



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

*Condensed Consolidated Statement of Comprehensive Income (Unaudited)*  
*For the financial quarter ended 31 January 2017*

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter 31.1.2017 RM'000	Preceding Year Quarter 31.1.2016 RM'000	Current Year To Date 31.1.2017 RM'000	Preceding Year To Date 31.1.2016 RM'000
Revenue		28,772	9,525	40,727	20,067
Cost of sales		(21,548)	(7,415)	(30,478)	(15,627)
Gross profit		7,224	2,110	10,249	4,440
Other income		(63)	571	256	1,749
Selling and distribution expenses		(109)	(312)	(251)	(832)
Administrative expenses		(5,013)	(2,078)	(7,863)	(4,452)
Finance costs		(19)	(120)	(37)	(175)
Profit before tax		2,020	171	2,354	730
Income tax expenses	B5	(1,017)	(31)	(1,083)	(166)
<b>Profit after taxation for the financial period</b>		1,003	140	1,271	564
<b>Other Comprehensive Income/(Expenses), net of Tax:</b>					
Foreign currency translation		348	(330)	133	148
<b>Total Comprehensive Income/ (Expense)</b>	B12	1,351	(190)	1,404	712

*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**  
 (Company No: 440503-K)  
 (Incorporated in Malaysia)

*Condensed Consolidated Statement of Comprehensive Income (Unaudited)*  
*For the financial quarter ended 31 January 2017 (Cont'd)*

		<b>Individual Quarter</b>		<b>Cumulative Period</b>	
		<b>Current Year</b>	<b>Preceding Year</b>	<b>Current</b>	<b>Preceding</b>
		<b>Quarter</b>	<b>Quarter</b>	<b>Year To Date</b>	<b>Year To Date</b>
		<b>31.1.2017</b>	<b>31.1.2016</b>	<b>31.1.2017</b>	<b>31.1.2016</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit after taxation attributable to:</b>					
Owners of the Company		990	169	1,277	596
Non-Controlling Interests		13	(29)	(6)	(32)
		<hr/>	<hr/>	<hr/>	<hr/>
		1,003	140	1,271	564
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Comprehensive</b>					
<b>Income /(Expense) attributable to:</b>					
Owners of the Company	B12	1,338	(161)	1,410	744
Non-Controlling Interests		13	(29)	(6)	(32)
		<hr/>	<hr/>	<hr/>	<hr/>
		1,351	(190)	1,404	712
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Profit per share</b>					
<b>("EPS") (in sen)</b>					
- Basic	B11	0.42	0.08	0.54	0.29
		<hr/>	<hr/>	<hr/>	<hr/>
- Diluted	B11	0.42	0.08	0.54	0.29
		<hr/>	<hr/>	<hr/>	<hr/>

*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**  
(Company No: 440503-K)  
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*Condensed Consolidated Statement of Financial Position*  
*As at 31 January 2017*

	Note	As at 31.1.2017 (Unaudited) RM'000	As at 31.1.2016 (Unaudited) RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		15,649	23,384
Investment property		1,933	1,974
Inventories		17,146	5,174
Investment in an associate		313	-
Other receivable		11,015	-
		<u>46,056</u>	<u>30,532</u>
<b>Current Assets</b>			
Gross amount due from contract customer		11,259	-
Inventories		49,069	11,371
Trade and others receivables		42,627	30,777
Current tax assets		25	30
Cash and cash equivalents		7,650	1,922
		<u>110,630</u>	<u>44,100</u>
<b>TOTAL ASSETS</b>		<u>156,686</u>	<u>74,632</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital		59,709	51,973
Irredeemable convertible preference shares		33,071	-
Reserves		(2,280)	(1,450)
Shareholders' funds		<u>90,500</u>	<u>50,523</u>
Non-controlling interests		162	(201)
<b>TOTAL EQUITY</b>		<u>90,662</u>	<u>50,322</u>
<b>Non-Current Liabilities</b>			
Long-term bank borrowings	B8	8,385	1,560
Deferred tax liabilities		258	258
Other payable		30,138	-
		<u>38,781</u>	<u>1,818</u>
<b>Current Liabilities</b>			
Trade and other payables		20,996	10,727
Short-term borrowings	B8	5,101	11,585
Current tax liabilities		1,146	180
		<u>27,243</u>	<u>22,492</u>
<b>TOTAL LIABILITIES</b>		<u>66,024</u>	<u>24,310</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>156,686</u>	<u>74,632</u>
<b>Net assets per share attributable to ordinary equity holders of the Company (RM)</b>			
		<u>0.38</u>	<u>0.22</u>

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



**O&C Resources Berhad**  
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*Condensed Consolidated Statement of Changes in Equity*  
*For the financial period ended 31 January 2017*

	<-----Attributable to owners of the company----->								
	<-----Non-Distributable----->				Distributable				
	Share Capital RM'000	Share Premium RM'000	Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Irredeemable Convertible Preference Shares RM'000	Accumulated Losses RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance as at 1 August 2016	57,120	16,745	2,232	423	33,071	(24,027)	85,564	(31)	85,533
Profit after taxation for the period	-	-	-	-	-	1,277	1,277	(6)	1,271
Other comprehensive income for the period, net of tax									
- Foreign currency translation	-	-	-	133	-	-	133	-	133
Total comprehensive income for the period	-	-	-	133	-	1,277	1,410	(6)	1,404
Transaction with owners of the company:									
Issuance of ordinary share pursuant to:									
- exercise of Warrant B	2,330	1,687	(1,342)	-	-	586	3,261	-	3,261
- exercise of SIS	259	84	-	-	-	-	343	-	343
Direct expenses	-	(78)	-	-	-	-	(78)	-	(78)
Acquisition of subsidiary companies	-	-	-	-	-	-	-	199	199
Balance as at 31 January 2017	59,709	18,438	890	556	33,071	(22,164)	90,500	162	90,662

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



**O&C Resources Berhad**  
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*Condensed Consolidated Statement of Changes in Equity  
For the financial period ended 31 January 2017 (Cont'd)*

	< ----- -Attributable to owners of the company - ----- >								
	< -----Non Distributable ----- >				Distributable				
	Share Capital RM'000	Share Premium RM'000	Warrants Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Share Issuance Scheme Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance as at 1 August 2015	51,075	12,941	3,303	248	-	(19,044)	48,523	(1)	48,522
Profit after taxation for the period	-	-	-	-	-	596	596	(32)	564
Other comprehensive Income for the period, net of tax									
- Foreign currency translation	-	-	-	148	-	-	148	-	148
Total comprehensive Income for the period	-	-	-	148	-	596	744	(32)	712
Transaction with owners of the Company:									
Acquisition of subsidiary	-	-	-	-	-	-	-	(168)	(168)
Issuance of - exercise of Warrant B	898	650	(292)	-	-	-	1,256	-	1,256
Transfer of share premium for Warrant B exercised	-	-	-	-	-	-	-	-	-
Balance as at 31 January 2016	51,973	13,591	3,011	396	-	(18,448)	50,523	(201)	50,322

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



**O&C Resources Berhad**  
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*Condensed Consolidated Statement of Cash Flows*  
*For the financial period ended 31 January 2017*

	<b>Current Year to date 31.1.2017 RM'000</b>	<b>Preceding Year to date 31.1.2016 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
<b>Profit before tax</b>	<b>2,354</b>	<b>730</b>
Adjustments for:		
Non-cash items	733	(4,408)
Non-operating items	177	401
<i>Operating loss before working capital changes</i>	<b>3,264</b>	<b>(3,277)</b>
Net change in current assets	(41,706)	(1,863)
Net change in current liabilities	8,926	(8,058)
<i>Cash used in operations</i>	<b>(29,516)</b>	<b>(13,198)</b>
Tax refund	-	-
Tax paid	(4)	(29)
<i>Net cash used in operating activities</i>	<b>(29,520)</b>	<b>(13,227)</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(494)	(326)
Proceeds from disposal of property, plant and equipment	-	38
Interest income	18	8
<i>Net cash used in investing activities</i>	<b>(476)</b>	<b>(280)</b>
<b>Cash Flows From Financing Activities</b>		
Interest paid	(37)	(175)
Proceeds from issuance of ordinary shares pursuant to:		
-SIS, net of expenses	343	-
- exercised of warrants	3,183	1,256
Drawdown of bank borrowings	588	9,966
Repayment of hire purchase payable	(155)	(143)
<i>Net cash generated from financing activities</i>	<b>3,922</b>	<b>10,904</b>
<i>Net cash decreased in cash and cash equivalents</i>	<b>(26,074)</b>	<b>(2,603)</b>
<i>Effects of exchange rate changes on cash and cash equivalents</i>	<b>133</b>	<b>(8)</b>
<i>Cash and cash equivalents at beginning of the financial year</i>	<b>32,579</b>	<b>3,221</b>
<i>Cash and cash equivalents at end of the financial period</i>	<b>6,638</b>	<b>610</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 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 January 2017 (Cont'd)*

	<b>Current Year To Date 31.1.2017 RM'000</b>	<b>Preceding Year To Date 31.1.2016 RM'000</b>
<b>Analysis of cash and cash equivalents:</b>		
Fixed deposits with licensed banks	<b>120</b>	<b>120</b>
Cash and bank balances	<b>7,530</b>	<b>1,802</b>
Bank overdrafts	<b>(892)</b>	<b>(1,192)</b>
	<b>6,758</b>	<b>730</b>
Less: Fixed deposit pledged to licensed banks	<b>(120)</b>	<b>(120)</b>
	<b>6,638</b>	<b>610</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 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:

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

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. The Group is currently assessing the financial impact of adopting MFRS 9.





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

**2. Status of Audit Qualifications**

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

**3. Seasonality or Cyclicity of Operations**

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

**4. Unusual Items**

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

**5. Changes in Estimates**

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

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

On 22 November 2016, 1 December 2016 and 13 January 2017, there are allotment of a total 1,035,300 new ordinary shares of RM0.25 each at an exercise price of RM0.3312 each per share for cash pursuant to the exercise of Share Issuance Scheme ("SIS") by eligible employees of the Company.

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



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

**7. Dividend**

There were no dividends paid during the current quarter.

**8. Segment Information**

The following is an analysis of the revenue and consolidated result of the Group by segment of its operating activities for the current quarter ended 31 January 2017: -

31 January 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	3,416	7,215	19,509	-	-	(1,368)	28,772
Segment Results (EBITDA)	137	45	4,192	46	(1,733)	65	2,752
Finance Cost	-	(12)	-	-	(7)	-	(19)
Depreciation and Amortisation	(415)	(181)	-	-	(117)	-	(713)
<b>Consolidated Profit Before Tax</b>							<b>2,020</b>
<b>ASSETS</b>							
Segment Assets	19,526	12,281	24,934	72,613	99,115	(71,783)	156,686
<b>LIABILITIES</b>							
Segment Liabilities	12,440	13,334	19,244	72,584	6,871	(58,449)	66,024
<b>OTHER INFORMATION</b>							
Capital Expenditure	81	1	3	-	409	-	494
Depreciation and Amortisation	415	181	-	-	117	-	713
Other Non Cash Expenses/(Income)	-	-	-	-	87	-	87



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

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

31 January 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	3,439	6,469	476	-	-	(859)	9,525
Segment Results (EBITDA)	327	358	(114)	(23)	(257)	462	753
Finance Cost	(32)	(12)	-	(335)	(11)	270	(120)
Depreciation and Amortisation	(364)	(63)	-	-	(35)	-	(462)
<b>Consolidated Loss Before Tax</b>							<b>171</b>
<b>ASSETS</b>							
Segment Assets	21,870	10,967	1,323	12,470	76,437	(48,465)	74,602
<b>LIABILITIES</b>							
Segment Liabilities	13,294	12,781	1,722	12,815	20,325	(37,065)	23,872
<b>OTHER INFORMATION</b>							
Capital Expenditure	576	-	-	-	-	-	576
Depreciation and Amortisation	364	63	-	-	35	-	462
Other Non Cash Expenses/(Income)	(35)	109	-	-	(239)	-	(165)

**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 January 2017 RM'000	31 January 2016 RM'000	31 January 2017 RM'000	31 January 2016 RM'000	31 January 2017 RM'000	31 January 2016 RM'000
Malaysia	20,798	2,131	145,951	57,098	493	625
Other Asian Countries	7,029	6,912	10,735	17,534	1	(49)
European Countries	582	-	-	-	-	-
African Countries	363	123	-	-	-	-
Others	-	359	-	-	-	-
<b>Total</b>	<b>28,772</b>	<b>9,525</b>	<b>156,686</b>	<b>74,632</b>	<b>494</b>	<b>576</b>



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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 16 March 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 January 2017 except for the followings:

On 9 March 2017, there is allotment of a total 624,700 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.



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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 January 2017 except for the followings:

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

**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 16 March 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>31.1.2017</b>	<b>31.10.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Corporate guarantees extended:		
- to financial institutions for credit facilities granted		
to a subsidiary	892	1,326

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:

	<b>As at 31.1.2017 RM'000</b>	<b>As at 31.10.2016 RM'000</b>
Contracted but not provided for: -Acquisition of new subsidiaries	3,259	3,640

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

	<b>Group Current Year To Date 31.1.2017 RM'000</b>	<b>Preceding Year To Date 31.1.2016 RM'000</b>
<b><u>Inter Company Transactions</u></b>		
<b>Sales by Takaso Rubber Products Sdn Bhd to:-</b>		
Takaso Marketing Sdn Bhd	1,367	1,585
Japlo Healthcare Sdn Bhd	1	1
<b>Sales by Takaso Marketing Sdn Bhd to:-</b>		
Japlo Healthcare Sdn Bhd	-	16
<b><u>Related Parties Transactions</u></b>		
Purchases from a company in which a director has a substantial financial interest	631	917
Sales to a company in which a director has a substantial financial interest	96	805
Project revenue recognised from contracts awarded by companies in which a director has a substantial financial interest	15,105	2,018

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>31.1.2017</b>	<b>31.1.2016</b>	<b>31.1.2017</b>	<b>31.1.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	28,772	9,525	40,727	20,067
Profit before tax	2,020	171	2,354	730

For the current quarter and cumulative period under review, the Group's revenue increased by 202.07% and 102.96% respectively as compared to the corresponding quarter and cumulative period ended 31 January 2016. The increase in revenue was mainly due to increase in progressive recognition of revenue from construction segment.

For the current quarter and cumulative period under review, the Group registered profit before tax of RM2.0 million and RM2.4 million respectively as compared to profit before tax of RM0.2 million and RM0.7 million respectively in the corresponding quarter and cumulative period ended 31 January 2016. The increase in profit before tax for the current quarter and cumulative period ended 31 January 2017 were mainly contributed by the increase in revenue from construction segment in the current quarter and cumulative quarter under review.

Further Analysis by Segments

Manufacturing Segment

The revenue has decreased by approximately RM0.5 million in the current quarter under review as compared to the previous corresponding quarter ended 31 January 2016. The decrease in revenue is mainly due to slowdown in sales of rubber products and baby products.

Trading Segment

The revenue has increased by approximately RM0.7 million in the current quarter under review as compared to the previous corresponding quarter ended 31 January 2016. The increase in revenue is mainly due to increase in trading of electrical and mechanical products as a result of the weakening of the Malaysia Ringgit against the Singapore Dollar.

Construction Segment

The revenue has increased by approximately RM19 million in the current quarter under review as compared to the previous corresponding quarter ended 31 January 2016. The increase in revenue is a result of progressive recognition of revenue contributed from the construction works.



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**PART B**

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

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

	Individual Quarter	
	31.1.2017 RM'000	31.10.2016 RM'000
Revenue	28,772	11,956
Profit before tax	2,020	335

The Group recorded profit before tax of RM2.0 million for the current quarter as compared to the immediate preceding quarter profit before tax of RM0.3 million.

The profit before tax of RM2.0 million is mainly due to revenue recognised from the construction segment in the current quarter under review.

**3. Current Year Prospects**

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

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

- (a) had entered into a conditional joint venture agreement to undertake a proposed mixed development project in Kuantan with estimated gross development value of RM330 million. The project is expected to show profit of RM77 million to the Group.
- (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. The project is expected to contribute RM40 million to the Group.





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**PART B**

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

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

- (c) had acquire the Melaka Land to be developed into a mixed development project with estimated gross development value of RM206 million. The project is expected to contribute RM40 million to the Group;
- (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. Total estimated profit attributable to the Group from the said PMC is approximately RM91 million over the 7 years construction period
- (e) had through its associate company, AES Builders Sdn. Bhd., has entered into a Master En-Block Purchase Agreement with 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.
- (f) had entered into a new Joint Venture Agreement with Arra Inovasi Sdn. Bhd. to undertake the construction and development of a proposed housing project on a piece of 8.7 acres land situated in Teras Jernang, Bangi , Selangor Darul Ehsan into residential properties (“Project”). The gross development value and gross development costs of the said Project are estimated to be RM90 million and RM72 million respectively. The estimated profit before tax attributable to the Company from the said Project is approximately RM8.99 million over the construction period.
- (g) had through its associate company, AES Builders Sdn. Bhd., appointed by Perbadanan PR1MA Malaysia to carry out the design, planning, procurement, construction and completion of a Project located at Lot 37827 Jalan Alam Sutera Utama, Mukim Petaling, Bukit Jalil, Wilayah Persekutuan Kuala Lumpur at a total contract value of approximately RM155,000,000.
- (h) had signed a Memorandum of Understanding (“MOU”) with Universiti Sains Islam Malaysia (“USIM”) to establish a basis of co-operation and collaboration between both parties in the following areas:
  - i) In-Campus Students’ accommodations (Kolej Kediaman Kedua) by way of a Build-Operate-Transfer concept for 3,000 students (“C1”); and
  - ii) In-Campus Students’ accommodations (Kolej Kediaman Pelajar Perubatan) by way of Build-Operate-Transfer concept for 1,200 students (“C2”).

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

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

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



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

**4. Variances Between Actual Profit and Forecast Profit**

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

**5. Tax Expense**

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

**6. Status of Corporate Proposals**

Save from the following, there were no corporate proposals announced but not completed as at 16 March 2017, being the last practicable date from the date of the issue of this report.

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

**7. Utilisation Of Proceeds**

Right issue of ICPS with warrants

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

Description	Proposed/ Revised Utilisation RM'000	Actual Utilisation as at 31.1.2017 RM'000	Timeframe for Utilisation	Remaining balance RM'000 %		Explanation
Construction works	3,000	3,000	Within 18 months	-	-	
Property development	28,816	23,407	Within 24 months	5,409	18.77	^
Staff costs	680	680	Within 6 months	-	-	
Expenses in relation to the Proposals	575	575	Within 2 weeks	-	-	
	<b>33,071</b>	<b>27,662</b>		<b>5,409</b>		

Note:

^ 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: -

	<b>As at 31.1.2017 RM'000</b>
Secured:	
Current liabilities	
- Bank overdrafts	892
- Term loan	3,704
	<hr/> 4,596
Non-current liabilities	
- Term loan	7,499
	<hr/> 7,499
Unsecured:	
Current liabilities	
- Hire purchase payable	505
	<hr/> 505
Non-current liabilities	
- Hire purchase payable	886
	<hr/> 886
Total Borrowings	<hr/> <b>13,486</b>

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 31.1.2017 RM'000</b>
Ringgit Malaysia	12,107
Singapore Dollar	1,379
Total Borrowings	<hr/> <b>13,486</b>



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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 16 March 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>31.1.2017</b>	<b>31.1.2016</b>	<b>31.1.2017</b>	<b>31.1.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Basic profit per share</b>				
Net profit for the period	990	169	1,277	596
Weighted average number of ordinary shares in issue ('000)	238,366	205,959	236,756	205,695
Basic profit per share (sen)	0.42	0.08	0.54	0.29
<b>(b) Fully diluted profit per share</b>				
Net profit for the period	990	169	1,277	596
Weighted average number of ordinary shares in issue ('000)	238,366	205,959	236,756	205,695
Effects of dilution:				
SIS ('000)	1,756	-	2,519	-
Warrants ('000)	-	10,610	964	11,397
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	240,122	216,569	240,239	217,092
Diluted profit per share (sen)	0.42	0.08	0.54	0.29

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**

	<b>Group</b>	
	<b>Current Year Quarter 31.1.2017 RM'000</b>	<b>Current Year to date 31.1.2016 RM'000</b>
Interest income	(18)	(8)
Other income	(40)	(206)
Interest expense	19	120
Depreciation and amortisation	713	462
Gain on foreign exchange difference	(116)	(357)

**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 31.1.2017 RM'000	As at 31.1.2016 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(26,756)	(40,925)
- Unrealised	(516)	(1,509)
	(27,272)	(42,434)
Less: Consolidation adjustments	5,108	23,986
	(22,164)	(18,448)

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  
22 March 2017