



**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 2017*

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter 31.10.2017 RM'000	Preceding Year Quarter 31.10.2016 RM'000	Current Year To Date 31.10.2017 RM'000	Preceding Year To Date 31.10.2016 RM'000
Revenue		21,519	11,956	21,519	11,956
Cost of sales		(14,129)	(8,930)	(14,129)	(8,930)
Gross profit		7,390	3,026	7,390	2,317
Other income		349	319	349	319
Selling and distribution expenses		(235)	(143)	(235)	(143)
Administrative expenses		(4,819)	(2,849)	(4,819)	(2,849)
Finance costs		(155)	(18)	(155)	(18)
Profit before tax		2,530	335	2,530	335
Income tax expense	B5	(363)	(66)	(363)	(66)
<b>Profit after taxation for the financial period</b>		2,167	269	2,167	269
<b>Other Comprehensive Expense, net of Tax:</b>					
Foreign currency translation		(85)	(215)	(86)	(85)
<b>Total Comprehensive Income</b>	B12	2,082	54	2,082	54

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2017 and the accompanying explanatory notes attached to the interim financial statements.*



**O&C Resources Berhad**  
 (Company No: 440503-K)  
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*Condensed Consolidated Statement of Comprehensive Income (Unaudited)*  
*For the financial quarter ended 31 October 2017 (Cont'd)*

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter 31.10.2017 RM'000	Preceding Year Quarter 31.10.2016 RM'000	Current Year To Date 31.10.2017 RM'000	Preceding Year To Date 31.10.2016 RM'000
<b>Profit after taxation attributable to:</b>					
Owners of the Company		1,062	288	1,062	288
Non-Controlling Interests		1,105	(19)	1,105	(19)
		<hr/> 2,167	<hr/> 269	<hr/> 2,167	<hr/> 269
<b>Total Comprehensive Income attributable to:</b>					
Owners of the Company	B12	977	73	977	73
Non-Controlling Interests		1,105	(19)	1,105	(19)
		<hr/> 2,082	<hr/> 64	<hr/> 2,082	<hr/> 64
<b>Profit per share ("EPS")/("LPS") (in sen)</b>					
- Basic	B11	0.40	0.12	0.40	0.12
- Diluted	B11	0.30	0.12	0.30	0.12

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2017 and the accompanying explanatory notes attached to the interim financial statements.*



**O&C Resources Berhad**  
(Company No: 440503-K)  
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*Condensed Consolidated Statement of Financial Position  
As at 31 October 2017*

	Note	As at 31.10.2017 (Unaudited) RM'000	As at 31.10.2016 (Unaudited) RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		16,796	15,910
Deferred Tax Asset		420	-
Investment property		1,902	1,943
Inventories		17,742	16,963
Investment in an associate		792	431
Other receivable		11,666	10,798
		<u>49,318</u>	<u>46,045</u>
<b>Current Assets</b>			
Gross amount due from contract customer		27,562	1,453
Inventories		38,365	46,815
Trade and others receivables		62,115	23,100
Current tax assets		481	25
Cash and cash equivalents		23,145	22,439
		<u>151,668</u>	<u>93,832</u>
<b>TOTAL ASSETS</b>		<u>200,986</u>	<u>139,877</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital		88,422	57,145
Irredeemable convertible preference shares		32,222	33,071
Reserves		1,237	(4,567)
Shareholders' funds		<u>121,881</u>	<u>85,649</u>
Non-controlling interests		287	(50)
<b>TOTAL EQUITY</b>		<u>122,168</u>	<u>85,599</u>
<b>Non-Current Liabilities</b>			
Long-term bank borrowings	B8	12,779	8,436
Deferred tax liabilities		258	258
Other payable		22,220	30,138
		<u>35,257</u>	<u>38,832</u>
<b>Current Liabilities</b>			
Trade and other payables		33,350	10,377
Short-term borrowings	B8	8,868	4,943
Current tax liabilities		1,343	126
		<u>43,561</u>	<u>15,446</u>
<b>TOTAL LIABILITIES</b>		<u>78,818</u>	<u>54,278</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>200,986</u>	<u>139,877</u>
<b>Net assets per share attributable to ordinary equity holders of the Company (RM)</b>		<u>0.34</u>	<u>0.37</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 2017 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 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	Accumulate d Losses RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance as at 1 August 2017	68,745	18,475	1,721	572	32,232	(19,592)	102,153	(817)	101,336
Profit after taxation for the period	-	-	-	-	-	1,062	1,062	1,105	2,167
Other comprehensive income for the period, net of tax	-	-	-	(85)	-	-	(85)	-	(85)
- Foreign currency translation	-	-	-	(85)	-	-	(85)	-	(85)
Total comprehensive income for the period	-	-	-	(85)	-	1,062	977	1,105	2,082
Transaction with owners of the company:									
Issuance of ordinary share pursuant to:									
- exercise of SIS	3,636		(831)	-	-	-	2,805	-	2,805
- ICPS	100				(10)		90	-	90
-Private Placement	15,941						15,941		15,941
Direct expenses	-	(85)	-	-	-	-	(85)	-	(85)
Balance as at 31 October 2017	88,422	18,390	890	487	32,222	(18,530)	121,881	288	122,169

*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 2017 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 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	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
Loss after taxation for the period	-	-	-	-	-	288	288	(19)	269
Other comprehensive Income for the period, net of tax									
- Foreign currency translation	-	-	-	(215)	-	-	(215)	-	(215)
Total comprehensive expense for the period	-	-	-	(215)	-	288	73	(19)	54
Issuance of									
- 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 Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2017 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 2017*

	<b>Current Year to date 31.10.2017 RM'000</b>	<b>Preceding Year to date 31.10.2016 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
<b>Profit/(loss) before tax</b>	<b>2,530</b>	<b>335</b>
Adjustments for:		
Non-cash items	276	759
Non-operating items	114	-
<i>Operating profit/(loss) before working capital changes</i>	<b>2,920</b>	<b>1,094</b>
Net change in current assets	(12,207)	(9,917)
Net change in current liabilities	5,974	(2,036)
<i>Cash used in operations</i>	<b>(3,313)</b>	<b>(10,859)</b>
Tax paid	(1,362)	(3)
<i>Net cash used in operating activities</i>	<b>(4,675)</b>	<b>(10,862)</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(537)	(409)
Interest income	29	14
<i>Net cash used in investing activities</i>	<b>(508)</b>	<b>(395)</b>
<b>Cash Flows From Financing Activities</b>		
Interest paid	(153)	(18)
Proceeds from issuance of ordinary shares pursuant to:		
-SIS, net of expenses	2,805	12
-Private placement, net of expenses	15,856	-
- conversion of ICPS, net of expenses	90	-
Drawdown/(Repayment) of bank borrowings	1,829	(90)
Drawdown/(Repayment) of hire purchase	409	(18)
<i>Net cash generated from financing activities</i>	<b>20,836</b>	<b>(114)</b>
<i>Net cash (decreased)/increased in cash and cash equivalents</i>	<b>15,653</b>	<b>(11,371)</b>
<i>Effects of exchange rate changes on cash and cash equivalents</i>	<b>(263)</b>	<b>(215)</b>
<i>Cash and cash equivalents at beginning of the financial year</i>	<b>(3,306)</b>	<b>32,579</b>
<i>Cash and cash equivalents at end of the financial period</i>	<b>12,084</b>	<b>20,993</b>

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2017 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 2017 (Cont'd)*

	<b>Current Year To Date 31.10.2017 RM'000</b>	<b>Preceding Year To Date 31.10.2016 RM'000</b>
<b>Analysis of cash and cash equivalents:</b>		
Fixed deposits with licensed banks	5,128	120
Cash and bank balances	18,017	22,319
Bank overdrafts	(5,933)	(1,326)
	<hr/>	<hr/>
	17,212	21,113
	(5,128)	(120)
	<hr/>	<hr/>
Less: Fixed deposit pledged to licensed banks	12,084	20,993
	<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 2017 and the accompanying explanatory notes attached to the interim financial statements.*



**O&C Resources Berhad**  
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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 2017.

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 2017.

The adoption of the MFRSs and Amendments to MFRSs that came into effect after 1 August 2016 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:

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty over Income Tax Treatments	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
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 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
•Amendments to MFRS 12: Clarification of the Scope of the Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
•Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
•Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018





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## **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER**

### **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.

The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application. However, additional disclosure notes on the statements of cash flows may be required.

##### **2. Status of Audit Qualifications**

The audited financial statements of the Group for the financial year ended 31 July 2017 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 24 August 2017, there is allotment of a total 8,500,000 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.
- (ii) On 28 August 2017, 26 September 2017 and 26 October 2017, there are total of 200,000 ordinary shares of RM0.25 each have been issued pursuant to the conversion of 200,000 ICPS to 200,000 new ordinary shares by conversion of 1 unit ICPS and payment of RM0.45 in cash for 1 new ordinary share.

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 2017: -

31 October 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	2,908	6,691	6,929	5,648	-	(657)	21,519
Segment Results (EBITDA)	269	98	1,848	2,330	(1,395)	(20)	3,130
Finance Cost	(28)	(30)	(97)	-	-	-	(155)
Depreciation and Amortisation	(204)	(87)	(4)	(87)	(63)	-	(445)
<b>Consolidated Profit Before Tax</b>							<b>2,530</b>
<b>ASSETS</b>							
Segment Assets	18,850	11,283	54,654	74,476	135,430	(93,707)	200,986
<b>LIABILITIES</b>							
Segment Liabilities	12,743	14,378	34,029	74,027	20,530	(76,889)	78,818
<b>OTHER INFORMATION</b>							
Capital Expenditure	32	304	184	-	17	-	537
Depreciation and Amortisation	204	87	4	87	63	-	445
Other Non Cash Expenses/(Income)	-	(171)	-	-	-	-	(171)



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

**8. Segment Information (Cont'd)**

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)
<b>Consolidated Loss Before Tax</b>							<b>335</b>
<b>ASSETS</b>							
Segment Assets	20,685	10,739	6,647	70,487	92,568	(61,249)	139,877
<b>LIABILITIES</b>							
Segment Liabilities	13,507	11,991	5,597	70,743	1,952	(49,512)	54,278
<b>OTHER INFORMATION</b>							
Capital Expenditure	43	-	-	-	350	-	393
Depreciation and Amortisation	208	89	-	-	48	-	345
Other Non Cash Expenses/(Income)	-	14	-	-	1,106	-	1,120

**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 2017 RM'000	31 October 2016 RM'000	31 October 2017 RM'000	31 October 2016 RM'000	31 October 2017 RM'000	31 October 2016 RM'000
Malaysia	13,886	4,740	191,069	130,966	233	393
Other Asian Countries	7,286	6,928	9,917	8,911	304	-
European Countries	20	4	-	-	-	-
African Countries	-	-	-	-	-	-
Others	327	284	-	-	-	-
<b>Total</b>	<b>21,519</b>	<b>11,956</b>	<b>200,986</b>	<b>139,877</b>	<b>537</b>	<b>393</b>

**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 7 December 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 31 October 2017 except for the followings:

- i) On 28 August 2017, there are total of 50,000 ordinary shares of RM0.25 each have been issued pursuant to the conversion of 50,000 ICPS to 50,000 new ordinary shares by conversion of 1 unit ICPS and payment of RM0.45 in cash for 1 new ordinary share.
- ii) On 7 November 2017, the Company's wholly-owned subsidiary, O&C Construction Sdn. Bhd. has entered into a Sale and Purchase Agreement with Tropicana City Sdn. Bhd. to purchase a piece of freehold land for a total cash consideration of RM24,587,651.
- iii) On 30 November 2017, O&C Development (Kuantan) Sdn. Bhd. (formerly known as Takaso Development (Kuantan) Sdn. Bhd.) had agreed to extend the commencement date of the development for another six months period to 31 May 2018.

**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 2017 except for the followings:

- i) On 27 September 2017, the Company's wholly-owned subsidiary, Kirana Masyhur Sdn Bhd had entered into a Share Sale Agreement to acquire 100,001 ordinary shares representing 50.0005% of the issued and paid-up share capital of Mampan Esa (Melaka) Sdn. Bhd. from Mampan 19 Berhad for a consideration of RM100,001.
- ii) On 31 October 2017, the Company has subscribed for an additional 4,250,000 ordinary shares of RM1.00 each at par in the capital of its wholly-owned subsidiary, O&C Construction Sdn. Bhd. for a cash consideration of RM4,250,000.



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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 7 December 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:-

	<b>Company</b>	
	<b>As at</b>	<b>As at</b>
	<b>31.10.2017</b>	<b>30.7.2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Corporate guarantees extended:		
- to financial institutions for credit facilities granted		
to subsidiaries	15,933	16,047

There were no contingent assets since the last annual balance sheet as at 31 July 2017.

**13. Capital Commitments**

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

	<b>As at</b>	<b>As at</b>
	<b>31.10.2017</b>	<b>30.7.2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Contracted but not provided for:		
-Acquisition of new subsidiaries	2,658	2,682



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**PART A**

**EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)**

**14. Significant Inter Company and Related Party Transactions**

	<b>Group</b>	
	<b>Current Year To Date 31.10.2017 RM'000</b>	<b>Preceding Year To Date 31.10.2016 RM'000</b>
<b><u>Inter Company Transactions</u></b>		
<b>Sales by Takaso Rubber Products Sdn Bhd to:-</b>		
Takaso Marketing Sdn Bhd	658	739
<b>Sales by Takaso Marketing Sdn Bhd to:-</b>		
Japlo Healthcare Sdn Bhd	-	1
<b><u>Related Parties Transactions</u></b>		
Purchases from a company in which a director has a substantial financial interest	241	337
Sales to a company in which a director has a substantial financial interest	302	46
Project revenue recognised from contracts awarded by companies in which a director has a substantial financial interest	-	2,578

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**

	<b>Individual Quarter</b>		<b>Cumulative Period</b>	
	<b>31.10.2017</b>	<b>31.10.2016</b>	<b>31.10.2017</b>	<b>31.10.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	21,519	11,956	21,519	11,956
Profit before tax	2,530	335	2,530	335

For the current quarter and cumulative period under review, the Group's revenue increased by 91.33% as compared to the corresponding quarter and cumulative period ended 31 October 2016. The increase in revenue was mainly due to increase in progressive recognition of revenue from development segment.

For the current quarter and cumulative period under review, the Group registered profit before tax of RM2.5 million as compared to profit before tax of RM0.3 million in the corresponding quarter and cumulative period ended 31 October 2016. The increase in profit before tax for the current quarter and cumulative period ended 31 October 2017 were mainly contributed by the increase in profit from development and construction segments in the current quarter and cumulative quarter under review.

Further Analysis by Segments

Manufacturing Segment

The revenue has decreased by approximately RM0.04 million in the current quarter under review as compared to the previous corresponding quarter ended 31 October 2016. The decrease in revenue is mainly due to slight decrease in sales of rubber products and baby products.

Trading Segment

The revenue has increased by approximately RM0.2 million in the current quarter under review as compared to the previous corresponding quarter ended 31 October 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 RM3.6 million in the current quarter under review as compared to the previous corresponding quarter ended 31 October 2016. The increase in revenue is a result of progressive recognition of revenue contributed from certain construction works.

Development Segment

The revenue has increased by approximately RM5.6 million in the current quarter under review as compared to the previous corresponding quarter ended 31 October 2016. The increase in revenue is a result of progressive recognition of revenue contributed from a development project.



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**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	
	31.10.2017 RM'000	31.7.2017 RM'000
Revenue	21,519	24,609
Profit before tax	2,530	1,784

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 RM1.8 million.

The profit before tax of RM2.5 million is mainly due to revenue recognised from the development 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;
- (c) had acquired 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;





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#### **3. Current Year Prospects (Cont'd)**

- (e) 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 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 of the said Project are estimated to be RM90 million;
- (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 million;
- (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”);
- (i) had received a Letter of Award from Damansara Realty (Johor) Sdn. Bhd. (“DRJ”) to develop its project known as Perumahan Penjawat Awam 1Malaysia (“PPA1M”) on all that piece of land in the state of Putrajaya measuring approximately 11.898 acres. This Turnkey Construction Contract between DRJ and OCR for the PPA1M portion is estimated at RM324 million;
- (j) had entered into a Joint Venture Agreement with Yayasan Pahang in relation to the development of a piece of leasehold land into a mixed development which includes commercial development and an affordable housing scheme known as “PRIYA Scheme”. The estimated gross development value is estimated to be RM166 million.

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 7 December 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.



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**7. Utilisation Of Proceeds**

Private Placement

The Proposed Private Placement has been completed on 23 October 2017 following the listing of and quotation for 26,567,700 new OCR shares on the Main Market of Bursa Securities and the proceeds raised from the private placement is utilised as follows:

Description	Proposed/ Revised Utilisation RM'000	Actual Utilisation as at 31.10.2017 RM'000	Timeframe for Utilisation	Remaining balance RM'000 %		Explanation
Property development	5,490	-	Within 24 months	5,490	100	^
Project Management Fee	9,610	-	Within 12 months	9,610	100	^
Staff costs	680	-	Within 6 months	680	100	^
Expenses in relation to the Proposals	161	161	Within 2 weeks	-	-	
	<b>15,941</b>	<b>161</b>		<b>15,780</b>		

Note:

^ Pending utilisation



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**8. Borrowings and Debt Securities**

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

	<b>As at 31.10.2017 RM'000</b>
Secured:	
Current liabilities	
- Bank overdrafts	5,933
- Term loan	2,587
	<hr/> 8,520 <hr/>
Non-current liabilities	
- Term loan	11,497
	<hr/> 11,497 <hr/>
Unsecured:	
Current liabilities	
- Hire purchase payable	348
	<hr/> 348 <hr/>
Non-current liabilities	
- Hire purchase payable	1,282
	<hr/> 1282 <hr/>
Total Borrowings	<hr/> 21,647 <hr/>

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:

	<b>As at 31.10.2017 RM'000</b>
Ringgit Malaysia	19,008
Singapore Dollar	2,639
Total Borrowings	<hr/> 21,647 <hr/>



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**9. Material Litigation**

Since the date of the last annual statement of financial position, there was no pending material litigation as at 7 December 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 Per Share**

	<b>Individual Quarter</b>		<b>Cumulative Period</b>	
	<b>Current Year</b>	<b>Preceding Year</b>	<b>Current</b>	<b>Preceding Year</b>
	<b>Quarter</b>	<b>Quarter</b>	<b>Year To Date</b>	<b>Period</b>
	<b>31.10.2017</b>	<b>31.10.2016</b>	<b>31.10.2017</b>	<b>31.10.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Basic earnings per share</b>				
Net profit for the period	1,062	288	1,062	288
Weighted average number of ordinary shares issued('000)	257,128	235,139	257,128	235,139
Effects of: -:				
SIS ('000)	6,375	-	6,375	-
Warrant B ('000)	-	-	-	-
ICPS ('000)	61	-	61	-
Private placement ('000)	3,465	-	3,465	-
Weighted average number of ordinary shares in issue ('000)	267,029	235,139	267,029	235,139
Basic profit per share (sen)	0.40	0.12	0.40	0.12



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

**11. Profit Per Share (Cont'd)**

**(b) Diluted earnings per share**

	<b>Individual Quarter</b>		<b>Cumulative Period</b>	
	<b>Current Year</b>	<b>Preceding Year</b>	<b>Current</b>	<b>Preceding Year</b>
	<b>Quarter</b>	<b>Quarter</b>	<b>Year To Date</b>	<b>Period</b>
	<b>31.10.2017</b>	<b>31.10.2016</b>	<b>31.10.2017</b>	<b>31.10.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net profit for the period	1,062	288	1,062	288
Weighted average number of ordinary shares in issue ('000)	267,029	235,139	267,029	235,139
Adjustment for SIS ('000)	-	-	-	-
Adjustment for assumed conversion of warrants ('000)	-	867	-	867
Adjustments for assumed conversion of ICPS ('000)	91,789	-	91,789	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	358,818	236,006	358,818	236,006
Diluted profit per share (sen)	0.30	0.12	0.30	0.12

The fully diluted profit per share for the preceding year corresponding quarter ended 31 July 2017 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**

	<b>Group</b>	
	<b>Current Year</b>	<b>Current</b>
	<b>Quarter</b>	<b>Year to date</b>
	<b>31.10.2017</b>	<b>31.10.2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income	29	29
Other income	50	50
Interest expense	153	153
Depreciation and amortisation	445	445
Gain on unrealised foreign exchange difference	24	24
Reversal of impairment losses on trade receivables	252	252
Bad debt written off	84	84
Bad debt recovered	2	2



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**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 31.10.2017 RM'000	As at 31.10.2016 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(39,608)	(27,318)
- Unrealised	162	258
	(39,446)	(27,060)
Less: Consolidation adjustments	20,916	3,907
	(18,530)	(23,153)

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  
13 December 2017