



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

Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For the financial quarter ended 31 October 2016

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter 31.10.2016 RM'000	Preceding Year Quarter 31.10.2015 RM'000	Current Year To Date 31.10.2016 RM'000	Preceding Year To Date 31.10.2015 RM'000
Revenue		11,956	10,542	11,956	10,542
Cost of sales		(8,930)	(8,212)	(8,930)	(8,212)
Gross profit		3,026	2,330	2,317	2,330
Other income		319	1,178	319	1,178
Selling and distribution expenses		(143)	(520)	(143)	(520)
Administrative expenses		(2,849)	(2,375)	(2,849)	(2,375)
Finance costs		(18)	(55)	(18)	(55)
Profit before tax		335	558	335	558
Income tax expenses	B5	(66)	(135)	(66)	(135)
Profit after taxation for the financial period		269	423	269	423
Other Comprehensive (Expenses)/Income, net of Tax:					
Foreign currency translation		(215)	478	(215)	478
Total Comprehensive Income	B12	54	901	54	901

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 31 October 2016 (Cont'd)

		Individual Quarter		Cumulative Period	
		Current Year	Preceding Year	Current	Preceding
		Quarter	Quarter	Year To Date	Year To Date
		31.10.2016	31.10.2015	31.10 .2016	31.10.2015
		RM'000	RM'000	RM'000	RM'000
Profit after taxation attributable to:					
Owners of the Company		288	423	288	423
Non-Controlling Interests		(19)	-	(19)	-
		<hr/>	<hr/>	<hr/>	<hr/>
		269	423	269	423
		<hr/>	<hr/>	<hr/>	<hr/>
Total Comprehensive Income attributable to:					
Owners of the Company	B12	73	901	73	901
Non-Controlling Interests		(19)	-	(19)	-
		<hr/>	<hr/>	<hr/>	<hr/>
		64	901	64	901
		<hr/>	<hr/>	<hr/>	<hr/>
Profit per share ("EPS") (in sen)					
- Basic	B11	0.12	0.21	0.12	0.21
		<hr/>	<hr/>	<hr/>	<hr/>
- Diluted	B11	0.12	0.21	0.12	0.21
		<hr/>	<hr/>	<hr/>	<hr/>

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O&C Resources Berhad
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Condensed Consolidated Statement of Financial Position
As at 31 October 2016

	Note	As at 31.10.2016 (Unaudited) RM'000	As at 31.10.2015 (Unaudited) RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		15,910	23,810
Investment property		1,943	1,985
Inventories		16,963	-
Investment in an associate		431	-
Other receivable		10,798	-
		<u>46,045</u>	<u>25,795</u>
Current Assets			
Gross amount due from contract customer		1,453	-
Inventories		46,815	5,298
Trade and others receivables		23,100	29,262
Current tax assets		25	30
Cash and cash equivalents		22,439	2,220
		<u>93,832</u>	<u>36,810</u>
TOTAL ASSETS		<u>139,877</u>	<u>62,605</u>
EQUITY AND LIABILITIES			
Share capital		57,145	51,454
Irredeemable convertible preference shares		33,071	-
Reserves		(4,567)	(1,499)
Shareholders' funds		85,649	49,955
Non-controlling interests		(50)	(1)
TOTAL EQUITY		<u>85,599</u>	<u>49,954</u>
Non-Current Liabilities			
Long-term bank borrowings	B8	8,436	1,337
Deferred tax liabilities		258	258
Other payable		30,138	-
		<u>38,832</u>	<u>1,595</u>
Current Liabilities			
Trade and other payables		10,377	9,151
Short-term borrowings	B8	4,943	1,729
Current tax liabilities		126	176
		<u>15,446</u>	<u>11,056</u>
TOTAL LIABILITIES		<u>54,278</u>	<u>12,651</u>
TOTAL EQUITY AND LIABILITIES		<u>139,877</u>	<u>62,605</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)			
		<u>0.37</u>	<u>0.24</u>

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.



O&C Resources Berhad
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Condensed Consolidated Statement of Changes in Equity
For the financial period ended 31 October 2016

	<-----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	-	-	-	-	-	288	288	(19)	269
Other comprehensive income for the period, net of tax	-	-	-	(215)	-	-	(215)	-	(215)
- Foreign currency translation	-	-	-	(215)	-	-	(215)	-	(215)
Total comprehensive income for the period	-	-	-	(215)	-	288	73	(19)	54
Transaction with owners of the company:									
Issuance of ordinary share pursuant to:									
- exercise of Warrant B	-	756	(1,342)	-	-	586	-	-	-
- exercise of SIS	25	18	-	-	-	-	43	-	43
Direct expenses	-	(31)	-	-	-	-	(31)	-	(31)
Balance as at 31 October 2016	57,145	17,488	890	208	33,071	(23,153)	85,649	(50)	85,599

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.



O&C Resources Berhad
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*Condensed Consolidated Statement of Changes in Equity
For the financial period ended 31 October 2016 (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	-	-	-	-	-	423	423	-	423
Other comprehensive Income for the period, net of tax									
- Foreign currency translation	-	-	-	478	-	-	478	-	478
Total comprehensive Income for the period	-	-	-	478	-	423	901	(1)	901
Transaction with owners of the Company:									
Issuance of									
- exercise of Warrant B	379	152	-	-	-	-	531	-	531
Transfer of share premium for Warrant B exercised	-	123	(123)	-	-	-	-	-	-
Balance as at 31 October 2015	51,454	13,216	3,180	726	-	(18,621)	49,955	(1)	49,954

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.



O&C Resources Berhad
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Condensed Consolidated Statement of Cash Flows
For the financial period ended 31 October 2016

	Current Year to date 31.10.2016 RM'000	Preceding Year to date 31.10.2015 RM'000
Cash Flows From Operating Activities		
Profit before tax	335	558
Adjustments for:		
Non-cash items	759	(431)
Non-operating items	-	55
<i>Operating loss before working capital changes</i>	1,094	182
Net change in current assets	(9,917)	(4,364)
Net change in current liabilities	(2,036)	2,040
<i>Cash used in operations</i>	(10,859)	(2,142)
Tax refund	-	-
Tax paid	(3)	(3)
<i>Net cash used in operating activities</i>	(10,862)	(2,145)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(409)	(176)
Proceeds from disposal of property, plant and equipment	-	3
Interest income	14	-
<i>Net cash used in investing activities</i>	(395)	(173)
Cash Flows From Financing Activities		
Interest paid	(18)	(55)
Proceeds from issuance of ordinary shares pursuant to:		
-SIS, net of expenses	12	-
- exercised of warrants	-	531
Repayment to directors	-	(519)
Repayment of bank borrowings	(90)	(17)
Repayment of hire purchase payable	(18)	(71)
<i>Net cash generated from financing activities</i>	(114)	(131)
<i>Net cash decreased in cash and cash equivalents</i>	(11,371)	(2,449)
<i>Effects of exchange rate changes on cash and cash equivalents</i>	(215)	101
<i>Cash and cash equivalents at beginning of the financial year</i>	32,579	3,185
<i>Cash and cash equivalents at end of the financial period</i>	20,993	837

The Condensed Consolidated Statement of Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 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 period ended 31 October 2016 (Cont'd)

	Current Year To Date 31.10.2016 RM'000	Preceding Year To Date 31.10.2015 RM'000
Analysis of cash and cash equivalents:		
Fixed deposits with licensed banks	120	-
Cash and bank balances	22,319	2,220
Bank overdrafts	(1,326)	(1,383)
	21,113	837
Less: Fixed deposit pledged to licensed banks	(120)	-
	20,993	837

The Condensed Consolidated Statement of Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 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 14 Regulatory Deferral Accounts	1 January 2016
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 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Disclosure Initiative	1 January 2016
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
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: Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016



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

1. Basis of Preparation (Cont'd)

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.

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.



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

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, there is allotment of a total 100,000 new ordinary shares of RM0.25 each at an exercise price of RM0.33 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.

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 31 October 2016: -

31 October 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	2,948	6,462	3,287	-	-	(741)	11,956
Segment Results (EBITDA)	296	490	670	(30)	(874)	146	698
Finance Cost	-	(11)	-	-	(7)	-	(18)
Depreciation and Amortisation	(208)	(89)	-	-	(48)	-	(345)
Consolidated Loss Before Tax							335
ASSETS							
Segment Assets	20,685	10,739	6,647	70,487	92,568	(61,249)	139,877
LIABILITIES							
Segment Liabilities	13,507	11,991	5,597	70,743	1,952	(49,512)	54,278
OTHER INFORMATION							
Capital Expenditure	43	-	-	-	350	-	393
Depreciation and Amortisation	208	89	-	-	48	-	345
Other Non Cash Expenses/(Income)	-	14	-	-	1,106	-	1,120



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

8. Segment Information (Cont'd)

31 October 2015	Manufacturing RM'000	Trading RM'000	Construction RM'000	Property Development RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
External Sales	3,819	5,923	1,542	-	-	(742)	10,542
Segment Results (EBITDA)	341	446	57	(2)	(696)	927	1,073
Finance Cost	(35)	(10)	-	-	(10)	-	(55)
Depreciation and Amortisation	(358)	(68)	-	-	(34)	-	(460)
Consolidated Loss Before Tax							558
ASSETS							
Segment Assets	21,432	10,863	2,645	10,305	64,544	(47,214)	62,575
LIABILITIES							
Segment Liabilities	12,787	12,686	2,930	10,315	8,698	(35,199)	12,217
OTHER INFORMATION							
Capital Expenditure	-	280	-	-	173	-	453
Depreciation and Amortisation	358	68	-	-	348	-	460
Other Non Cash Expenses/(Income)	-	22	-	-	(913)	-	(891)

GEOGRAPHICAL SEGMENT

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

	Revenue by location of customers		Segments assets by location of assets		Capital expenditure by location of assets	
	31 October 2016 RM'000	31 October 2015 RM'000	31 October 2016 RM'000	31 October 2015 RM'000	31 October 2016 RM'000	31 October 2015 RM'000
Malaysia	4,740	3,212	130,966	44,876	393	-
Other Asian Countries	6,928	7,090	8,911	17,699	-	453
European Countries	4	-	-	-	-	-
African Countries	-	47	-	-	-	-
Others	284	193	-	-	-	-
Total	11,956	10,542	139,877	62,575	393	453



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PART A

EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

9. Valuation of Property, Plant and Equipment

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

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

There were no material events subsequent to the reporting period up to 9 December 2016, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report, that have not been reflected in the financial statements for the current quarter ended 31 October 2016 except for the followings:

- (i) On 21 November 2016, the Company has announced that its 70% owned subsidiary, Takaso Development (Kuantan) Sdn. Bhd. had at the request of SSPP Development Sdn. Bhd. ("SSPP") vide SSPP solicitors' letter dated 18 November 2016 agreed to extend the time frame for Conditions Precedent under Section 3 of the Joint Venture Agreement for a mixed development project on a piece of land held under H.S.(D) 19049 for No. PT 57721, Bandar Kuantan, Kuantan Pahang dated 1 June 2015 to be extended for another six months period expiring on 31 May 2017 as SSPP's application to the State Authorities for the conversion of the said land is still in progress;
- (ii) On 24 November 2016, the wholly-owned subsidiary, Grand Superland Sdn. Bhd. ("GSSB") has entered into a new Joint Venture Agreement ("JVA") with Arra Inovasi Sdn. Bhd. ("AISB") wherein AISB shall be the Land Owner cum Developer and GSSB as the Main Contractor 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. The estimated profit before tax attributable to GSSB from the said Project is approximately RM8.99 million over the construction period;
- (iii) On 22 November 2016 and 1 December 2016, there are allotment of a total 550,000 new ordinary shares of RM0.25 each at an exercise price of RM0.33 each per share for cash pursuant to the exercise of Share Issuance Scheme ("SIS") by eligible employees of the Company;
- (iv) On 24 November 2016, the Company has subscribed for an additional 120,024 ordinary shares of RM1.00 each at par in the capital of Masbe Coffee Sdn. Bhd. ("MCSB"). Following of the share subscription, the issued and paid up share capital of MCSB has increased from RM10,000.00 to RM250,000.00. The equity interest of OCR in the capital of MCSB remains at 50.01%; and
- (v) On 2 December 2016, the Company has acquired the entire share capital of Kirana Masyhur Sdn. Bhd. comprising of two (2) ordinary shares of RM1.00 each fully paid up for a total consideration of RM2.00.



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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 31 October 2016 except for the followings:

On 24 August 2016, the Company had acquired the entire share capital of Sunrise Meadow Sdn. Bhd. ("SMSB") comprising of two ordinary shares of RM1.00 each fully paid up for a total consideration of RM2.00. Consequently, SMSB became a wholly-owned subsidiary of OCR.

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 9 December 2016, being the last practicable date from the date of issue of this quarterly report that are expected to have an operational or financial impact on the Group.

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

	Company	
	As at	As at
	31.10.2016	31.10.2015
	RM'000	RM'000
Corporate guarantees extended:		
- to financial institutions for credit facilities granted		
to a subsidiary	1,326	1,383
- to a supplier for purchases made by a subsidiary	-	176

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



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PART A

EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

13. Capital Commitments

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

	As at 31.10.2016 RM'000	As at 31.10.2015 RM'000
Contracted but not provided for:		
-Acquisition of new subsidiaries	3,640	9,115
-Acquisition of a piece of development land	-	7,919

14. Significant Inter Company and Related Party Transactions

	Group Current Year To Date 31.10.2016 RM'000	Preceding Year To Date 31.10.2015 RM'000
<u>Inter Company Transactions</u>		
Sales by Takaso Rubber Products Sdn Bhd to:-		
Takaso Marketing Sdn Bhd	739	736
Sales by Takaso Marketing Sdn Bhd to:-		
Japlo Healthcare Sdn Bhd	1	6
<u>Related Parties Transactions</u>		
Purchases from a company in which a director has a substantial financial interest	337	387
Sales to a company in which a director has a substantial financial interest	46	16
Project revenue recognised from a contract awarded by a company in which a director has a substantial financial interest	2,578	1,542

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



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PART B

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

1. Detailed Analysis of the Performance of all Operating Segments

	Individual Quarter		Cumulative Period	
	31.10.2016	31.10.2015	31.10.2016	31.10.2015
	RM'000	RM'000	RM'000	RM'000
Revenue	11,956	10,542	11,956	10,542
Profit before tax	335	558	335	558

For the current quarter and cumulative period under review, the Group's revenue increased by 13.41% compared to the corresponding quarter and cumulative period ended 31 October 2015. The increase in revenue was mainly due to increase in progressive recognition of revenue from construction business.

For the current quarter and cumulative period under review, the Group registered profit before tax of RM0.3 million as compared to profit before tax of RM0.5 million in the corresponding quarter and cumulative period ended 31 October 2015. The decrease in profit before tax for the current quarter and cumulative period ended 31 October 2016 were mainly due to the increase in administrative costs in the current quarter and cumulative quarter under review.

Further Analysis by Segments

Manufacturing Segment

The revenue has decreased by approximately RM0.9 million in the current quarter under review compared to the previous corresponding quarter ended 31 October 2015. 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 RM0.5 million in the current quarter under review compared to the previous corresponding quarter ended 31 October 2015. The increase in revenue is mainly due to increase in trading business of computer and automobile accessories.

Construction Segment

The revenue has increased by approximately RM1.7 million in the current quarter under review compared to the previous corresponding quarter ended 31 October 2015. The increase in revenue is a result of revenue recognition from a construction contract.



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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	
	31.10.2016 RM'000	31.07.2016 RM'000
Revenue	11,956	9,789
Profit/(Loss) before tax	335	(2,860)

The Group recorded profit before tax of RM0.3 million for the current quarter as compared to the immediate preceding quarter loss before tax of RM2.9 million.

The profit before tax of RM0.3 million was mainly due to higher revenue recognised in the current quarter under review.

3. Current Year Prospects

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

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

- (a) had entered into a conditional joint venture agreement to undertake a proposed mixed development project in Kuantan with estimated gross development value of RM330 million. The project is expected to show profit of RM77 million to the Group.
- (b) had entered into a Share Sale Agreement to acquire 51% equity interest in Masbe Coffee Sdn. Bhd. ("MCSB") to facilitate to undertake a proposed residential or mixed development project at Jalan Yap Kwan Seng, Kuala Lumpur with estimated gross development value of RM202 million. The project is expected to contribute RM40 million to the Group.



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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)

- (a) had entered into a conditional Sale and Purchase Agreement to acquire the Melaka Land to be developed into a mixed development project with estimated gross development value of RM134 million. The project is expected to contribute RM30 million to the Group;
- (b) 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. Total estimated profit attributable to the Group from the said PMC is approximately RM91 million over the 7 years construction period
- (c) had through its associate company, AES Builders Sdn. Bhd., has entered into a Master En-Block Purchase Agreement with PR1MA and Mampan ESA (Melaka) Sdn. Bhd. to build and develop "PR1MA @ 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. The duration for the said contract is over a period of 3 years.
- (d) had entered into a new Joint Venture Agreement ("JVA") with Arra Inovasi Sdn. Bhd. ("AISB") 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 ("Lands") 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. The estimated profit before tax attributable to GSSB from the said Project is approximately RM8.99 million over the construction period.

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.

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.



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

6. Status of Corporate Proposals

Save from the following, there were no corporate proposals announced but not completed as at 9 December 2016, being the last practicable date from the date of the issue of this report.

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 31.10.2016 RM'000	Timeframe for Utilisation	Remaining balance		Explanation
				RM'000	%	
Construction works	3,000	1,305	Within 18 months	1,695	56.50	^
Property development	28,816#	14,733	Within 24 months	14,083	48.87	^
Staff costs	680	680	Within 6 months	-	-	
Expenses in relation to the Proposals	575#	575	Within 2 weeks	-	-	
	33,071	17,293		15,778		

Notes:

The variation of the actual expenses for the proposals is adjusted against the property development of the Company

^ 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 31.10.2016 RM'000
Secured:	
Current liabilities	
- Bank overdrafts	1,326
- Term loan	3,098
	<hr/> 4,424
Non-current liabilities	
- Term loan	7,498
	<hr/> 7,498
Unsecured:	
Current liabilities	
- Hire purchase payable	519
	<hr/> 519
Non-current liabilities	
- Hire purchase payable	938
	<hr/> 938
Total Borrowings	<hr/> 13,379

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

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

	As at 31.10.2016 RM'000
Ringgit Malaysia	12,606
Singapore Dollar	773
Total Borrowings	<hr/> 13,379



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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 9 December 2016, being the last practicable date from the date of issue of this quarterly report.

10. Dividend

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

11. (Loss)/Profit Per Share

	Individual Quarter		Cumulative Period	
	Current Year	Preceding Year	Current	Preceding Year
	Quarter	Quarter	Year To Date	Period
	31.10.2016	31.10.2015	31.10.2016	31.10.2015
	RM'000	RM'000	RM'000	RM'000
(a) Basic profit per share				
Net profit for the period	288	423	288	423
Weighted average number of ordinary shares in issue ('000)	235,139	205,432	235,139	205,432
Basic profit per share (sen)	0.12	0.21	0.12	0.21
(b) Fully diluted profit per share				
Net profit for the period	288	423	288	423
Weighted average number of ordinary shares in issue ('000)	235,139	205,432	235,139	205,432
Effects of dilution:				
Warrants ('000)	867	12,331	867	12,331
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	236,006	217,763	236,006	217,763
Diluted profit per share (sen)	0.12	0.21	0.12	0.21

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 warrants and SIS are anti-dilutive.



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

12. Notes to the Statement of Comprehensive Income

	Group Current Year Quarter 31.10.2016 RM'000	Current Year to date 31.10.2016 RM'000
Interest income	14	14
Other income	60	60
Interest expense	18	18
Depreciation and amortisation	345	345
Gain on foreign exchange difference	225	225
Bad debts written off	14	14

13. Fair Value Changes for Financial Liabilities

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



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

14. Disclosure of Realised and Unrealised Accumulated Losses

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

	As at 31.10.2016 RM'000	As at 31.10.2015 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(27,318)	(44,003)
- Unrealised	258	655
	(27,060)	(43,348)
Less: Consolidation adjustments	3,907	24,727
	(23,153)	(18,621)

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
14 December 2016