROFIT GUARANTEE

During the financial year, the Company did not provide any profit guarantee.

8. VARIATION IN RESULTS

The Company and its subsidiary companies did not issue any profit forecast during the financial year ended 31 July 2015.

9. UTILISATION OF PROCEEDS

(i) Rights Issue - 13 September 2011

The Rights Issue of Shares with Warrants which was completed on 13 September 2011 following the listing and quotation for 94,033,811 Rights Shares of RM0.25 each together with 56,420,285 Warrants (the additional warrants are referred to as “TAKASO-WB”, now known as “OCR-WB”) on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) on 13 September 2011 (“Rights Issue of Shares with Warrants Exercise”) had successfully raised RM32.912 million.

ADDITIONAL COMPLIANCE INFORMATION

9. UTILISATION OF PROCEEDS *Cont'd*

(i) Rights Issue - 13 September 2011 *Cont'd*

The proceeds from the Rights Issue of Shares with Warrants Exercise has been fully utilise as at 31 July 2015 in the following manner:-

Description	Proposed Utilisation RM'000	Actual Utilisation As At 31.07.2015 RM'000	Time frame for utilisation of proceeds
To be utilised as follows:			
Working capital			
- Overseas expansion	6,500	6,500	
- Operating expenses	11,312	11,032	
- New business investment	9,500	9,500	
	27,312	27,032	12 March 2015 (Revised time frame)
Capital expenditure	3,000	3,000	12 September 2013
Repayment of borrowings	2,000	2,000	12 March 2012
Estimated expenses in relation to the Proposals	600	880	26 September 2011
	32,912	32,912	

(ii) Private Placement – 9 December 2014

The Private Placement has been completed on 9 December 2014 following the listing of and quotation for 17,900,000 new Company shares on the Main Market of Bursa Securities and successfully raised RM9.2 million.

The proceeds from the Private Placement had been fully utilised in the last quarter of the financial year just ended in the following manner:-

Description	Revised Proposed Utilisation [^] RM'000	Actual Utilisation As At 31.07.2015 RM'000	Revised time frame for utilisation of proceeds from the date of listing of the placement shares
To be utilised as follows:			
Partial repayment of bank borrowings	6,242	6,228	8 June 2015
Estimated expenses in relation to the Proposed Private Placement	85	99*	8 January 2015
Property development project	2,873	2,873	4 September 2015
	9,200	9,200	

Notes:

[^] On 5 June 2015, the Board of the Company has resolved to re-allocate approximately RM2.87 million from its initial proposed utilisation for partial repayment of bank borrowings to fund for the Joint Venture Agreement's capital commitment for Takaso Development (Kuantan) Sdn. Bhd. within three (3) months in order to reduce its reliance on bank borrowings.

* The additional estimated expenses in relation to the Private Placement of RM14,000 has been set-off against the partial repayment of bank borrowings.

ADDITIONAL COMPLIANCE INFORMATION

10. NON-AUDIT FEES

The amount of non-audit fees paid to the external auditors, Messrs. Crowe Horwath, by the Group for the financial year ended 31 July 2015 was RM28,500.00 being fees to review of the Statement on Risk Management and Internal Control for the Annual Report 2014 and to review cash flow projection for the proposed acquisition of Dynavance Construction Sdn. Bhd.

11. CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

The Group is committed to operate its business in a socially responsible manner towards its employees, the wider environment, the community and the marketplace and examples of its CSR activities are as follows:-

(i) CSR in the Community

As a socially responsible corporate citizen in community, the Group has supported and enhanced community betterment by the creation of well-being, sustainable and healthy local communities.

In support of social activity among the community, the Group has in March 2015 participated in the blood donation campaign to contribute to the blood bank in Hospital Pakar Sultanah Fatimah Muar. This is an annual event of the Group to participate in the blood donation which received the overwhelming response from the employees.



(ii) CSR at the Workplace

The Group has taken reasonable steps to maintain a safe, healthy and friendly working environment and to provide good employment practices and staff welfare.

Employees are valuable assets of the Company and are therefore offered employment under fair and equitable terms. They are given regular trainings to constantly upgrade their skills as well as to provide the necessary exposure to enhance their competency and intrinsic value.

The following are the social events conducted at workplace during the financial year ended 31 July 2015:

Seminar on Cardiopulmonary Resuscitation

A day seminar was conducted by Civil Defence Ministry on Cardiopulmonary Resuscitation (“CPR”) for the Group’s Safety Committee.

CPR is a first aid technique that can be used if someone is not breathing properly or if their heart has stopped. Chest compressions and rescue breaths keep blood and oxygen circulating in the body.

ADDITIONAL COMPLIANCE INFORMATION

11. CORPORATE SOCIAL RESPONSIBILITY (“CSR”) *Cont’d*

(ii) CSR at the Workplace *Cont’d*

Merdeka Day Celebration

Our management and employees of all levels held a get-together program to celebrate Merdeka Day at the manufacturing plant in Tanjung Agas, Ledang.

All of them showed gratitude and unity as one nation and appreciation towards the Country. Special appreciation was given to the employees who assisted in obtaining the “Goods Distribution Practice for Medical Devices” (GDPMD). Through this event, the relationships amongst our employees were further strengthened.



(iii) CSR towards the Environment

The protection and preservation of environment is an inherent part of the Group’s business philosophy and culture.

The Group has a strict policy on the safe disposal of latex and silicone waste generated from the production of the Company’s products in accordance with the Akta Jabatan Alam Sekitar regulations. Every employee of the Group is expected to strictly observe the policy to ensure waste disposal is properly carried out.

The Group continues to operate in a responsible manner by optimising our resources and reducing the generation of waste and stringently ensuring minimal emission of air and water pollution. In order to achieve that, the Group has regularly promoted awareness towards responsible environment practices amongst the staff.

(iv) CSR in the Marketplace

The Group recognises the importance of market perception and confidence on the sustainability of our businesses and believes that in order to achieve sustainable business interests and to be able to respond to the increasing demands from its customers and stakeholders, it has to implement socially responsible business conduct that protects the interests of its customers, shareholders, suppliers, consumers and the public at large.

The Company is therefore committed to conduct its business with integrity and maintaining an ethical business culture within the organisation while in compliance with all applicable laws. It also seeks suppliers to conform to the highest standards of business practices in the marketplace to comply with the requirements of its vendors. Audit will be performed by the Group on its suppliers and the audit trail and data on material used by suppliers will be provided to the Group to ensure that products meet the safety and other standards and requirements.

AUDIT COMMITTEE REPORT

1. MEMBERS AND ATTENDANCE RECORD

Membership of the Audit Committee and details of members' attendance at the five (5) meetings held during the financial year ended 31 July 2015 are as follows:-

Composition of Audit Committee	Attendance
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria (Chairman/Independent Non-Executive Director)	5/5
Tunku Makhlad Bin Tunku Mohamed Jamil (Member/Independent Non-Executive Director) (resigned on 28 October 2015)	5/5
Tan Ooi Jin (Member/Independent Non-Executive Director)	5/5
Tunku Azudinshah Ibni Tunku Annuar (Member/Independent Non-Executive Director) (appointed on 14 August 2015)	N/A
Hj. Abdullah bin Abdul Rahman (Member/Independent Non-Executive Director) (appointed on 14 August 2015)	N/A

The composition of the Audit Committee during the financial year has complied with the Terms of Reference of the Audit Committee which is, the Committee shall comprise not less than three (3) members and a majority of whom shall be independent directors where at least one (1) member of the Audit Committee, in the Company's case, Encik Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria, has the required financial background and experience.

Besides the Company Secretaries, key management members are usually invited to attend Audit Committee meetings while the internal auditors and representatives of the external auditors are invited to attend at least twice a year.

2. MEETINGS AND MINUTES

The Audit Committee meets at least once every quarter with due notice of issues to be discussed. Additional meetings may be called as the Chairman decides in the discharge of his duties and responsibilities or to consider any matters the external auditors or internal auditors believes should be brought to the attention of the directors or shareholders. The Audit Committee meets the external auditors without the presence of any Executive Directors and employees of the Company at least twice a year or more if deemed necessary.

Apart from the notice and agenda of meetings, the members are also provided with the supporting explanatory documents prior to each meeting.

The Company Secretaries of the Company act as Secretaries of the Audit Committee who shall be responsible for recording the proceedings of the Audit Committee meetings and ensuring the proper maintenance of the said minutes. Minutes of the Audit Committee meetings are extended to all members of the Board of Directors and significant issues are discussed at Board meetings held subsequent to the Audit Committee meetings.

3. TERMS OF REFERENCE

A summary of the key functions, roles and responsibilities as spelt out in the Terms of Reference of the Audit Committee is as follows:-

Authority

The Audit Committee is empowered and authorised by the Board of Directors at the cost of the Company:-

- a) to investigate any matters within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group;
- b) to have the resources in order to perform its duties as set out in its terms of reference;

AUDIT COMMITTEE REPORT

3. TERMS OF REFERENCE *Cont'd*

Authority *Cont'd*

- c) to have full and unrestricted access to any information pertaining to the Company and the Group;
- d) to have direct communication channels with the external auditors and internal auditors;
- e) to obtain external legal or other independent professional advice where necessary;
- f) to invite outsiders with the relevant experience to attend its meetings, whenever deemed necessary; and
- g) to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Notwithstanding anything contrary hereinbefore stated, the Committee does not have executive powers and shall report to the Board of Directors on matters pertaining to the Company and the Group that it has considered and its recommendations thereon. Decisions ultimately lies with the Board of Directors.

Duties

Duties of the Committee are as follows:-

- a) To consider and report to the Board of Directors of the Company the appointment, nomination, resignation and dismissal of external auditors and their respective audit fees;
- b) To discuss with the external auditors before the commencement of their audit, the nature and scope of the audit, competency and resources of the external auditors and to ensure co-ordination where more than one audit firm is involved.
- c) To discuss problems and reservations arising from the interim and final audits and any matters the auditors may wish to discuss (in the absence of management);
- d) To do the following in relation to the internal audit function and report the same to the Board of Directors of the Company:-
 - 1) to review the adequacy of the scope, functions, competency and resources of the internal audit function and whether it has the necessary authority to carry out its work;
 - 2) to review the internal audit processes and results of the internal audit plan processes or investigation undertaken and where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - 3) to review any appraisal or assessment of the performance of members of the internal audit function and their respective audit fees;
 - 4) to approve any appointment or termination of senior staff members of the internal audit function; and
 - 5) to take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- e) To review the effectiveness of the management information system;
- f) To review the quarterly results and annual financial statements of the Company and the Group with both the external auditors and management and report the same to the Board of Directors of the Company focusing particularly on:-
 - 1) any change in or implementation of accounting policies and practices;
 - 2) significant adjustment arising from the audit;
 - 3) any unusual events;
 - 4) the going concern assumption; and
 - 5) compliance with accounting standards and other legal requirements.

AUDIT COMMITTEE REPORT

3. TERMS OF REFERENCE *Cont'd*

Duties *Cont'd*

- g) To review the following and report the same to the Board of Directors of the Company:-
- 1) with the external auditors, the audit plan;
 - 2) with the external auditors, their evaluation of the system of internal controls;
 - 3) with the external auditors, their audit report; and
 - 4) the assistance given by the employees of the Company and the Group to the external auditors.
- h) To review and discuss any management letter sent by the external auditors to the Company and management's response to such letter;
- i) To consider the report, major findings and management's response thereto on any internal investigations carried out by the internal auditors;
- j) To review all areas of significant financial risk and the arrangements in place to contain those risks to acceptance levels;
- k) To consider and review any related party transactions and potential conflict of interest situations that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- l) To review and report to the Board of Directors of the Company whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;
- m) To review the allocation of options pursuant to the Share Issuance Scheme and make such statement to be included in the annual report of the Company in relation to a share issuance scheme for employees; and
- n) Any such other functions as may be agreed by the Committee and the Board.

Responsibility

Where the Committee is of the view that a matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of the MMLR of Bursa Malaysia Securities Berhad ("Bursa Securities") or any serious offence involving fraud and dishonesty committed by the Company or the Group, the Committee has the responsibility to promptly report such matters to Bursa Securities or any other relevant authorities.

4. SUMMARY OF ACTIVITIES DURING THE YEAR

During the financial year ended 31 July 2015, activities undertaken by the Audit Committee include:-

- a) Reviewed the quarterly unaudited financial statements of the Group;
- b) Reviewed inter-company transactions, related party transactions, recurrent related party transactions and/or potential conflict of interest situations that may arise within the Group or in the Company;
- c) Reviewed the annual audited financial statements of the Group and the Company for the financial year ended 31 July 2014;
- d) Reviewed the Audit Planning Memorandum by the external auditors on the nature and scope of the audit prior to the commencement of the audit for the financial year ended 31 July 2015;
- e) Reviewed the external auditors' report in relation to its audit and accounting issues and findings and management's response;

AUDIT COMMITTEE REPORT

4. SUMMARY OF ACTIVITIES DURING THE YEAR *Cont'd*

During the financial year ended 31 July 2015, activities undertaken by the Audit Committee include:- *Cont'd*

- f) Discussed with the external auditors without the presence of the Executive Directors and employees of the Company;
- g) Deliberated the re-appointment of the external auditors for the ensuing year ended 2015;
- h) Reviewed the action plan for internal audit of the Group, the internal audit processes and findings from the outsourced internal auditors;
- i) Reviewed the risk profile update and impact report from the outsourced internal auditors;
- j) Reviewed the Statement on Risk Management and Internal Control for the financial year ended 31 July 2014;
- k) Reviewed the Audit Committee Report for the financial year ended 31 July 2014; and
- l) Reviewed the allocation of options pursuant to the Share Issuance Scheme and the statement to be included in the Annual Report 2014 of the Company in relation to a share issuance scheme for employees.

5. REVIEW OF SHARE ISSUANCE SCHEME ("SIS")

There were no SIS options granted throughout the financial year ended 31 July 2015 under the existing SIS as disclosed on page 21 of this Annual Report.

In the event the Company grants any options under the SIS or establishes new SIS, the Audit Committee would shoulder the responsibility of reviewing all allocations granted to eligible employees to ensure compliance with the criteria as would have been spelt out in the by-laws of the Company's existing SIS and proposed SIS.

6. INTERNAL AUDIT FUNCTION AND RISK MANAGEMENT

The Group outsourced its internal audit function to an external professional firm which reports directly to the Audit Committee to assist it in discharging its duties and responsibilities. It is the responsibility of the Audit Committee to ensure the adequacy of the scope, function and resources allocated to the outsourced internal audit function in order for the function to operate effectively.

The scope of internal audit encompass the review of the adequacy and effectiveness of the Group's governance, risk management and control structures and processes put in place by the Board to provide reasonable assurance to achieve the Company's stated goals and objectives. During the financial year under review, the outsourced internal auditors met with the Audit Committee to report on the internal audit findings.

The Statement on Risk Management and Internal Control with an overview of the state of the risk management and internal controls within the Group can be found on pages 31 to 34 of this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance 2012 (“the Code”) sets out one of the key responsibilities of the Board of Directors of a listed company is to identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures to safeguard shareholders’ investment and assets of the Group. This is intended that business decisions are made based on appropriate risk taking to achieve a proper balance between risks incurred and potential returns to shareholders in accordance with the Group’s acceptable risk appetite.

Pursuant to paragraph 15.26(b) and Practice Note 9 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements in relation to requirement to prepare statement about the state of internal control of the listed issuer as a group, and in accordance with the Principles and Recommendations relating to risk management and internal controls provided in the Code as well as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guidelines”), the Board of Directors of the Company (“the Board”) is pleased to present the statement on the state of the internal controls of the Group for the financial year under review and up to the date of approval of this statement (“the Statement”).

BOARD’S RESPONSIBILITY

The Board affirms its overall responsibility of maintaining a sound risk management and internal control system and of reviewing their adequacy and effectiveness so as to achieve the Group’s corporate objectives and strategies. The Board is committed to the establishment and maintenance of an appropriate control environment and framework that is embedded into the corporate culture, processes and strategies of the Group. The Board, through its various committees, has continuously reviewed the adequacy and effectiveness of the system, in particular, the financial, operational as well as compliance aspects of the Group, throughout the financial year.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies and the process has been in place during the financial year and up to the date of approval of the Statement. It should be noted, however, that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. In addition, it should be noted that these systems can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board is assisted by Senior Management in implementing the Board approved policies and procedures on risk and control by identifying and analysing risk information; designing and operating suitable internal controls to manage and control these risks; and monitoring effectiveness of risk management and control activities.

RISK MANAGEMENT

The Group has established a formal enterprise risk management (“ERM”) framework to proactively identify, evaluate and manage key risks to an optimal level. In line with the Group’s commitment to deliver sustainable value, this framework aims to provide an integrated and organised approach entity-wide. The ERM framework approved by the Board adopts the ERM principles, methodology and process which are in line with the *Enterprise Risk Management – Integrated Framework* by the Committee of Sponsoring Organisations of the Treadway Commission (“COSO”) and international Organisation for Standardisation (“ISO”) 31000.

The Group has enhanced its ERM framework and process which has been adopted for implementation throughout the Group. The enhanced ERM framework has incorporated a well-structured and systematic process to identify, analyse and manage risks to an acceptable level for the achievement of the Group’s strategic objectives. The duty to manage of the key business risks of the Group on enterprise-wide aspect is delegated by the Board to the Risk Management Committee, which is made up of Executive Directors and Senior Management.

The risk management of the Group is formalised by the compilation of key risk profile of the Group by the Management during the financial year in order to formally document the key business challenges faced by the primary and supporting activities of the Group. Such key risk profile is also used to keep track of the risks to ensure corresponding controls are adequately established and effectively implemented to address the key risks so identified. The Management presented the key risk profile of the Group to the Board for review and deliberation during the financial year in order to ensure that all key risks were identified, evaluated and managed in line with the risk appetite of the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT *Cont'd*

During the financial year, business plans and business strategies are formulated by the Senior Management and presented to the Board for review to ensure proposed plans and strategies are in line with the Group's risk appetite at the strategic level. At the operational level, the respective Head of Departments are responsible for managing the risks of their departments or divisions which they are facing. Changes in the key business risks faced by the Group or emergence of new key business risks and the corresponding control activities formulated are discussed during management meetings and highlighted to the Risk Management Committee, Audit Committee and the Board for review.

INTERNAL CONTROL

The Board receives and reviews regular reports from the Management on key financial data, performance indicators and regulatory matters. This is to ensure that matters requiring the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis. The Board approves appropriate responses or amendments to the Group's policy. Besides, the results of the Group are reported quarterly and any significant fluctuations are analysed and acted on in a timely manner.

Issues relating to the business operations are highlighted to the Board's attention during Board meetings. Further, independent assurance is provided by the Group's external auditors, internal audit function and the Audit Committee to the Board. The Audit Committee reviews internal control matters and update the Board on significant control gaps for the Board's attention and action.

The key salient features of the Group's systems of internal controls are as follows: -

- **Board of Directors/Board Committees**

Board Committees (i.e. Audit Committee, Remuneration Committee and Nominating Committee) have been established to carry out duties and responsibilities delegated by the Board and are governed by written terms of reference.

Meetings of Board of Directors and respective Board Committees are carried out on scheduled basis to review the performance of the Group, from financial and operational perspective. Business plans and business strategies are proposed by the Executive Directors to the Board for their review and approval after taking into account risk consideration and responses.

- **Integrity and Ethical Value**

The tone from the top on integrity and ethical value are enshrined in formal Code of Conduct as contained in the Board Charter established and approved by the Board. This formal code forms the foundation of integrity and ethical value for the Group.

- **Organisation Structure and Authorisation Procedure**

The Group has a formal organization structure in place to ensure appropriate level of authority and responsibilities are delegated accordingly to competent staffs in achieving operational effectiveness and efficiency.

- **Policy and Procedure**

The Group has documented policies and procedures in compliance with its International Organisation for Standardisation ("ISO") certifications with authorisation requirement for key processes are stated therein.

- **Human Resource Management**

The Group put in place consistent human resource practice throughout the Group to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience in order to carry out their duties and responsibilities assigned effectively and efficiently.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL *Cont'd*

- **Information and Communication**

At operational level, clear reporting lines established across the Group and operation and management reports are prepared for dissemination to relevant personnel for effective communication of critical Information throughout the Group for timely decision making and execution in pursuit of the business objectives. Matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

- **External Bodies Certification**

Takaso Rubber Products Sdn. Bhd. is certified and is in compliance with the ISO 9001:2008 (Quality Management System) and Medical Device Directive 93/42/EEC Annex II of European Union.

- **Monitoring and Review**

Periodical management meetings are held to discuss and review financial and operational performance of key divisions/departments of the Group.

Apart from the above, the quarterly financial performance review containing key financial results and previous corresponding financial results are presented to the Audit Committee for review and the Board for approval for public release.

Furthermore, internal audits are carried out by the internal audit function (which reports directly to the Audit Committee) to assess the adequacy and effectiveness of internal controls in relation to specific critical control processes and highlights significant risks impacting the Group to the Audit Committee as well as recommending improvements to various processes to minimise the risks.

The monitoring of compliance with relevant laws and regulations are further enhanced by independent review of specific areas of safety, health and environment by independent consultants engaged by the Group and/or relevant regulatory bodies.

INTERNAL AUDIT

The Group's internal audit function is outsourced to an independent professional firm who provides the Audit Committee and the Board with independent assessment on the adequacy and effectiveness of the Group's system of internal control. The outsourced internal audit function reports directly to the Audit Committee on its activity and results of the internal audit assessments.

The outsourced internal audit function adopted risk based approach in the formulation of internal audit plan and submitted such plan for Audit Committee's review and approval before execution. During the financial year under review, internal audit review was performed by the outsourced internal audit function and the result of the internal audit was submitted to the Audit Committee for review and deliberation at the presence of the outsourced internal audit function.

The cost incurred in maintaining the outsourced internal audit function for the financial year ended 31 July 2015 amounted to RM42,500.00.

ASSURANCE PROVIDED BY EXECUTIVE DIRECTORS AND FINANCIAL CONTROLLER

During the financial year under review and up to the date of approval of the Statement, the performance of the Group was reviewed and deliberated by the Board, including, but not limited to, the adequacy and effectiveness of specific risk management and internal control system of the Group put in place to address specific business risks identified by the Board and/or Senior Management. Through such reviews by the Board with Executive Directors and Senior Management of the Group, the Board is of the view that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

ASSURANCE PROVIDED BY EXECUTIVE DIRECTORS AND FINANCIAL CONTROLLER

In line with the Guidelines, Executive Directors, being highest ranking executive in respective business divisions, and Financial Controller, being the person primarily responsible for the management of the financial affairs of the Company, have provided assurance to the Board that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

CONCLUSION

The Board considered the system of internal controls described in this Statement to be satisfactory and the risks to be at an acceptable level within the context of the Group's business nature and environment. The Board and Senior Management will continue to take measures to strengthen the control environment and monitor the health of the internal controls framework.

Pursuant to paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the financial year ended 31 July 2015 and they have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the Group's system of internal controls.

DIRECTORS' RESPONSIBILITY STATEMENT

This Director's responsibility statement is issued pursuant to paragraph 15.27(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad in respect of the preparation of the audited financial statements of the Group and of the Company for the financial year ended 31 July 2015.

The Directors are required by law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cashflow of the Group and of the Company for the year ended.

In preparing the financial statements for the financial year ended 31 July 2015, the Directors have:-

- adopted the applicable accounting standards issued by the Malaysian Accounting Standards Board and applied them consistently;
- made estimates and judgments which are reasonable and fair;
- ensured that applicable accounting standards have been followed; and
- prepared the financial statements on the going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial positions of the Group and of the Company thus ensuring that the financial statements comply with the Companies Act, 1965. Further thereto, the Directors are also responsible for taking reasonable steps to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

The Directors confirm that they have complied with these requirements and have a reasonable expectation that the Group has adequate resources to continue its operation for the future and to continue to adopt a going concern basis in preparing the financial statements. The Directors also confirmed that the annual audited financial statements of the Group are properly drawn up to give a true and fair view of the state of affairs of the Group for the financial year ended 31 July 2015.



Customer *Leads Growth*

Over and above all aspects, customers remain as our first priority. Without our valued customers, the Company won't be here today. Therefore, OCR continues to pledge that we will provide the best services and offerings to our most important stakeholder, our customers.

FINANCIAL STATEMENTS

38 / Directors' Report

45 / Statement by Directors

45 / Statutory Declaration

46 / Independent Auditors' Report

48 / Statements of Financial Position

49 / Statements of Profit or Loss and Other Comprehensive Income

50 / Statements of Changes in Equity

54 / Statements of Cash Flows

56 / Notes to the Financial Statements

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	The Company
	RM	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.

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.
- (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.

DIRECTORS' REPORT

OPTIONS GRANTED OVER UNISSUED SHARES *cont'd*

The salient features of the SIS are as follows: *cont'd*

- (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.

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

Date Of Offer	Exercise Price RM	Number of Options Over Ordinary Shares of RM0.25 Each			
		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.

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.

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.

DIRECTORS' REPORT

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.

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
<i>DIRECT INTERESTS IN THE COMPANY</i>				
TEE TZE CHERN, JP	88	2,034,400	(2,034,400)	88
ONG KAH HOE	-	23,807,300	(7,720,000)	16,087,300
<i>INDIRECT INTERESTS IN THE COMPANY</i>				
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

DIRECTORS' REPORT

DIRECTORS' INTERESTS *cont'd*

	Number of Warrants 2011/2016			At 31.7.2015
	At 1.8.2014	Bought	Sold	
<i>INDIRECT INTERESTS IN THE COMPANY</i>				
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.

	Number of Ordinary Shares of RM0.25 Each Under Option			At 31.7.2015
	At 1.8.2014	Granted	Exercised	
<i>SHARE OPTIONS OF THE COMPANY</i>				
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.

DIRECTORS' REPORT

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 37 to the financial statements.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 27 OCTOBER 2015**

Tee Tze Chern, JP

Ong Kah Hoe

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 48 to 109 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 48 to 109 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

Tang Fook Choy

Before me

Datin Hajah Raihela Wanchik
Commissioner for Oaths
No. W275

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 48 to 109.

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.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF O&C RESOURCES BERHAD

(Formerly known as Takaso Resources Berhad)

(Incorporated in Malaysia)

Company No.: 440503-K

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 38 on page 110 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.

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

27 October 2015

Kuala Lumpur

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

STATEMENTS OF FINANCIAL POSITION

AT 31 JULY 2015

	Note	The Group		The Company	
		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.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

	Note	The Group		The Company	
		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
SELLING AND DISTRIBUTION EXPENSES		6,437,107	6,412,833	60,002	133,333
ADMINISTRATIVE EXPENSES		(1,082,530)	(1,098,436)	-	-
OTHER EXPENSES		(8,967,960)	(8,794,155)	(1,614,103)	(978,014)
FINANCE COSTS		(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					
<u>Items that may be classified subsequently to profit or loss</u>					
- 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)
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		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

The Group	Note	Non-Distributable				Distributable			Total Equity
		Share Capital	Warrant Reserve	Share Premium	Foreign Exchange Translation Reserve	Share Issuance Scheme Reserve	Accumulated Losses	Attributable To Owners of The Company	
		RM	RM	RM	RM	RM	RM	RM	RM
Balance at 1.8.2013		37,185,950	4,575,992	3,884,561	36,134	1,400,000	41,975,737	-	41,975,737
Loss after taxation for the financial year		-	-	-	-	-	(5,106,900)	-	(5,106,900)
Other comprehensive expenses for the financial year, net of tax:							(5,946,844)	-	(5,946,844)
- Foreign currency translation		-	-	-	(132,264)	-	(132,264)	-	(132,264)
Total comprehensive expenses for the financial year		-	-	-	(132,264)	-	(5,946,844)	-	(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.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

The Group	Note	Non-Distributable				Distributable			Total Equity	
		Share Capital	Warrant Reserve	Share Premium	Foreign Exchange Translation Reserve	Share Issuance Scheme Reserve	Accumulated Losses	Attributable To Owners of The Company		Non-Controlling Interest
		RM	RM	RM	RM	RM	RM	RM	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.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

The Group	Note	Non-Distributable				Distributable				Total Equity
		Share Capital	Warrant Reserve	Share Premium	Foreign Exchange Translation Reserve	Share Issuance Scheme Reserve	Accumulated Losses	Attributable To Owners of The Company	Non-Controlling Interest	
		RM	RM	RM	RM	RM	RM	RM	RM	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

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

The Company	Note	Non-Distributable			Distributable			Total Equity
		Share Capital	Warrant Reserve	Share Premium	Share Issuance Scheme Reserve	Accumulated Losses	RM	
		RM	RM	RM	RM	RM	RM	RM
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.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

	Note	The Group		The Company	
		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.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

	Note	The Group		The Company	
		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)
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.

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.

- (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.

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

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.

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:-

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*

(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.

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.

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*

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(b) Basis of Consolidation *cont'd*

(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.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(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.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(d) Financial Instruments *cont'd*

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.

(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.

- *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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(d) Financial Instruments *cont'd*

(ii) Financial Liabilities *cont'd*

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 measured 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.

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 extinguishment 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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%

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(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.

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(l) Income Taxes *cont'd*

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.

(iii) Share-based Payment Transactions

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(r) Operating Segments

Operating segments are defined as components of 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);
- (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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015	2014	
		%	%	
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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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		Principal Activities
		2015 %	2014 %	
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.
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.
<u>Subsidiary of TRP:-</u>				
Takaso Marketing Sdn. Bhd.	Malaysia	100	100	Marketing of rubber products, baby products, and trading in baby accessories, apparels and milk powder.
<u>Subsidiary of TIPL:-</u>				
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.

- (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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

6. INVESTMENTS IN SUBSIDIARIES *cont'd*

The details of the subsidiaries are as follows:- *cont'd*

(e) The non-controlling interests at the end of reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2015	2014	2015	2014
	%	%	RM	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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

7. PROPERTY, PLANT AND EQUIPMENT

The Group	At	Additions	Disposals	Written Off	Depreciation Charge	Impairment Loss	Currency Translation Difference	At	
	1.8.2014							31.7.2015	
	RM	RM	RM	RM	RM	RM	RM	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	
The Group	At	Additions	Disposal	Written Off	Depreciation Charge	Transfer	Impairment Loss	Currency Translation Difference	At
	1.8.2013								31.7.2014
	RM	RM	RM	RM	RM	RM	RM	RM	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	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

7. PROPERTY, PLANT AND EQUIPMENT *cont'd*

	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.
- (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%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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

	The Group/The Company	
	2015 RM	2014 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

9. AMOUNT OWING BY A SUBSIDIARY

	The Company	
	2015	2014
	RM	RM
Amount owing by a subsidiary		
<u>Non-current</u>		
- 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.

10. INVENTORIES

	The Group	
	2015	2014
	RM	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	2014	2015	2014
	RM	RM	RM	RM
Trade receivables:-				
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	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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.
- (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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

15. LONG-TERM BORROWINGS

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	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

16. HIRE PURCHASE PAYABLES

	The Group	
	2015	2014
	RM	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.

17. TERM LOANS

	The Group/The Company	
	2015	2014
	RM	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

17. TERM LOANS *cont'd*

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.
---	---

18. DEFERRED TAX LIABILITY

	The Group	
	2015	2014
	RM	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	2014
	RM	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

22. REVENUE

Revenue of the Group represents the invoiced value of goods sold less discounts and returns.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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):- <i>cont'd</i>				
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	-	-
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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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	2014	2015	2014
	RM	RM	RM	RM
Total expense recognised as share-based compensation pursuant to SIS	-	187,000	-	-

27. PURCHASE OF INVESTMENT PROPERTY

	The Group/The Company	
	2015	2014
	RM	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

30. DIRECTORS' REMUNERATION *cont'd*

- (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

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	-	-
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	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

32. OPERATING SEGMENTS *cont'd*

Business Segments

	Manufacturing RM	Trading RM	Construction RM	Property Development RM	Others RM	Group RM
2015						
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						<u>36,762,894</u>
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						<u>(7,992,196)</u>
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

32. OPERATING SEGMENTS *cont'd*

Business Segments *cont'd*

	Manufacturing RM	Trading RM	Others RM	Group RM
2014				
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				<u>37,562,970</u>
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				<u>(5,946,844)</u>
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

32. OPERATING SEGMENTS *cont'd*

Business Segments *cont'd*

(a) Other material items of income consist of the following:-

	The Group	
	2015	2014
	RM	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	2014
	RM	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

Geographical Information

	Revenue		Non-Current Assets	
	2015	2014	2015	2014
	RM	RM	RM	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

32. OPERATING SEGMENTS *cont'd*

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

34. CAPITAL COMMITMENT

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<u>Contracted But Not Provided For</u>				
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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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
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)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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
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)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

35. FINANCIAL INSTRUMENTS *cont'd*

(a) Financial Risk Management Policies *cont'd*

(ii) Credit Risk *cont'd*

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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

35. FINANCIAL INSTRUMENTS *cont'd*

(c) Classification Of Financial Instruments

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Financial asset				
<u>Loans and receivables financial assets</u>				
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				
<u>Other financial liabilities</u>				
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

(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;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR *cont'd*

- (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;

- (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.

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;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

37. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD *cont'd*

- (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;
- (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.

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	2014	2015	2014
	RM	RM	RM	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)

LIST OF PROPERTIES

Location	Description	Tenure	Existing use, Age of Building and Building up Area	Net Book Value as at 31-07-2015 RM	Date of Revaluation
Lot PTD No. 4917 Mukim Kesang District of Ledang Johor Darul Takszim	The Building is a lean-to structure which adjoins a two-storey office cum factory building. A three-storey administrative building.	60 years lease expiring on 01.04.2049 (i.e. having an unexpected term of 35 years)	1. A unit of 24 years single-storey lean-to factory building. 2. A unit of 20 years factory building. (1 + 2 with a total built-up area of 43,560 sq. ft.) 3. A unit of 11 years 8 months three-storey administrative building with a built-up area of 11,500 sq. ft.	4,083,010	28th September 2009
Lot P.T.D No. 4965 Mukim Kesang District of Ledang Johor Darul Ta'zim	A two-storey factory building.	60 years lease expiring on 20.09.2049 (i.e. having an unexpired term of 35 years)	A 16 years two-storey factory building.	2,085,618	28th September 2009
Lot No.987 Mukim Sungai Terap District of Muar Johor Darul Ta'zim	A piece of agriculture land with land area of 77,591.25 sq. ft.	Freehold	Unoccupied vacant land.	1,000,000	28th September 2009
Lot No. 2526 Mukim Serom District of Muar Johor Darul Ta'zim	A piece of newly converted medium industrial land with land area of 395,034.75 sq. ft.	Freehold	Permitted to build a warehouse with total built-up area of 10,940 sq. ft. (11 years 3 month).	4,162,333	28th September 2009
Lot No. 5619 Mukim Pekan Kinrara District of Petaling Selangor Darul Ehsan.	3 1/2 storey shop-offices	Freehold	A unit of 5 years 3 1/2 shop-offices with total built-up area 5,652 sq. ft.	1,995,017	-
No.88, Moo 4 Kanchanavanich Road, Pang-la Sub District, Sadao District, Songkhla, Thailand.	Land plot No.16, area 12 rai 3 ngan 43-9/10 sq.wah, and plot No.17, area 3 rai 1 ngan 02-9/10 sq.wah (25,788 square meters) located in Kanchanavanich Road, Sadao, Songkhla, Thailand. Two factories building and office with total floor area of 3,200 square meter constructed on the land.	Freehold	Buildings on the land leave vacant and under renovated.	7,359,202	-

ANALYSIS OF SHAREHOLDINGS

AS AT 16 OCTOBER 2015

Authorised Capital	:	400,000,000 ordinary shares of RM0.25 each
Total number issued	:	205,724,799 ordinary shares of RM0.25 each
Class of securities	:	Ordinary shares of RM0.25 each
Voting rights	:	Each member of the Company, present in person or by proxy, shall have one (1) vote on a show of hands and in the case of a poll, shall have one (1) vote for every ordinary share held. A proxy need not be a member.
Number of shareholders	:	1,458

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	110	7.54	4,651	0.00
100 – 1,000	104	7.13	57,546	0.03
1,001 – 10,000	701	48.08	3,586,780	1.74
10,001 – 100,000	441	30.25	14,799,333	7.19
100,001 – 10,286,238 *	100	6.86	142,064,489	69.06
10,286,239 and above **	2	0.14	45,212,000	21.98
Total	1,458	100.00	205,724,799	100.00

Notes:

* means less than 5% of issued and paid-up share capital

** means 5% and above of issued and paid-up share capital

DIRECTORS' SHAREHOLDINGS AS AT 16.10.2015

The respective share and warrant holdings of the Directors of O&C Resources Berhad in the Company are as follows:-

Directors	SHARE HOLDINGS				WARRANT B HOLDINGS			
	Direct Interest		Indirect Interest		Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%	No of Warrant B Held	%	No of Warrant B Held	%
Tunku Azudinshah Ibni Tunku Annur	-	-	-	-	-	-	-	-
Ong Kah Hoe	16,087,300	7.82	(1)41,378,800	20.11	-	-	(2)650,000	1.66
Tee Tze Chern, JP	88	0.00	-	-	-	-	-	-
Yong Mong Huay	-	-	-	-	-	-	-	-
Tan Ooi Jin	-	-	-	-	-	-	-	-
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria	-	-	-	-	-	-	-	-
Hj. Abdullah Bin Abdul Rahman	-	-	-	-	-	-	-	-

Notes:-

(1) Deemed interested by virtue of Mr. Ong Kah Hoe's interest in OCR Land Holdings Sdn. Bhd., pursuant to Section 6A of the Companies Act, 1965 and Mr. Ong Kah Hoe's parents and siblings' shareholdings.

(2) Held through Mr. Ong Kah Hoe's father, Mr. Ong Kim Chong @ Ong Hwee Choo.

ANALYSIS OF SHAREHOLDINGS

AS AT 16 OCTOBER 2015

SUBSTANTIAL SHAREHOLDERS AS AT 16 OCTOBER 2015

Substantial shareholders (holding 5% or more of the capital) based on the Register of Substantial Shareholdings of the Company as at 16 October 2015 are as follows:-

Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of shares held	% Held	No. of shares held	% Held
OCR Land Holdings Sdn. Bhd.	31,215,000	15.17	-	-
Innofarm Sdn. Bhd.	15,713,000	7.64	-	-

THIRTY LARGEST SHAREHOLDERS AS AT 16 OCTOBER 2015

No.	Shareholders	No. of Shares	%
1	KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR OCR LAND HOLDINGS SDN. BHD.</i>	31,215,000	15.17
2	KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR INNOFARM SDN. BHD.</i>	13,997,000	6.80
3	THAM KIM FOONG (JOHN)	10,226,400	4.97
4	KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR ONG KAH HOE (THIRD PARTY)</i>	9,405,400	4.57
5	SU MING YAW	8,631,100	4.20
6	KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR CHIN BOON LONG</i>	7,646,100	3.72
7	KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR ENG MOK HOCK</i>	6,013,500	2.92
8	SJ SEC NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR GOH SU-CHIA</i>	6,000,000	2.92
9	SJ SEC NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR CHAN YOKE MING</i>	5,700,000	2.77
10	KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR YAP YEE SIEW AUDREY</i>	5,515,600	2.68
11	SJ SEC NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR WONG HOI MENG</i>	5,500,000	2.67
12	SJ SEC NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR NEO SAI BU</i>	5,400,000	2.62
13	SJ SEC NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR CHAN WEI CHOONG</i>	5,400,000	2.62
14	KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR KENNY KHOW CHUAN WAH</i>	5,395,000	2.62
15	KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR ANG WEI MENG</i>	5,291,300	2.57
16	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR CHENG YING YING</i>	4,000,000	1.94
17	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR ONG KAH HOE</i>	3,500,000	1.70

ANALYSIS OF SHAREHOLDINGS

AS AT 16 OCTOBER 2015

THIRTY LARGEST SHAREHOLDERS AS AT 16 OCTOBER 2015 *cont'd*

No.	Shareholders	No. of Shares	%
18	KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR ONG KAH WEE</i>	3,181,900	1.55
19	KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR ONG KAH HOE</i>	3,181,900	1.55
20	KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR ONG YEW MING</i>	3,181,900	1.55
21	TAN POO YOT	2,600,000	1.26
22	WARISAN HARTA SABAH SDN. BHD.	2,343,000	1.14
23	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YAP CHOR HOW</i>	2,100,000	1.02
24	ANG CHYAU CHIN	2,000,000	0.97
25	KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR LIEW KUO WEI</i>	1,855,400	0.90
26	TA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR INNOFARM SDN. BHD.</i>	1,716,000	0.83
27	KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT TAN LAY LING</i>	1,643,300	0.80
28	HLIB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KONG TIAM</i>	1,020,000	0.50
29	LAY SOOK HWEY	1,000,000	0.49
30	KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT TAN CHAI MEI</i>	860,000	0.42
		165,519,800	80.46

ANALYSIS OF WARRANT B (OCR-WB) HOLDINGS

AS AT 16 OCTOBER 2015

Number of outstanding Warrant B	:	39,207,885 OCR-WB
Exercise period	:	The exercise period is five (5) years from the date issue on 5 September 2011 and maturing on 4 September 2016.
Exercise price	:	RM0.35 and subject to adjustment in accordance with the conditions provided in the Deed Poll dated 26 July 2011.
Warrant B Entitlement	:	Each Warrant B entitles the registered holder during the Exercise Period to subscribe for one new ordinary share of RM0.25 each at the Exercise Price.
Number of Warrant B Holders	:	434

DISTRIBUTION OF WARRANT B HOLDING

Size of Holdings	No. of Warrant B Holders	%	No. of Warrants B	%
1 – 99	19	4.38	1,001	0.00
100 – 1,000	20	4.61	9,784	0.02
1,001 – 10,000	140	32.26	837,500	2.14
10,001 – 100,000	199	45.85	8,485,100	21.64
100,001 – 1,960,393 *	53	12.21	15,008,800	38.28
1,960,394 and above **	3	0.69	14,865,700	37.92
Total	434	100.00	39,207,885	100.00

Notes:

* means less than 5% of the total Warrant B of the Company

** means 5% and above of the total Warrant B of the Company

ANALYSIS OF WARRANT B (OCR-WB) HOLDINGS

AS AT 16 OCTOBER 2015

THIRTY LARGEST WARRANT B (OCR-WB) HOLDERS AS AT 16 OCTOBER 2015

No.	Warrant B Holders	No. of Warrant B	%
1	THAM KIN FOONG	7,759,500	19.79
2	KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR KOMBINASI EMAS SDN. BHD.</i>	3,916,200	9.99
3	HLIB NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR KONG TIAM</i>	3,190,000	8.14
4	KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR ENG MOK HOCK</i>	1,307,800	3.34
5	PM NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR CHAN WENG FUI (A)</i>	1,000,000	2.55
6	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. <i>ONG KIM CHONG @ ONG HWEE CHOO</i>	650,000	1.66
7	PUBLIC INVEST NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR CHONG MOO LING</i>	600,000	1.53
8	TAN TEIK LONG	600,000	1.53
9	CHEN CHING YEE	555,000	1.42
10	HLIB NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR CHONG MOO LING</i>	500,000	1.28
11	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR HEW CHIN THAI</i>	500,000	1.28
12	SU MING YAW	500,000	1.28
13	SAW KWEE BENG	422,400	1.08
14	LOW GEOK WAN	400,000	1.02
15	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. <i>THONG WENG KIN</i>	400,000	1.02
16	YEO ECK LIONG	400,000	1.02
17	TEOH KIEN HO	350,000	0.89
18	LIM SUEY HOCK	314,000	0.80
19	LOW BOON HOE	300,000	0.77
20	NG OI LAN	300,000	0.77
21	SU-AZIAN @ MUZAFFAR SYAH BIN ABD RAHMAN	299,500	0.76
22	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. <i>CHEN CHING YEE</i>	289,000	0.74
23	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. <i>LAI CHOI SANG</i>	240,000	0.61
24	OOI BOON CHONG	240,000	0.61
25	LEONG WEI HAO (LIANG WEIHAO)	220,000	0.56
26	LIEW KAH LEONG	202,300	0.52
27	ABDUL RAHMAN BIN ABDUL KARIM	200,000	0.51
28	MUHAMMAD SYAHMI BIN MD NAZIR	200,000	0.51
29	SU MING HUEY	200,000	0.51
30	WONG SAU BING	200,000	0.51
		26,255,700	66.97

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of the Company will be held at Level 16 Persoft Tower, 6B Persiaran Tropicana, Tropicana Golf and Country Resort, 47410 Petaling Jaya, Selangor, Malaysia on Thursday, 17 December 2015, at 2.00 p.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements of the Company and of the Group for the financial year ended 31 July 2015 together with the Directors' and Auditors' Reports thereon. **(Please refer Explanatory Note 1)**
2. To approve the payment of Directors' fees of not exceeding RM500,000 for the financial year ending 31 July 2016. **(Ordinary Resolution 1)**
3. To re-elect the following Directors who retire in accordance with Article 92 and Article 98 of the Company's Articles of Association and being eligible, had offered themselves for re-election:-
 - i) Tee Tze Chern, JP (Article 92) **(Ordinary Resolution 2)**
 - ii) Tan Ooi Jin (Article 92) **(Ordinary Resolution 3)**
 - iii) Tunku Azudinshah Ibni Tunku Annuar (Article 98) **(Ordinary Resolution 4)**
 - iv) Hj. Abdullah Bin Abdul Rahman (Article 98) **(Ordinary Resolution 5)**
4. To re-appoint Messrs. Crowe Horwath as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration. **(Ordinary Resolution 6)**

AS SPECIAL BUSINESS: -

To consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications:-

5. **As Ordinary Resolution**
Proposed Authority to Directors to Issue New Ordinary Shares Pursuant to Section 132D of the Companies Act, 1965

"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to issue new ordinary shares in the Company from time to time and upon such terms and conditions to such persons and for such purposes as the Directors may deem fit PROVIDED THAT the aggregate number of new ordinary shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the nominal value of the total issued and paid up share capital (excluding treasury shares) of the Company and that such authority shall unless revoked or varied by an ordinary resolution by the shareholders of the Company in general meeting, commence upon the passing of this resolution until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier AND THAT the Directors are further authorised to do all such things and upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company to give effect to the issuance of new ordinary shares under this resolution including making such applications to Bursa Malaysia Securities Berhad for the listing of and quotation for the new ordinary shares to be issued pursuant to this resolution." **(Ordinary Resolution 7)**

6. **As Ordinary Resolution**
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction

"THAT, subject always to the provisions of the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the regulations, guidelines and guidance notes issued from time to time by Bursa Securities or any other regulatory authorities, approval be and is hereby given for the Company and its subsidiaries (collectively the "Group") to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.4(i) (the "Renewed Shareholders' Mandate") of the Circular to Shareholders dated 25 November 2015 ("Circular") provided that such transactions and/or arrangements are in the ordinary course of business which are necessary for the day-to-day operations of the Group, on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

NOTICE OF ANNUAL GENERAL MEETING

THAT the authority conferred by this resolution shall take effect immediately upon the passing of this resolution and the Renewed Shareholders' Mandate shall continue to be in force until:

- (a) the conclusion of the next annual general meeting ("AGM") of the Company following the AGM at which the Renewed Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Act [but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act], or
- (c) revoked or varied by resolution passed by the shareholders at a general meeting,

whichever is the earlier.

THAT authority be and is hereby given to the Directors of the Company and its subsidiaries to complete and do all such acts and things (including executing such documents as may be required) to give effect to the Renewed Shareholders' Mandate.

AND THAT the estimates given in respect of the Recurrent Related Party Transactions specified in Section 2.4(i) of the Circular being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amounts(s) thereof provided that such amount or amounts comply with the procedures set out in Section 2.5 of the Circular." **(Ordinary Resolution 8)**

7. **As Ordinary Resolution** **Proposed New Shareholders' Mandate for Recurrent Related Party Transaction**

"THAT, subject always to the provisions of the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the regulations, guidelines and guidance notes issued from time to time by Bursa Securities or any other regulatory authorities, approval be and is hereby given for the Company and its subsidiaries (collectively the "Group") to enter into the additional recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.4(ii) (the "New Shareholders' Mandate") of the Circular to Shareholders dated 25 November 2015 ("Circular") provided that such transactions and/or arrangements are in the ordinary course of business which are necessary for the day-to-day operations of the Group, on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

THAT the authority conferred by this resolution shall take effect immediately upon the passing of this resolution and the New Shareholders' Mandate shall continue to be in force until:

- (a) the conclusion of the next annual general meeting ("AGM") of the Company following the AGM at which the New Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Act [but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act], or
- (c) revoked or varied by resolution passed by the shareholders at a general meeting,

whichever is the earlier.

THAT authority be and is hereby given to the Directors of the Company and its subsidiaries to complete and do all such acts and things (including executing such documents as may be required) to give effect to the New Shareholders' Mandate.

NOTICE OF ANNUAL GENERAL MEETING

AND THAT the estimates given in respect of the Recurrent Related Party Transactions specified in Section 2.4(ii) of the Circular being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amounts(s) thereof provided that such amount or amounts comply with the procedures set out in Section 2.5 of the Circular.” **(Ordinary Resolution 9)**

8. To transact any other business of which due notice have been given in accordance with the Companies Act, 1965.

By order of the Board
O&C RESOURCES BERHAD
 (Formerly known as Takaso Resources Berhad)

LAM SOOK CHING (MAICSA 7006942)
LOW BEE KHENG (MAICSA 7060813)
 Secretaries

Melaka
 25 November 2015

NOTES:

1. Depositors whose names appear in the Record of Depositors as at 10 December 2015 are entitled to attend, speak and vote at the meeting.
2. Where a member of the Company who is entitled to attend and vote at the meeting is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under Securities Industry (Central Depositories) Act, 1991 (“SICDA”) which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
4. Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies failing which, the appointment(s) shall be invalid.
5. A proxy may but need not be a member of the Company. If the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the Companies Commission of Malaysia.
6. The instrument appointing a proxy or proxies, in the case of an individual, shall be signed by the appointer or his/her attorney and in the case of a corporation, either under seal or under the hand of a duly authorised officer or attorney.
7. If there is no indication as to how a member wishes his/her vote to be cast, the proxy will vote or abstain from voting at his/her discretion. In the event a member duly executes the Form of Proxy but does not name any proxy, such member shall be deemed to have appointed the Chairman of the meeting as his/her proxy.
8. To be valid, the instrument appointing a proxy or proxies shall be deposited at the Registered Office of the Company at 49-B, Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka, Malaysia not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Ordinary and Special Business:-

1. Item 1 of the Agenda

The Audited Financial Statements in Agenda Item 1 is meant for discussion only as the approval of shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda item is not put forward for voting by the shareholders of the Company.

2. Item 5 of the Agenda

Ordinary Resolution 7 proposed under Item 5 of the Agenda is to renew the general mandate obtained from the shareholders at the last Annual General Meeting ("AGM") of the Company held on 16 December 2014 (the "General Mandate").

The proposed Ordinary Resolution 7 is a renewal of the General Mandate obtained from the members at the last AGM of the Company. The Company had on 3 December 2014 announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its letter dated 9 December 2014 approved the listing of and quotation for up to 17,900,000 Placement Shares to be issued pursuant to the Proposed Private Placement ("Placement Shares") subject to the conditions as disclosed in the said announcement. The said shares were listed on the Main Market of Bursa Securities on 9 December 2014 and status of the utilisation of proceeds from the Private Placement is set out in the "Additional Compliance Statement" on page 24 of this Annual Report.

The proposed Ordinary Resolution 7, if passed, would provide flexibility to the Directors to undertake fund raising activities including but not limited to further placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this mandate does not exceed ten percent (10%) of the nominal value of the total issued and paid-up share capital (excluding treasury shares) of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

3. Item 6 of the Agenda

This is a renewal of the mandate obtained from the members at the last AGM of the Company held on 16 December 2014.

The proposed Ordinary Resolution 8, if passed, will renew the authority given to the Company and its subsidiaries (the "Company Group") to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Company Group's day-to-day operations with the respective related parties, subject that the transactions are transacted in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

4. Item 7 of the Agenda

The proposed Ordinary Resolution 9, if passed, will authorise the Company Group to enter into new recurrent related party transactions of a revenue or trading nature which are necessary for the Company Group's day-to-day operations with the respective related parties, subject that the transactions are transacted in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

ANNUAL REPORT 2015 OF THE COMPANY:

The Annual Report 2015 of the Company is in CD-ROM format.

A printed copy of the Annual Report 2015 shall be provided to the shareholders within four (4) market days from the date of receipt of the verbal or written request.

Shareholders who wish to receive the printed copy of the Annual Report 2015 or who require assistance with viewing the CD-ROM, kindly contact Mr. Anthony Lee (Tel. No. +6 03 7731 3552) or you may send the completed request form to 49-B Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka, Malaysia for a printed copy of the Annual Report 2015.

You may also e-mail your request for a printed copy of the Annual Report 2015 to investor-relations@takaso.com

STATEMENT ACCOMPANYING THE NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

1. Directors Standing for Re-Election pursuant to the Articles of Association of the Company

- (i) Tee Tze Chern, JP (Article 92)
- (ii) Tan Ooi Jin (Article 92)
- (iii) Tunku Azudinshah Ibni Tunku Annuar (Article 98)
- (iv) Hj. Abdullah Bin Abdul Rahman (Article 98)

2. Details of Directors Standing for Re-Election

Profiles of the Directors who are retiring and standing for re-election at the Eighteenth Annual General Meeting of the Company are set out on pages 6 to 8 of this Annual Report.

3. Details of Attendance of Directors at Board Meetings

A total of five (5) Board of Directors' Meetings were held during the financial year ended 31 July 2015, details of the Directors' attendances at Board meetings are set out on page 14 of this Annual Report.

4. Date, Time and Place of the Annual General Meeting

Date : Thursday, 17 December 2015
Time : 2.00 p.m.
Place : Level 16 Persoft Tower
6B Persiaran Tropicana
Tropicana Golf and Country Resort
47410 Petaling Jaya
Selangor, Malaysia

This page has been intentionally left blank.



O&C RESOURCES BERHAD (440503-K)
(Formerly known as Takaso Resources Berhad)

PROXY FORM

CDS A/C No.
No. of shares held.

I/We _____ (NRIC/Company No.: _____)
(Full Name in Capital Letters)

of _____
(Full Address)

being a member(s) of **O&C RESOURCES BERHAD** (Formerly known as Takaso Resources Berhad), hereby appoint the following:-

(1) PROXY "A": _____
(full name in capital letters)

NRIC/Passport No.: _____

Address: _____

or failing him/her _____
(full name in capital letters)

NRIC/Passport No.: _____

Address: _____

(2) PROXY "B": _____
(full name in capital letters)

NRIC/Passport No.: _____

Address: _____

or failing him/her _____
(full name in capital letters)

NRIC/Passport No.: _____

Address: _____

or failing him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Eighteenth Annual General Meeting of the Company to be held at Level 16 Persoft Tower, 6B Persiaran Tropicana, Tropicana Golf and Country Resort, 47410 Petaling Jaya, Selangor, Malaysia on Thursday, 17 December 2015, at 2.00 p.m. and at any adjournment thereof.

The proportion of my/our holding to be represented by my/our proxies are as follows:

Proxy A	%	Proxy B	%	Total	100%
---------	---	---------	---	-------	------

Mark either box with "X" if you wish to direct the proxy how to vote. If no mark is made, the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two (2) proxies and wish them to vote differently, this should be specified.

My/our proxy/proxies is/are to vote as indicated below:

ITEM	AGENDA	RESOLUTION	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial year ended 31 July 2015 together with the Directors' and Auditors' Reports thereon.			
2.	To approve the payment of Directors' fees of not exceeding RM500,000 for the financial year ending 31 July 2016.	1		
3.	To re-elect the following Directors who retire and being eligible, offer themselves for re-election in accordance with Article 92 and Article 98 of the Company's Articles of Association:-			
	i) Tee Tze Chern, JP (Article 92)	2		
	ii) Tan Ooi Jin (Article 92)	3		
	iii) Tunku Azudinshah Ibni Tunku Annuar (Article 98)	4		
	iv) Hj. Abdullah Bin Abdul Rahman (Article 98)	5		
4.	To re-appoint Messrs. Crowe Horwath as auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration.	6		
5.	To approve the Proposed Authority to Directors to Issue New Ordinary Shares Pursuant to Section 132D of the Companies Act, 1965.	7		
6.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction.	8		
7.	To approve the Proposed New Shareholders' Mandate for Recurrent Related Party Transaction.	9		

* Strike out whichever not applicable.

As witness *my/our hand this _____ day of _____, 2015

Signature of member/Common Seal

Telephone number during office hours:

Fold This Flap For Sealing

NOTES:

1. Depositors whose names appear in the Record of Depositors as at 10 December 2015 are entitled to attend, speak and vote at the meeting.
2. Where a member of the Company who is entitled to attend and vote at the meeting is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under Securities Industry (Central Depositories) Act, 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
4. Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies failing which, the appointment(s) shall be invalid.
5. A proxy may but need not be a member of the Company. If the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the Companies Commission of Malaysia.
6. The instrument appointing a proxy or proxies, in the case of an individual, shall be signed by the appointer or his/her attorney and in the case of a corporation, either under seal or under the hand of a duly authorised officer or attorney.
7. If there is no indication as to how a member wishes his/her vote to be cast, the proxy will vote or abstain from voting at his/her discretion. In the event a member duly executes the Form of Proxy but does not name any proxy, such member shall be deemed to have appointed the Chairman of the meeting as his/her proxy.
8. To be valid, the instrument appointing a proxy or proxies shall be deposited at the Registered Office of the Company at 49-B, Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka, Malaysia not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.

Then Fold Here

AFFIX
STAMP

The Company Secretary
O&C RESOURCES BERHAD
(Formerly known as Takaso Resources Berhad)
(Company No.440503-K)
49-B Jalan Melaka Raya 8
Taman Melaka Raya
75000 Melaka
Malaysia

1st Fold Here

O&C RESOURCES BERHAD (440503-K)
(formerly known as Takaso Resources Berhad)

8.01, 8th Floor, Persoft Tower, 6B Persiaran Tropicana,
Tropicana Golf & Country Resort,
47410, Petaling Jaya, Selangor

Tel : +603 7806 3003
Fax : +603 7880 4003

Website : www.takaso.com.my