



O&C Resources Berhad
 (Company No: 440503-K)
 (Incorporated in Malaysia)

Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For the financial quarter ended 30 April 2017

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter 30.4.2017 RM'000	Preceding Year Quarter 30.4.2016 RM'000	Current Year To Date 30.4.2017 RM'000	Preceding Year To Date 30.4.2016 RM'000
Revenue		23,436	8,596	64,163	28,662
Cost of sales		(15,277)	(6,539)	(45,755)	(22,166)
Gross profit		8,159	2,057	18,408	6,496
Other income		136	70	392	1,656
Selling and distribution expenses		(521)	(264)	(772)	(1,096)
Administrative expenses		(5,159)	(3,110)	(13,021)	(7,398)
Finance costs		(123)	(252)	(160)	(427)
Profit/(loss) before tax		2,492	(1,499)	4,847	(769)
Income tax (expenses)/income	B5	(1,430)	71	(2,514)	(95)
Profit/(Loss) after taxation for the financial period		1,062	(1,428)	2,333	(864)
Other Comprehensive Income, net of Tax:					
Foreign currency translation		1	266	134	414
Total Comprehensive Income/ (Expense)	B12	1,063	(1,162)	2,467	(450)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2016 and the accompanying explanatory notes attached to the interim financial statements.



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Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For the financial quarter ended 30 April 2017 (Cont'd)

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30.4.2017 RM'000	Preceding Year Quarter 30.4.2016 RM'000	Current Year To Date 30.4.2017 RM'000	Preceding Year To Date 30.4.2016 RM'000
Profit/(Loss) after taxation attributable to:				
Owners of the Company	1,073	(1,328)	2,350	(732)
Non-Controlling Interests	(11)	(100)	(17)	(132)
	<u>1,062</u>	<u>(1,428)</u>	<u>2,333</u>	<u>(864)</u>
Total Comprehensive Income /(Expense) attributable to:				
Owners of the Company	B12 1,074	(1,062)	2,484	(318)
Non-Controlling Interests	(11)	(100)	(17)	(132)
	<u>1,063</u>	<u>(1,162)</u>	<u>2,467</u>	<u>(450)</u>
Profit/(Loss) per share ("EPS")/("LPS") (in sen)				
- Basic	B11 0.45	(0.60)	0.99	(0.34)
- Diluted	B11 0.44	(0.60)	0.96	(0.34)

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O&C Resources Berhad
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Condensed Consolidated Statement of Financial Position
As at 30 April 2017

	Note	As at 30.4.2017 (Unaudited) RM'000	As at 30.4.2016 (Unaudited) RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		15,399	23,505
Investment property		1,923	1,964
Inventories		17,673	5,174
Investment in an associate		692	-
Other receivable		11,230	-
		<u>46,917</u>	<u>30,643</u>
Current Assets			
Gross amount due from contract customer		17,033	-
Inventories		51,067	11,452
Trade and others receivables		39,790	30,683
Current tax assets		184	30
Cash and cash equivalents		12,862	2,059
		<u>120,936</u>	<u>44,224</u>
TOTAL ASSETS		<u>167,853</u>	<u>74,867</u>
EQUITY AND LIABILITIES			
Share capital		59,945	52,996
Irredeemable convertible preference shares		33,071	-
Reserves		(1,130)	(2,101)
Shareholders' funds		91,886	50,895
Non-controlling interests		151	(296)
TOTAL EQUITY		<u>92,037</u>	<u>50,599</u>
Non-Current Liabilities			
Long-term bank borrowings	B8	8,481	1,543
Deferred tax liabilities		258	258
Other payable		30,138	-
		<u>38,877</u>	<u>1,801</u>
Current Liabilities			
Trade and other payables		23,091	10,568
Short-term borrowings	B8	11,273	11,751
Current tax liabilities		2,575	148
		<u>36,939</u>	<u>22,467</u>
TOTAL LIABILITIES		<u>75,816</u>	<u>24,268</u>
TOTAL EQUITY AND LIABILITIES		<u>167,853</u>	<u>74,867</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		<u>0.38</u>	<u>0.22</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2016 and the accompanying explanatory notes attached to the interim financial statements.



O&C Resources Berhad
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Condensed Consolidated Statement of Changes in Equity
For the financial period ended 30 April 2017

	<-----Attributable to owners of the company----->								
	<-----Non-Distributable----->				Distributable				
	Share Capital RM'000	Share Premium RM'000	Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Irredeemable Convertible Preference Shares RM'000	Accumulated Losses RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance as at 1 August 2016	57,120	16,745	2,232	423	33,071	(24,027)	85,564	(31)	85,533
Profit after taxation for the period	-	-	-	-	-	2,350	2,350	(17)	2,333
Other comprehensive income for the period, net of tax	-	-	-	134	-	-	134	-	134
- Foreign currency translation	-	-	-	134	-	-	134	-	134
Total comprehensive income for the period	-	-	-	134	-	2,350	2,484	(17)	2,467
Transaction with owners of the company:									
Issuance of ordinary share pursuant to:									
- exercise of Warrant B	2,330	1,687	(1,342)	-	-	586	3,261	-	3,261
- exercise of SIS	495	160	-	-	-	-	655	-	655
Direct expenses	-	(78)	-	-	-	-	(78)	-	(78)
Acquisition of subsidiary companies	-	-	-	-	-	-	-	199	199
Balance as at 30 April 2017	59,945	18,514	890	557	33,071	(21,091)	91,886	151	92,037

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2016 and the accompanying explanatory notes attached to the interim financial statements.



O&C Resources Berhad
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Condensed Consolidated Statement of Changes in Equity
For the financial period ended 30 April 2017 (Cont'd)

	<-----Attributable to owners of the company----->								
	<-----Non Distributable----->				Distributable				
	Share Capital RM'000	Share Premium RM'000	Warrants Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Share Issuance Scheme Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance as at 1 August 2015	51,075	12,941	3,303	248	-	(19,044)	48,523	(1)	48,522
Profit after taxation for the period	-	-	-	-	-	(732)	(732)	(132)	(864)
Other comprehensive Income for the period, net of tax									
- Foreign currency translation	-	-	-	414	-	-	414	-	414
Total comprehensive Income for the period	-	-	-	414	-	(732)	(318)	(132)	(450)
Transaction with owners of the Company:									
Acquisition of subsidiary	-	-	-	-	-	-	-	(163)	(163)
Issuance of - exercise of Warrant B	1,921	1,392	(623)	-	-	-	2,690	-	2,690
Transfer of share premium for Warrant B exercised	-	-	-	-	-	-	-	-	-
Balance as at 30 April 2016	52,996	14,333	2,680	662	-	(19,776)	50,895	(296)	50,599

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2016 and the accompanying explanatory notes attached to the interim financial statements.



O&C Resources Berhad
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Condensed Consolidated Statement of Cash Flows
For the financial period ended 30 April 2017

	Current Year to date 30.4.2017 RM'000	Preceding Year to date 30.4.2016 RM'000
Cash Flows From Operating Activities		
Profit/(loss) before tax	4,847	(769)
Adjustments for:		
Non-cash items	2,439	(4,578)
Non-operating items	288	755
<i>Operating profit/(loss) before working capital changes</i>	7,574	(4,592)
Net change in current assets	(13,804)	(2,385)
Net change in current liabilities	(24,157)	(7,127)
<i>Cash used in operations</i>	(30,387)	(14,104)
Tax refund	-	40
Tax paid	(164)	(29)
<i>Net cash used in operating activities</i>	(30,551)	(14,093)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(485)	(536)
Proceeds from disposal of property, plant and equipment	31	38
Interest income	54	8
Subscription of shares by non-controlling interest	199	-
Acquisition of an associate	(490)	-
<i>Net cash used in investing activities</i>	(691)	(490)
Cash Flows From Financing Activities		
Interest paid	(160)	(427)
Proceeds from issuance of ordinary shares pursuant to:		
-SIS, net of expenses	655	-
- exercised of warrants, net of expenses	3,183	2,689
Drawdown of bank borrowings	1,483	9,949
Repayment of hire purchase payable	(79)	(232)
Placement of fixed deposit pledged with a licensed bank	(5,000)	-
<i>Net cash generated from financing activities</i>	82	11,979
<i>Net cash decreased in cash and cash equivalents</i>	(31,160)	(2,604)
<i>Effects of exchange rate changes on cash and cash equivalents</i>	134	35
<i>Cash and cash equivalents at beginning of the financial year</i>	32,579	3,221
<i>Cash and cash equivalents at end of the financial period</i>	1,553	652

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2016 and the accompanying explanatory notes attached to the interim financial statements.



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Condensed Consolidated Statement of Cash Flows
For the period ended 30 April 2017 (Cont'd)

	Current Year To Date 30.4.2017 RM'000	Preceding Year To Date 30.4.2016 RM'000
Analysis of cash and cash equivalents:		
Fixed deposits with licensed banks	5,120	120
Cash and bank balances	7,742	1,939
Bank overdrafts	(6,189)	(1,287)
	<hr/>	<hr/>
	6,673	772
Less: Fixed deposit pledged to licensed banks	(5,120)	(120)
	<hr/>	<hr/>
	1,553	652
	<hr/>	<hr/>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2016 and the accompanying explanatory notes attached to the interim financial statements.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER

PART A

EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134, Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The report should be read in conjunction with the annual audited financial statements of the Group for the year ended 31 July 2016.

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted in the latest audited financial statements for the financial year ended 31 July 2016.

The adoption of the MFRSs and Amendments to MFRSs that came into effect after 1 August 2015 did not have any significant impact on the interim financial statements upon their initial application.

The following standards were issued by the Malaysian Accounting Standards Board but are not yet effective and have not been applied by the Group:

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

The adoption of the above accounting standard(s) and/or interpretation(s) (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.



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

2. Status of Audit Qualifications

The audited financial statements of the Group for the financial year ended 31 July 2016 was not subject to any audit qualification.

3. Seasonality or Cyclicity of Operations

There were no material seasonal or cyclical factors that have affected the financial performance of the Group. However, the demand of the Group's products is generally dependent on consumer demand of baby products and medical contraceptive condoms.

4. Unusual Items

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

5. Changes in Estimates

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

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

- (i) On 12 August 2016, 22 August 2016, 25 August 2016, 30 August 2016 and 6 September 2016, there are allotments of a total of 9,317,920 new ordinary shares of RM0.25 each at an exercise price of RM0.35 each per share for cash pursuant to the conversion of Warrant B by warrant holders of the Company. On 5 September 2016, the remaining unexercised 7,225,965 Warrant B were delisted.
- (ii) On 25 October 2016, 22 November 2016, 1 December 2016, 11 January 2017, 7 March 2017 and 13 April 2017, there are allotment of a total 1,980,000 new ordinary shares of RM0.25 each at an exercise price of RM0.3312 each per share for cash pursuant to the exercise of Share Issuance Scheme ("SIS") by eligible employees of the Company.

Save for the above, there were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities during the financial period-to-date.



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

7. Dividend

There were no dividends paid during the current quarter.

8. Segment Information

The following is an analysis of the revenue and consolidated result of the Group by segment of its operating activities for the current quarter ended 30 April 2017: -

30 April 2017	Manufacturing RM'000	Trading RM'000	Construction RM'000	Property Development RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000	
External Sales	2,338	7,162	14,587	-	-	(651)	23,436	
Segment Results (EBITDA)	178	(1,362)	5,556	1	(1,312)	(112)	2,949	
Finance Cost	(86)	(14)	(16)	-	(7)	-	(123)	
Depreciation and Amortisation	(206)	(91)	-	-	(37)	-	(334)	
Consolidated Profit Before Tax								2,492
ASSETS								
<i>Segment Assets</i>	19,477	11,549	41,823	75,285	98,321	(78,602)	167,853	
LIABILITIES								
<i>Segment Liabilities</i>	12,499	14,068	30,704	72,255	7,111	(60,821)	75,816	
OTHER INFORMATION								
<i>Capital Expenditure</i>	-	-	3	-	-	-	3	
<i>Depreciation and Amortisation</i>	206	91	-	-	37	-	334	
<i>Other Non Cash Expenses/(Income)</i>	-	-	-	-	-	-	-	



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

8. Segment Information (Cont'd)

30 April 2016	Manufacturing RM'000	Trading RM'000	Construction RM'000	Property Development RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
External Sales	2,848	5,563	930	-	-	(745)	8,596
Segment Results (EBITDA)	282	(504)	48	(1)	(849)	232	(792)
Finance Cost	(34)	(10)	-	(200)	(8)	0	(252)
Depreciation and Amortisation	(358)	(63)	-	-	(34)	-	(455)
Consolidated Loss Before Tax							(1,499)
ASSETS							
Segment Assets	21,005	10,544	2,559	22,407	67,663	(49,311)	74,867
LIABILITIES							
Segment Liabilities	12,773	12,445	2,910	23,016	10,705	(37,581)	24,268
OTHER INFORMATION							
Capital Expenditure	9	6	-	-	542	-	557
Depreciation and Amortisation	358	63	-	-	34	-	455
Other Non Cash Expenses/(Income)	-	-	-	-	-	-	-

GEOGRAPHICAL SEGMENT

The following table provides an analysis of the Group's revenue, segment assets and capital expenditure by geographical segments:

	Revenue by location of customers		Segments assets by location of assets		Capital expenditure by location of assets	
	30 April 2017 RM'000	30 April 2016 RM'000	30 April 2017 RM'000	30 April 2016 RM'000	30 April 2017 RM'000	30 April 2016 RM'000
Malaysia	15,924	2,037	157,762	57,390	3	214
Other Asian Countries	7,512	6,121	10,091	17,477	-	343
European Countries	-	22	-	-	-	-
African Countries	-	6	-	-	-	-
Others	98	410	-	-	-	-
Total	23,436	8,596	167,853	74,867	3	557

9. Valuation of Property, Plant and Equipment

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



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PART A

EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

10. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the reporting period up to 14 June 2017, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report, that have not been reflected in the financial statements for the current quarter ended 30 April 2017 except for the followings:

- i) On 15 May 2017, the Company has acquired the entire share capital of Jaringan Jasa Sdn. Bhd (“JJSB”), comprising of one ordinary share of RM1.00 each fully paid up for a total consideration of RM1.00. Subsequently, the Company had subscribed an additional of 89 shares in JJSB. JJSB has become a 90% subsidiary of OCR.
- ii) On 18 May 2017, there is allotment of a total 85,000 new ordinary shares of RM0.25 each at an exercise price of RM0.3312 each per share for cash pursuant to the exercise of Share Issuance Scheme (“SIS”) by eligible employees of the Company.
- iii) On 23 May 2017, total of 800,000 ordinary shares of RM0.25 each have been issued pursuant to the conversion of 800,000 Irredeemable Convertible Preference Shares (“ICPS”) to 800,000 new ordinary shares by conversion of 1 unit ICPS and payment of RM0.45 in cash for 1 new ordinary share.
- iv) On 30 May 2017, Bursa Securities had vide its letter resolved to approve the listing and quotation of up to 97,651,200 Placement Shares to be issued pursuant to the Proposed Private Placement.
- v) On 31 May 2017, total of 350,000 ordinary shares of RM0.25 each have been issued pursuant to the conversion of 350,000 ICPS to 350,000 new ordinary shares by conversion of 1 unit ICPS and payment of RM0.45 in cash for 1 new ordinary share.
- vi) On 31 May 2017, the Company’s 70% owned subsidiary, O&C Development (Kuantan) Sdn. Bhd. (*Formerly known as Takaso Development (Kuantan) Sdn. Bhd.*) had at the request of SSPP Development Sdn. Bhd. (“SSPP”) vide SSPP solicitors’ letter dated 29 May 2017 agreed to extend the time frame for Conditions Precedent under Section 3 of the Joint Venture Agreement dated 1 June 2015 for another six months period expiring on 30 November 2017 as SSPP’s application to the State Authorities for the conversion of the said land is still in progress.
- vii) On 5 June 2017, total of 100,000 ordinary shares of RM0.25 each have been issued pursuant to the conversion of 100,000 ICPS to 100,000 new ordinary shares by conversion of 1 unit ICPS and payment of RM0.45 in cash for 1 new ordinary share.



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PART A

EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

11. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter ended 30 April 2017 except for the followings:

- i) On 2 December 2016, the Company has acquired the entire share capital of Kirana Masyhur Sdn. Bhd. comprising of two ordinary shares of RM1.00 each fully paid up for a total consideration of RM2.00.
- ii) On 22 December 2016, the wholly-owned subsidiary of the Company, Grand Superland Sdn. Bhd. has entered into a Share Sale Agreements to acquire 400,000 ordinary shares of RM1.00 each representing 80% of the issued and paid-up share capital of Visi Anggun Properties Sdn. Bhd. for a cash consideration of RM400,000.
- iii) On 31 March 2017, the wholly-owned subsidiary of the Company, Grand Superland Sdn. Bhd. has acquired the entire share capital of Greatway Capital Sdn. Bhd. for a cash consideration of RM1.00.



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

12. Changes in Contingent Liabilities or Contingent Assets since the Last Annual Balance Sheet Date

Since the last annual balance sheet date, there were no material changes in contingent liabilities for the Group as at 13 June 2017, being the last practicable date from the date of issue of this quarterly report that are expected to have an operational or financial impact on the Group.

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

	Company	
	As at	As at
	30.4.2017	31.1.2017
	RM'000	RM'000
Corporate guarantees extended:		
- to financial institutions for credit facilities granted to subsidiaries	6,189	892

There were no contingent assets since the last annual balance sheet as at 31 July 2016.

13. Capital Commitments

Save from the following, there were no capital commitments in the current quarter under review:

	As at	As at
	30.4.2017	31.1.2017
	RM'000	RM'000
Contracted but not provided for:		
-Acquisition of new subsidiaries	2,717	3,259



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

14. Significant Inter Company and Related Party Transactions

	Group	
	Current Year To Date 30.4.2017 RM'000	Preceding Year To Date 30.4.2016 RM'000
<u>Inter Company Transactions</u>		
Sales by Takaso Rubber Products Sdn Bhd to:-		
Takaso Marketing Sdn Bhd	1,991	2,339
Japlo Healthcare Sdn Bhd	-	1
Sales by Takaso Marketing Sdn Bhd to:-		
Japlo Healthcare Sdn Bhd	10	20
<u>Related Parties Transactions</u>		
Purchases from a company in which a director has a substantial financial interest	879	1,201
Sales to a company in which a director has a substantial financial interest	109	871
Project revenue recognised from contracts awarded by companies in which a director has a substantial financial interest	23,758	2,948

The Directors are of the opinion that all inter-segment transactions have been entered into the normal courses of business and are based on negotiated terms.



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PART B

EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE BURSA MAIN MARKET LISTING REQUIREMENTS

1. Detailed Analysis of the Performance of all Operating Segments

	Individual Quarter		Cumulative Period	
	30.4.2017 RM'000	30.4.2016 RM'000	30.4.2017 RM'000	30.4.2016 RM'000
Revenue	23,436	8,596	64,163	28,662
Profit/(loss) before tax	2,492	(1,499)	4,847	(769)

For the current quarter and cumulative period under review, the Group's revenue increased by 172.63% and 123.86% respectively as compared to the corresponding quarter and cumulative period ended 30 April 2016. The increase in revenue was mainly due to increase in progressive recognition of revenue from construction segment.

For the current quarter and cumulative period under review, the Group registered profit before tax of RM2.5 million and RM4.8 million respectively as compared to loss before tax of RM1.5 million and RM0.8 million respectively in the corresponding quarter and cumulative period ended 30 April 2016. The increase in profit before tax for the current quarter and cumulative period ended 30 April 2017 were mainly contributed by the increase in profit from construction segment in the current quarter and cumulative quarter under review.

Further Analysis by Segments

Manufacturing Segment

The revenue has decreased by approximately RM0.4 million in the current quarter under review as compared to the previous corresponding quarter ended 30 April 2016. The decrease in revenue is mainly due to slowdown in sales of rubber products and baby products.

Trading Segment

The revenue has increased by approximately RM1.6 million in the current quarter under review as compared to the previous corresponding quarter ended 30 April 2016. The increase in revenue is mainly due to increase in trading of electrical and mechanical products.

Construction Segment

The revenue has increased by approximately RM14 million in the current quarter under review as compared to the previous corresponding quarter ended 30 April 2016. The increase in revenue is a result of progressive recognition of revenue contributed from certain construction works.



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PART B

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

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

	Individual Quarter	
	30.4.2017 RM'000	31.1.2017 RM'000
Revenue	23,436	28,772
Profit before tax	2,492	2,020

The Group recorded profit before tax of RM2.5 million for the current quarter as compared to the immediate preceding quarter profit before tax of RM2.0 million.

The profit before tax of RM2.5 million is mainly due to revenue recognised from the construction segment in the current quarter under review.

3. Current Year Prospects

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

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

- (a) had entered into a conditional joint venture agreement to undertake a proposed mixed development project in Kuantan with estimated gross development value of RM330 million;
- (b) had undertaken a proposed residential or mixed development project at Jalan Yap Kwan Seng, Kuala Lumpur with estimated gross development value of RM202 million;



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

3. Current Year Prospects (Cont'd)

- (c) had acquire the Melaka Land to be developed into a mixed development project with estimated gross development value of RM206 million;
- (d) had received a letter of award for its appointment as project management consultant (“PMC”) from Yayasan Pahang of Komplek Yayasan Pahang, Tanjung Lumpur, 26060 Kuantan, Pahang for its project, Affordable Housing Development Scheme, in the state of Pahang which consist of approximately 25,000 units of residential properties over the 7 years construction period;
- (e) had through its associate company, AES Builders Sdn. Bhd., has entered into a Master En-Block Purchase Agreement with PRIMA and Mampan ESA (Melaka) Sdn. Bhd. to build and develop “PRIMA @ Sri Gading” at Alor Gajah, Melaka, comprising of 554 residential units with 5 apartment blocks of 11 storey each and 1 block of 12 storey at a total contract value of approximately RM101million for the duration of 3 years;
- (f) had entered into a new Joint Venture Agreement with Arra Inovasi Sdn. Bhd. to undertake the construction and development of a proposed housing project on a piece of 8.7 acres land situated in Teras Jernang, Bangi , Selangor Darul Ehsan into residential properties (“Project”). The gross development value and gross development costs of the said Project are estimated to be RM90 million and RM72 million respectively;
- (g) had through its associate company, AES Builders Sdn. Bhd., appointed by Perbadanan PR1MA Malaysia to carry out the design, planning, procurement, construction and completion of a Project located at Lot 37827 Jalan Alam Sutera Utama, Mukim Petaling, Bukit Jalil, Wilayah Persekutuan Kuala Lumpur at a total contract value of approximately RM155,000,000.
- (h) had signed a Memorandum of Understanding (“MOU”) with Universiti Sains Islam Malaysia (“USIM”) to establish a basis of co-operation and collaboration between both parties in the following areas:
 - i) In-Campus Students’ accommodations (Kolej Kediaman Kedua) by way of a Build-Operate-Transfer concept for 3,000 students (“C1”); and
 - ii) In-Campus Students’ accommodations (Kolej Kediaman Pelajar Perubatan) by way of Build-Operate-Transfer concept for 1,200 students (“C2”).

Through efforts such as brand building and business development activities in future, we hope the market will be aware of the existence of a new niche construction and property player making waves in the Klang Valley.

Notwithstanding the secured construction works and those announced proposals in relate to development projects, the Group is also aggressively taking steps to source and negotiate for more new business opportunities for the future construction and property development sector.

With those efforts undertaken by the Group, our management is of the opinion that the prospects of the Group will improve in the future.



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

4. Variances Between Actual Profit and Forecast Profit

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

5. Tax Expense

The effective tax rate of the Group for the current quarter and financial year-to-date under review is lower than statutory tax rate due to tax payable is only applicable for certain profitable subsidiaries.

6. Status of Corporate Proposals

Save from the following, there were no corporate proposals announced but not completed as at 14 June 2017, being the last practicable date from the date of the issue of this report.

O&C Development (Kuantan) Sdn. Bhd. (formerly known as Takaso Development (Kuantan) Sdn. Bhd.) had on 1 June 2015 entered into a joint venture agreement with SSPP Development Sdn Bhd to undertake a proposed mixed development project in Kuantan.

7. Utilisation Of Proceeds

Right issue of ICPS with warrants

On 27 July 2016, right issue of ICPS with warrants was completed with the listing of 661,412,697 ICPS with free detachable 66,141,269 Warrants ("Warrant C") on the Main Market of Bursa Securities and the proceeds raised from the right issue of ICPS with warrants is utilised as follows:

Description	Proposed/ Revised Utilisation RM'000	Actual Utilisation as at 30.4.2017 RM'000	Timeframe for Utilisation	Remaining balance		Explanation
				RM'000	%	
Construction works	3,000	3,000	Within 18 months	-	-	
Property development	28,816	25,510	Within 24 months	3,306	11.47	^
Staff costs	680	680	Within 6 months	-	-	
Expenses in relation to the Proposals	575	575	Within 2 weeks	-	-	
	33,071	29,765		3,306	11.47	

^ Pending utilisation



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

8. Borrowings and Debt Securities

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

	As at 30.4.2017 RM'000
Secured:	
Current liabilities	
- Bank overdrafts	6,189
- Term loan	4,769
	<hr/> 10,958
Non-current liabilities	
- Term loan	7,498
	<hr/> 7,498
Unsecured:	
Current liabilities	
- Hire purchase payable	315
	<hr/> 315
Non-current liabilities	
- Hire purchase payable	983
	<hr/> 983
Total Borrowings	<hr/> 19,754

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

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

	As at 30.4.2017 RM'000
Ringgit Malaysia	17,329
Singapore Dollar	2,425
Total Borrowings	<hr/> 19,754



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

9. Material Litigation

Since the date of the last annual statement of financial position, there was no pending material litigation as at 14 June 2017, being the last practicable date from the date of issue of this quarterly report.

10. Dividend

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

11. Profit/(Loss) Per Share

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30.4.2017 RM'000	Preceding Year Quarter 30.4.2016 RM'000	Current Year To Date 30.4.2017 RM'000	Preceding Year Period 30.4.2016 RM'000
(a) Basic earnings per share				
Net profit/(loss) for the period	1,073	(1,328)	2,350	(732)
Weighted average number of ordinary shares in issue ('000)	238,834	210,380	228,481	207,234
Effects of: -:				
SIS ('000)	147	-	681	-
Warrant B ('000)	-	9,912	9,318	9,546
Weighted average number of ordinary shares in issue ('000)	238,981	220,292	238,480	216,780
Basic profit/(loss) per share (sen)	0.45	(0.60)	0.99	(0.34)



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

11. Profit/(Loss) Per Share (Cont'd)

(b) Diluted earnings per share

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30.4.2017 RM'000	Preceding Year Quarter 30.4.2016 RM'000	Current Year To Date 30.4.2017 RM'000	Preceding Year Period 30.4.2016 RM'000
Net profit/(loss) for the period	1,073	(1,328)	2,350	(732)
Weighted average number of ordinary shares in issue ('000)	238,981	220,292	238,480	216,780
Adjustment for SIS ('000)	5,352	-	7,592	-
Adjustment for assumed conversion of warrants ('000)	-	-	-	-
Adjustments for assumed conversion of ICPS ('000)	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	244,333	220,292	246,072	216,780
Diluted profit/(loss) per share (sen)	0.44	(0.60)	0.96	(0.34)

The fully diluted profit per share for the preceding year corresponding quarter ended 31 July 2016 is not disclosed as the effects on the assumed exercised of the share options under ICPS, warrants and SIS are anti-dilutive.

12. Notes to the Statement of Comprehensive Income

	Group	
	Current Year Quarter 30.4.2017 RM'000	Current Year to date 30.4.2017 RM'000
Interest income	(22)	(54)
Other income	(157)	(258)
Interest expense	123	160
Depreciation and amortisation	334	1,050
Gain on foreign exchange difference	(108)	(108)
Gain on disposal of property, plant & equipment	(31)	(31)
Bad debt written off	491	506
Allowance for impairment of goodwill	2	87
Allowance for impairment of receivables	895	895
Bad debt recovered	(1)	(1)



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

13. Fair Value Changes for Financial Liabilities

There were no gains/losses arising from fair value changes for financial liabilities for the current quarter and financial year-to-date under review.

14. Disclosure of Realised and Unrealised Accumulated Losses

The Group's realised and unrealised accumulated losses disclosure is as follows:-

	As at 30.4.2017 RM'000	As at 30.4.2016 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(28,331)	(43,982)
- Unrealised	(516)	(1,245)
	<hr/>	<hr/>
	(28,847)	(45,227)
Less: Consolidation adjustments	7,756	25,451
	<hr/>	<hr/>
	(21,091)	(19,776)
	<hr/>	<hr/>

The determination of realised and unrealised profits/losses is compiled based on Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

By order of the Board
O&C Resources Berhad

Ong Kah Hoe
Group Managing Director
21 June 2017