



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

Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For the quarter ended 31 October 2015

| | Note | Individual Quarter | | Cumulative Period | |
|---|------|--|--|--|---|
| | | Current Year Quarter Ended 31.10.2015 RM'000 | Preceding Year Corresponding Quarter Ended 31.10.2014 RM'000 | Current Year-to-date Ended 31.10.2015 RM'000 | Preceding Year Corresponding Period Ended 31.10.2014 RM'000 |
| Revenue | | 10,542 | 10,905 | 10,542 | 10,905 |
| Cost of sales | | (8,212) | (9,046) | (8,212) | (9,046) |
| Gross profit | | 2,330 | 1,859 | 2,330 | 1,859 |
| Other income | | 1,178 | 157 | 1,178 | 157 |
| Selling and distribution expenses | | (520) | (252) | (520) | (252) |
| Administrative expenses | | (2,238) | (1,969) | (2,238) | (1,969) |
| Other expenses | | (137) | (92) | (137) | (92) |
| Finance costs | | (55) | (69) | (55) | (69) |
| Profit/(Loss) before tax | | 558 | (366) | 558 | (366) |
| Income tax expenses | B5 | (135) | (47) | (135) | (47) |
| Profit /(Loss) after taxation for the period | | 423 | (413) | 423 | (413) |
| Other Comprehensive Income/(Expenses), Net of Tax: | | | | | |
| Foreign currency translation | | 478 | 31 | 478 | 31 |
| Total Comprehensive Income/(Expenses) | B12 | 901 | (382) | 901 | (382) |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2015 and the accompanying explanatory notes attached to the interim financial statements.





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

Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For the quarter ended 31 October 2015(Cont'd)

| | Note | Individual Quarter | | Cumulative Period | |
|--|------|--|--|--|---|
| | | Current Year Quarter Ended 31.10.2015 RM'000 | Preceding Year Corresponding Quarter Ended 31.10.2014 RM'000 | Current Year-to-date Ended 31.10.2015 RM'000 | Preceding Year Corresponding Period Ended 31.10.2014 RM'000 |
| Profit/(Loss) after taxation attributable to: | | | | | |
| Owners of the Company | | 423 | (413) | 423 | (413) |
| Non-Controlling Interests | | 0 | - | 0 | - |
| | | <hr/> 423 | <hr/> (413) | <hr/> 423 | <hr/> (413) |
| Total Comprehensive Income /(Expenses) attributable to: | | | | | |
| Owners of the Company | B12 | 901 | (382) | 901 | (382) |
| Non-Controlling Interests | | 0 | - | 0 | - |
| | | <hr/> 901 | <hr/> (382) | <hr/> 901 | <hr/> (382) |
| Earnings /(Loss) per share ("EPS/(LPS)") (in sen) | | | | | |
| Basic EPS/(LPS) | B11 | 0.21 | (0.25) | 0.21 | (0.25) |
| Fully Diluted EPS/(LPS) | B11 | 0.19 | N/A | 0.19 | N/A |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2015 and the accompanying explanatory notes attached to the interim financial statements.





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

Condensed Consolidated Statement of Financial Position
As at 31 October 2015

| | Note | As at 31.10.2015 (Unaudited) RM'000 | As at 31.07.2015 (Audited) RM'000 |
|---|------|---|---|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | | 23,810 | 22,861 |
| Investment property | | 1,985 | 1,995 |
| | | <hr/> | <hr/> |
| | | 25,795 | 24,856 |
| Current Assets | | | |
| Inventories | | 5,298 | 5,580 |
| Trade and others receivables | | 29,262 | 23,954 |
| Current tax assets | | 30 | 30 |
| Cash and cash equivalents | | 2,220 | 4,938 |
| | | <hr/> | <hr/> |
| | | 36,810 | 34,502 |
| TOTAL ASSETS | | <hr/> 62,605 | <hr/> 59,358 |
| EQUITY AND LIABILITIES | | | |
| Share capital | | 51,454 | 51,075 |
| Reserves | | (1,499) | (2,552) |
| | | <hr/> | <hr/> |
| Shareholders' funds | | 49,955 | 48,523 |
| Non-controlling interests | | (1) | (1) |
| TOTAL EQUITY | | <hr/> 49,954 | <hr/> 48,522 |
| Non-Current Liabilities | | | |
| Long-term bank borrowings | B8 | 1,337 | 1,124 |
| Deferred tax liabilities | | 258 | 258 |
| | | <hr/> | <hr/> |
| | | 1,595 | 1,382 |
| Current Liabilities | | | |
| Trade and other payables | | 9,151 | 7,356 |
| Short-term borrowings | B8 | 1,729 | 2,058 |
| Tax payable | | 176 | 40 |
| | | <hr/> | <hr/> |
| | | 11,056 | 9,454 |
| TOTAL LIABILITIES | | <hr/> 12,651 | <hr/> 10,836 |
| TOTAL EQUITY AND LIABILITIES | | <hr/> 62,605 | <hr/> 59,358 |
| Net assets per share attributable to ordinary equity holders of the Company (RM) | | <hr/> 0.24 | <hr/> 0.24 |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2015 and the accompanying explanatory notes attached to the interim financial statements.





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

Condensed Consolidated Statement of Changes in Equity
For the period ended 31 October 2015

| | <----- -Attributable to owners of the company - -----> | | | | | | | | |
|---|--|-------------------------------|----------------------------|--|--|---------------------------------|-----------------|--|---------------------------|
| | <----- -Non Distributable - -----> | | | | Distributable | | | | |
| | Share Capital RM'000 | Warrants Reserve RM'000 | Share Premium RM'000 | Foreign Exchange Translatio n 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 | 3,303 | 12,941 | 248 | - | (19,044) | 48,523 | (1) | 48,522 |
| Profit/(Loss) 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 | - | 901 |
| Transaction with owners of the company: | | | | | | | | | |
| Issuance of ordinary share pursuant to: | | | | | | | | | |
| - exercise of SIS | - | - | - | - | - | - | - | - | - |
| - 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 | 3,180 | 13,216 | 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 2015 and the accompanying explanatory notes attached to the interim financial statements.





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

Condensed Consolidated Statement of Changes in Equity
For the period ended 31 October 2015

| | ----- -Attributable to owners of the company - ----- > | | | | | | | Non-Controlling Interests | Total Equity |
|---|--|------------------|---------------|--------------------------------------|-------------------------------|--------------------|--------|---------------------------|--------------|
| | <----- -Non Distributable - ----- > | | | Distributable | | | | | |
| | Share Capital | Warrants Reserve | Share Premium | Foreign Exchange Translation Reserve | Share Issuance Scheme Reserve | Accumulated Losses | Total | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 1 August 2014 | 40,187 | 4,576 | 4,608 | (96) | 864 | (11,054) | 39,085 | - | 39,085 |
| Loss after taxation for the period | - | - | - | - | - | (413) | (413) | - | (413) |
| Other comprehensive Income for the period, net of tax | | | | | | | | | |
| - Foreign currency translation | - | - | - | 31 | - | - | 31 | - | 31 |
| Total comprehensive Income/(expenses) for the period | - | - | - | 31 | - | (413) | (382) | - | (382) |
| Transaction with owners of the Company: | | | | | | | | | |
| Issuance of ordinary share pursuant to : | | | | | | | | | |
| -exercise of SIS | 2,489 | - | - | - | - | - | 2,489 | - | 2,489 |
| -exercise of Warrant B | 944 | - | 377 | - | - | - | 1,321 | - | 1,321 |
| Transfer of share premium for SIS exercised | - | - | 864 | - | (864) | - | - | - | - |
| Balance as at 31 October 2014 | 43,620 | 4,576 | 5,849 | (65) | - | (11,467) | 42,513 | - | 42,513 |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2015 and the accompanying explanatory notes attached to the interim financial statements.





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

Condensed Consolidated Statement of Cash Flows
For the period ended 31 October 2015

| | Current Year-to-date Ended 31.10.2015 RM'000 | Preceding Year Corresponding Period Ended 31.10.2014 RM'000 |
|--|---|--|
| Cash Flows From Operating Activities | | |
| Profit/(Loss) before tax | 558 | (366) |
| Adjustments for: | | |
| Non-cash items | (431) | 464 |
| Non-operating items | 55 | 44 |
| <i>Operating profit/(loss) before working capital changes</i> | 182 | 142 |
| Net change in current assets | (4,364) | (3,027) |
| Net change in current liabilities | 2,040 | (21) |
| <i>Cash used in operations</i> | (2,142) | (2,906) |
| Tax refund | - | - |
| Tax paid | (3) | (4) |
| <i>Net cash used in operating activities</i> | (2,145) | (2,910) |
| Cash Flows From Investing Activities | | |
| Purchase of property, plant and equipment | (176) | (515) |
| Proceeds from disposal of equipment | 3 | - |
| Interest income | 0 | 25 |
| <i>Net cash used in investing activities</i> | (173) | (490) |
| Cash Flows From Financing Activities | | |
| Interest paid | (55) | (69) |
| Proceeds from issuance of ordinary shares pursuant to: | | |
| -SIS, net of expenses | - | 2,489 |
| - exercised of warrants | 531 | 1,321 |
| Repayment to directors | (519) | - |
| Repayment of borrowings | (17) | (153) |
| Repayment of hire purchase payable | (71) | (51) |
| <i>Net cash generated from/(used in) financing activities</i> | (131) | 3,537 |
| <i>Net cash increased / (decreased) in cash and cash equivalents</i> | (2,449) | 137 |
| <i>Effects of exchange rate changes on cash and cash equivalents</i> | 101 | 4 |
| <i>Cash and cash equivalents at beginning of the financial year</i> | 3,185 | 4,281 |
| <i>Cash and cash equivalents at end of the financial period</i> | 837 | 4,422 |

The Condensed Consolidated Statement of Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2015 and the accompanying explanatory notes attached to the interim financial statements.





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

Condensed Consolidated Statement of Cash Flows
For the period ended 31 October 2015(Cont'd)

| | Current Year-to-date Ended 31.10.2015 RM'000 | Preceding Year Corresponding Period Ended 31.10.2014 RM'000 |
|---|---|--|
| Analysis of cash and cash equivalents: | | |
| Cash and bank balances | 2,220 | 6,495 |
| Bank overdrafts | (1,383) | (2,073) |
| | 837 | 4,422 |

The Condensed Consolidated Statement of Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2015 and the accompanying explanatory notes attached to the interim financial statements.





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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND THREE MONTHS ENDED 31 OCTOBER 2015

PART A
EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Change of Name

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

2. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134, Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The report should be read in conjunction with the annual audited financial statements of the Group for the year ended 31 July 2015.

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted in the latest audited financial statements for the financial year ended 31 July 2015.

The adoption of the MFRSs and Amendments to MFRSs that came into effect after 1 August 2014 did not have any significant impact on the interim financial statements upon their initial application.

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

Effective for financial periods beginning on or after 1 January 2016

| | |
|--|---|
| MFRS 14 | Regulatory Deferral Accounts |
| Amendments to MFRS 10 and MFRS 128 (2011) | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
| Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011) | Investment Entities: Applying the Consolidation Exception |
| Amendments to MFRS 11 | Accounting for Acquisitions of Interests in Joint Operations |
| Amendments to MFRS 101 | Presentation of Financial Statements: Disclosure Initiative |
| Amendments to MFRS 116 And MFRS 138 | Clarification of Acceptable Methods of Depreciation and Amortisation |
| Amendments to MFRS 127 (2011) | Equity Method in Separate Financial Statements |
| Annual Improvements to MFRSs 2012 – 2014 Cycle | |





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

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

2. Basis of Preparation (Cont'd)

Effective for financial periods beginning on or after 1 January 2018

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15 Revenue from Contracts with Customers

The adoption of the above accounting standards and interpretations (including consequential amendments, if any) did not have significant impact on the Group's financial statements.

3. Status of Audit Qualifications

The audited financial statements of the Group for the financial year ended 31 July 2015 was not subject to any audit qualification.

4. Seasonality or 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.

5. Unusual Items

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

6. Changes in Estimates

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

7. Issuances, Cancellation, Repurchases, Resale & Repayments Of Debts And Equity Securities

On 11 August 2015, 18 August 2015, 25 August 2015, 14 September 2015, 22 September 2015 and 13 October 2015, there are allotments of a total of 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 Warrant B by warrant holders of the Company.

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

8. Dividend

No dividend is paid for in the current quarter.





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

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

9. Segment Information

The following is an analysis of the revenue and consolidated result of the Group by segment of its operating activities for the current quarter ended 31 October 2015: -

| 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) | 0 | - | (34) | - | (460) |
| Consolidated Profit/(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 | 0 | - | 34 | - | 460 |
| Other Non Cash Expenses/(Income) | - | 22 | - | - | (913) | - | (891) |





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

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

9. Segment Information (Cont'd)

| 31 October 2014 | Manufacturing RM'000 | Trading RM'000 | Construction RM'000 | Property Development RM'000 | Others RM'000 | Elimination RM'000 | Consolidation RM'000 |
|---|-------------------------|-------------------|------------------------|-----------------------------------|------------------|-----------------------|-------------------------|
| External Sales | 3,433 | 8,177 | - | - | - | (705) | 10,905 |
| Segment Results (EBITDA) | 360 | 63 | - | - | (275) | 19 | 167 |
| Finance Cost | (8) | (7) | - | - | (54) | - | (69) |
| Depreciation and Amortisation | (374) | (80) | - | - | (10) | - | (464) |
| Consolidated Loss Before Tax | | | | | | | (366) |
| ASSETS | | | | | | | |
| Segment Assets | 30,614 | 16,137 | - | - | 51,475 | (45,343) | 52,883 |
| LIABILITIES | | | | | | | |
| Segment Liabilities | 15,151 | 16,933 | - | - | 1,865 | (23,731) | 10,218 |
| OTHER INFORMATION | | | | | | | |
| Capital Expenditure | - | 263 | - | - | 254 | - | 517 |
| Depreciation and Amortisation | 374 | 80 | - | - | 10 | - | 464 |
| Other Non Cash Expenses/ (Income) | - | - | - | - | - | - | - |

GEOGRAPHICAL SEGMENT

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

| | Revenue by location of customers | | Segments assets by location of assets | | Capital expenditure by location of assets | |
|--------------------------|-------------------------------------|---------------------------------|--|---------------------------------|--|---------------------------------|
| | 31 OCTOBER 2015 RM'000 | 31 OCTOBER 2014 RM'000 | 31 OCTOBER 2015 RM'000 | 31 OCTOBER 2014 RM'000 | 31 OCTOBER 2015 RM'000 | 31 OCTOBER 2014 RM'000 |
| Malaysia | 3,212 | 4,904 | 44,876 | 43,195 | - | 263 |
| Other Asian Countries | 7,090 | 5,347 | 17,699 | 9,688 | 453 | 254 |
| European Countries | - | - | - | - | - | - |
| African Countries | 47 | 431 | - | - | - | - |
| Others | 193 | 223 | - | - | - | - |
| Total | 10,542 | 10,905 | 62,575 | 52,883 | 453 | 517 |





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

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

10. Valuation of Property, Plant and Equipment

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

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

Save from the following, there were no material events subsequent to the end of the current quarter as at 11 December 2015, being the last practicable date from the date of the issue of this report that are expected to have an operational or financial impact on the Group:

- (a) On 8 December 2015, the disposal of Benchmark Vista Sdn. Bhd, a wholly owned subsidiary of the Company had been completed. Thus, Benchmark Vista Sdn. Bhd. ceased to be a wholly-owned subsidiary of the Company effective 8 December 2015.

12. Changes in the Composition of the Group

On 25 September 2015, the Company acquired 2 ordinary shares of RM1.00 each, representing 100% of the total issued and paid up share capital of Grand Superland Sdn. Bhd. (“GSSB”) for a total consideration of RM2.00, a company incorporated in Malaysia on 12 June 2015 and is presently dormant and the intended principal activities are property investment, property development, and general trading.

Save from the above, there were no other changes in the composition of the group in the current period under review.





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

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

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

Since the last annual balance sheet date, there were no material changes in contingent liabilities for the Group as at 11 December 2015, 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 |
| | 31.10.2015 | 31.10.2014 |
| | RM'000 | RM'000 |
| Corporate guarantees extended: | | |
| - to financial institutions for credit facilities granted to a subsidiary | 1,383 | 2,073 |
| - to a supplier for purchases made by a subsidiary | 176 | 143 |
| | <hr/> | <hr/> |

There were no contingent assets since the last annual balance sheet as at 31 July 2015.

14. Capital Commitments

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

| | As at | As at |
|--|-------------------|------------------|
| | 31.10.2015 | 31.7.2015 |
| | RM'000 | RM'000 |
| Contracted but not provided for: | | |
| Acquisition of a piece of development land | 7,919 | - |
| Acquisition of new subsidiaries | 9,115 | 3,947 |
| | <hr/> | <hr/> |
| | 17,034 | 3,947 |
| | <hr/> | <hr/> |





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

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

15. Significant Inter Company and Related Party Transactions

| | Group | |
|--|---------------------|----------------------|
| | Current | Preceding |
| | Year-to-date | Year |
| | Ended | Corresponding |
| | 31.10.2015 | Period Ended |
| | RM'000 | 31.10.2014 |
| | | RM'000 |
| <u>Inter Company Transactions</u> | | |
| Sales by Takaso Rubber Products Sdn Bhd to:- | | |
| Takaso Marketing Sdn Bhd | 736 | 695 |
| Japlo Healthcare Sdn Bhd | 0 | 4 |
| | | |
| Sales by Takaso Marketing Sdn Bhd to:- | | |
| Takaso Rubber Products Sdn Bhd | - | - |
| Japlo Healthcare Sdn Bhd | 6 | 6 |
| | | |
| <u>Related Parties Transactions</u> | | |
| Professional services rendered by a company in which a director has a substantial financial interest | - | 16 |
| Purchases from a company in which a director has a substantial financial interest | 387 | 106 |
| Sales to a company in which a director has a substantial financial interest | 16 | - |
| Project revenue recognized from a contract awarded by a company in which a director has a substantial financial interest | 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.





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

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 | |
|--------------------------|----------------------|----------------------|----------------------|----------------------|
| | 31.10.2015 RM'000 | 31.10.2014 RM'000 | 31.10.2015 RM'000 | 31.10.2014 RM'000 |
| Revenue | 10,542 | 10,905 | 10,542 | 10,905 |
| Profit/(Loss) before tax | 558 | (366) | 558 | (366) |

For the current quarter and cumulative period under review, the Group's revenue decreased by 3.33% compared to the corresponding quarter and cumulative period ended 31 October 2014. The decrease in revenue for the current quarter and cumulative quarter was mainly due to slow down in the computer and automobile accessories business compared to the corresponding quarter ended 31 October 2014, despite of commencement recognition of revenue from construction business and improvement in revenue achieved by electrical & mechanical products and manufacturing of rubber products and baby products.

For the current quarter and cumulative period under review, the Group registered profit before tax of RM0.56 million compared to loss before tax of RM0.37 million recorded in the corresponding quarter and cumulative period ended 31 October 2014. The improvement in the results of RM0.93 million were mainly due to unrealized foreign exchange gain amounting to RM0.91 million, improvement in gross profit derived from the manufacturing of rubber products & baby products business and trading of electrical & mechanical products business recorded in the current quarter and cumulative quarter under review.

Further Analysis by Segments

Manufacturing Segment

The revenue has increased by approximately RM0.35 million in the current quarter and cumulative period under review compared to the previous corresponding quarter and cumulative period ended 31 October 2014.

The increase in revenue is mainly due to the sales improvement in rubber products and baby products.

Trading Segment

The revenue has decreased by approximately RM2.25 million in the current quarter and cumulative period under review compared to the corresponding quarter and cumulative period ended 31 October 2014. The reduction in revenue is mainly due to slow down in the trading business of computer and automobile accessories.

Construction Segment

The revenue generated from this segment as a result of commencement of revenue recognition in the awarded construction contract amounting to RM1.54 million in the current quarter and cumulative period under review.





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

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

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

| | Individual Quarter | |
|--------------------------|----------------------|----------------------|
| | 31.10.2015 RM'000 | 31.07.2015 RM'000 |
| Revenue | 10,542 | 6,351 |
| Profit/(Loss) before tax | 558 | (4,955) |

The Group recorded profit before tax of RM0.56 million for the current quarter compared to loss before tax of RM4.96 million registered in the preceding quarter.

The increase in profit before tax of approximately RM5.51 million were mainly due to one-off expenses of impairment of plant and equipment and receivables of RM2.52 million and RM0.82 million respectively incurred in the preceding quarter. Improvement of gross profit derived from the manufacturing of rubber products & baby products business, trading of electrical & mechanical products business and construction business as well as higher unrealized foreign exchange gain recorded in the current quarter and cumulative quarter under review are also factors of contributing for the better results in the current quarter.

3. Current Year Prospects

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

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

- (a) had entered into a conditional joint venture agreement to undertake a proposed mixed development project in Kuantan;
- (b) had entered into a Share Sale Agreement to acquire 51% equity interest in Masbe Coffee Sdn. Bhd. to facilitate to undertake a proposed residential or mixed development project at Jalan Yap Kwan Seng, Kuala Lumpur;
- (c) had entered into a conditional Sale and Purchase Agreement to acquire the Melaka Land to be developed into a mixed development project; and





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

PART B

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

3. Current Year Prospects (Cont'd)

- (d) had entered into a conditional Share Sale Agreement to acquire 50% equity interest in A.W. Impian Land Sdn. Bhd. to undertake a proposed residential development project on two lots of Kayu Ara lands.

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

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

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

4. Variances Between Actual Profit and Forecast Profit

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

5. Tax Expense

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

6. Status of Corporate Proposals

Save from the following, there were no corporate proposals announced but not completed as at 11 December 2015, being the last practicable date from the date of the issue of this report.

- (a) Takaso Development (Kuantan) Sdn Bhd had on 1 June 2015 entered into a joint venture agreement with SSPP Development Sdn Bhd to undertake a proposed mixed development project in Kuantan;
- (b) Tristar City Sdn Bhd had on 13 August 2015 entered into the conditional Sale and Purchase Agreement with Mega Irama Enigma Sdn Bhd to acquire a Melaka Land for a cash consideration of RM9,316,165. The Melaka Land is expected to be developed into a mixed development project;





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

PART B

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

6. Status of Corporate Proposals (Cont'd)

(c) On 19 August 2015, the Group has announced to propose undertake the following:

- Proposed renounceable rights issue of up to 735,074,052 new irredeemable convertible preference share of RM0.05 each in O&C Resources Berhad("OCR") (this proposal refer to "ICPS") on the basis of three (3) ICPS for every one (1) existing ordinary share of RM0.25 each in OCR ("OCR share") held , together with up to 73,507,405 free detachable warrants ("Warrants") on the basis of one (1) Warrants for every ten (10) ICPS subscribed at an entitlement date to be determined later;
- Proposed diversification of the business of OCR and its subsidiaries to include property development business;
- Proposed increase in the authorized share capital of OCR from RM100,000,000 comprising 400,000,000 OCR shares to RM500,000,000 comprising 1,600,000,000 OCR shares and 2,000,000,000 ICPS; and
- Proposed amendments to the Memorandum and Articles of Association of OCR to facilitate the issuance of the ICPS pursuant to the Proposed Rights Issue of ICPS with Warrants and the Proposed Increase in Authorised Share Capital.

The listing application has been submitted to Bursa Securities on 7 September 2015;

- (d) On 29 September 2015, the Company had entered into a conditional Share Sale Agreement to acquire 125,000 ordinary shares of RM1.00 each representing 50% of the issued and paid-up share capital of A.W. Impian Land Sdn. Bhd. from Tan Teck Ang and Chen Ling Wah for a cash consideration of RM6,000,000.00;
- (e) On 2 October 2015, the Company had 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 Takaso SC (Thailand) Limited ("TSC"), being 100% of the issued and paid-up share capital of TSC, from the Company at an indicative consideration of RM9,000,000.00; and
- (f) On 30 October 2015, the Company had entered into a Share Sale Agreement to acquire 51 ordinary shares of RM1.00 each representing 51% of the issued and paid up share capital of Masbe Coffee Sdn. Bhd. from Makok Intl Sdn. Bhd. for a cash consideration of RM5,000,000.00.

7. Utilisation Of Proceeds

There were no un-utilisation of proceeds in the current quarter under review.





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

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

8. Borrowings and Debt Securities

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

| | As at |
|-------------------------|--------------------|
| | 31.10.2015 |
| | RM'000 |
| Secured: | |
| Current liabilities | |
| - Bank overdrafts | 1,383 |
| - Term loan | 69 |
| | <hr/> 1,452 |
| Non-current liabilities | |
| - Term loan | 596 |
| | <hr/> 596 |
| Unsecured: | |
| Current liabilities | |
| - Hire purchase payable | 277 |
| | <hr/> 277 |
| Non-current liabilities | |
| - Hire purchase payable | 741 |
| | <hr/> 741 |
| Total Borrowings | <hr/> 3,066 |

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 |
|------------------|--------------------|
| | 31.10.2015 |
| | RM'000 |
| Ringgit Malaysia | 2,246 |
| Singapore Dollar | 736 |
| Thai Baht | 84 |
| Total Borrowings | <hr/> 3,066 |





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

PART B

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

9. Material Litigation

Since the date of the last annual statement of financial position, there was no pending material litigation as at 11 December 2015, being the last practicable date from the date of issue of this quarterly report.

10. Dividend

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

11. Earnings/(Loss) Per Share

| | Individual Quarter | | Cumulative Period | |
|--|---|---|---|--|
| | Current Year Quarter Ended 31.10.2015 RM'000 | Preceding Year Corresponding Quarter Ended 31.10.2014 RM'000 | Current year-to-date Ended 31.10.2015 RM'000 | Preceding Year Corresponding Period Ended 31.10.2014 RM'000 |
| (a) Basic earnings/(loss) per share | | | | |
| Net profit/(loss) for the period | 423 | (413) | 423 | (413) |
| Weighted average number of ordinary shares in issue ('000) | 205,432 | 164,559 | 205,432 | 164,559 |
| Basic earnings/(loss) per share (sen) | 0.21 | (0.25) | 0.21 | (0.25) |
| (b) Fully diluted loss per share | | | | |
| Net profit/(loss) for the period | 423 | - | 423 | - |
| Weighted average number of ordinary shares in issue ('000) | 205,432 | - | 205,432 | - |
| Effects of dilution: | | | | |
| Warrants ('000) | 12,331 | - | 12,331 | - |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | 217,763 | - | 217,763 | - |
| Fully diluted earnings/(loss) per share (sen) | 0.19 | N/A | 0.19 | N/A |

The fully diluted earnings/(loss) per share for the preceding year corresponding quarter ended 31 October 2014 is not disclosed as the effects on the assumed exercised of the share options under warrants and SIS are anti-dilutive.





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

PART B

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

12. Notes to the Statement of Comprehensive Income

| | Group | |
|--|---|---|
| | Current Year Quarter Ended 31.10.2015 RM'000 | Current Year-to-date Ended 31.10.2015 RM'000 |
| Interest income | 0 | 0 |
| Other income | 259 | 259 |
| Interest expense | 55 | 55 |
| Depreciation and amortisation | 460 | 460 |
| Provision for and write off of receivables | N/A | N/A |
| Provision for and write off of inventories | N/A | N/A |
| Gain or loss on disposal of quoted or unquoted investments or properties | 8 | 8 |
| Impairment of assets | N/A | N/A |
| Foreign exchange loss/(gain) | (894) | (894) |
| Gain or loss on derivatives | N/A | N/A |
| Exceptional items | N/A | N/A |

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.





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

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

14. Disclosure of Realised and Unrealised Profits/Losses

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

| | As at 31.10.2015 RM'000 | As at 31.07.2015 RM'000 |
|---|--|--|
| Total accumulated losses of the Company and its subsidiaries: | | |
| - Realised | (44,003) | (42,829) |
| - Unrealised | 655 | (151) |
| | <hr/> | <hr/> |
| | (43,348) | (42,980) |
| Less: Consolidation adjustments | 24,727 | 23,936 |
| | <hr/> | <hr/> |
| | (18,621) | (19,044) |
| | <hr/> | <hr/> |

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

By order of the Board
O&C Resources Berhad

Ong Kah Hoe
Executive Director
17 December 2015

