

TAKASO RESOURCES BERHAD
FOURTH QUARTER ENDED 31 JUL 2008

Takaso Resources Berhad

(Company Number: 440503-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)
FOR 12 MONTHS PERIOD ENDED 31 JUL 2008

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Financial Year Quarter Ended 31.07.2008 RM'000	Preceding Financial Year Corresponding Quarter Ended 31.07.2007 RM'000	Current Financial Year To date Ended 31.07.2008 RM'000	Preceding Financial Year Corresponding Period Ended 31.07.2007 RM'000
Revenue	5,857	8,353	24,523	28,157
Cost of sales	(4,542)	(6,731)	(18,080)	(21,176)
Gross profit	1,315	1,622	6,443	6,981
Other income	720	-	1,138	719
Distribution costs	(635)	(267)	(1,669)	(1,246)
Administrative expenses	(317)	(1,662)	(4,354)	(6,721)
Other expenses	(984)	(1,975)	(1,055)	(2,052)
Profit/(Loss) from operations	99	(2,282)	503	(2,319)
Finance costs	(323)	(1,073)	(1,277)	(1,797)
Loss before tax	(224)	(3,355)	(774)	(4,116)
Income tax expense	(206)	132	(206)	132
Loss for the period	(430)	(3,223)	(980)	(3,984)
Attributable to:				
Equity holders of the parent	(430)	(3,223)	(980)	(3,984)
Profit/(Loss) per share (sen)				
Basic (sen)	(1.04)	(8.00)	(2.38)	(9.67)
(Based on weighted average 41,187,988 ordinary Shares)	=====	=====	=====	=====
Fully Diluted	n/a	n/a	n/a	n/a
(The fully diluted loss per share is not disclosed as the effects on the assumed exercise of the share options under warrants are anti-dilutive)	=====	=====	=====	=====

The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the financial year ended 31 July 2007

TAKASO RESOURCES BERHAD
FOURTH QUARTER ENDED 31 JUL 2008

Takaso Resources Berhad

(Company Number: 440503-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
AS AT 31 JUL 2008

	As at End of Current Quarter 31.07.2008 (Unaudited) RM'000	As at Preceding Financial Year End 31.07.2007 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	19,723	22,006
Prepaid lease payments	1,496	1,533
Deferred tax assets	0	107
Total non-current assets	----- 21,219	----- 23,646
Current assets		
Inventories	9,769	10,355
Trade Receivables	5,041	6,707
Other receivables, deposit & prepayments	1,502	720
Fixed deposit	0	11
Cash and bank balances	82	174
Total current assets	----- 16,394	----- 17,967
Total assets	----- 37,613 =====	----- 41,613 =====
LIABILITIES		
Current liabilities		
Trade Payables	1,571	3,599
Other Payables	3,132	3,394
Borrowings	12,685	12,977
Total current liabilities	----- 17,388	----- 19,970
Non-current liability		
Borrowings	3,341	3,867
Deferred tax liabilities	90	2
Total non-current liability	----- 3,431	----- 3,869
Total liabilities	----- 20,819	----- 23,839
TOTAL NET ASSETS	----- 16,794 =====	----- 17,774 =====
EQUITY		
Capital and reserve attributable to equity holders of the company		
Share capital	41,188	41,188
Reserves	(24,394)	(23,414)
TOTAL EQUITY	----- 16,794 =====	----- 17,774 =====
Net Assets per share (RM)	----- 0.41 =====	----- 0.43 =====

Based on total number of shares issued net of treasury shares, if any

The Unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the financial year ended 31 July 2007

TAKASO RESOURCES BERHAD
FOURTH QUARTER ENDED 31 JUL 2008

TAKASO RESOURCES BERHAD
(Company Number: 440503-K)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE 12 MONTHS PERIOD ENDED 31 JUL 2008

	Share Capital	Non- Distributable Reserves	Accumulated losses	Reserved on consolidation	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<i>For the period ended 31 Jul 2008</i>					
At 1 August 2007	41,188	2,633	(26,047)	0	17,774
Net loss for the period			(980)		(980)
	-----	-----	-----	-----	-----
At 31 Jul 2008	41,188	2,633	(27,027)	0	16,794
	=====	=====	=====	=====	=====
<i>For the period ended 31 Jul 2007</i>					
At 1 August 2006	41,188	2,624	(24,062)	1,999	21,749
Exchange differences arising on translation of foreign operations		9			9
Effects of adopting FRS 3			1,999	(1,999)	0
Net loss for the period			(3,984)		(3,9084)
	-----	-----	-----	-----	-----
At 31 Jul 2007	41,188	2,633	(26,047)	0	17,774
	=====	=====	=====	=====	=====

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the financial year ended 31 July 2007

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FOURTH QUARTER ENDED 31 JUL 2008

TAKASO RESOURCES BERHAD

(Company Number: 440503-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED 31 Jul 2008

	As at 31 st July 2008 (Unaudited) RM '000	As at 31 st July 2007 (Audited) RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax :	(774)	(4,116)
Adjustments for :		
Allowance for doubtful debts /(Allowance for doubtful debts no longer required)	(481)	987
Allowance for slow moving inventories/(allowance for slow moving inventories no longer required)	(55)	241
Bad debts written-off	14	301
Deferred expenditure written-off	0	85
Depreciation of property, plant and equipment	2,423	2,571
Deposit forfeited	0	(47)
Gain on disposal of property, plant and equipment	(8)	(21)
Gain on deconsolidation of a subsidiary company	0	(447)
Impairment losses on property, plant and equipment	0	261
Interest expenses	1,079	1,615
Property, plant and equipment written-off	194	70
Unquoted investment written-off	0	15
	-----	-----
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2,392	1,515
Changes in working capital :		
Inventories	641	685
Trade & other receivables	1,144	14
Trade & other payables	(2,284)	381
	-----	-----
Cash generated from operations	1,893	2,595
Tax refund	196	14
Interest paid	(1,079)	(1,001)
	-----	-----
NET CASH GENERATED FROM OPERATING ACTIVITIES	1,010	1,608
	-----	-----

TAKASO RESOURCES BERHAD
FOURTH QUARTER ENDED 31 JUL 2008

	As at 31 st Jul 2008 (Unaudited) RM '000	As at 31 st July 2007 (Audited) RM '000
CASH FLOWS FROM INVESTING ACTIVITIES		
Deconsolidation of a subsidiary company, net cash and bank balances	0	(7)
Registration of trade mark	0	(85)
Purchase of property, plant and equipment	(257)	(270)
Proceeds from disposal of property, plant and equipment	82	24
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	(175)	(338)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase liabilities	(170)	(395)
Net repayment of bankers' acceptance	(408)	(772)
Repayment of term loan	(365)	(139)
Repayment of Directors	(6)	
	-----	-----
NET CASH USED IN FINANCING ACTIVITIES	(949)	(1,306)
	-----	-----
NET DECREASE IN CASH AND CASH EQUIVALENTS	(114)	(36)
EFFECT OF EXCHANGE DIFFERENCE	0	1
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	(4,369)	(4,334)
	-----	-----
CASH AND CASH EQUIVALENTS CARRIED FORWARD	(4,483)	(4,369)
	=====	=====
CASH AND CASH EQUIVALENTS COMPRISE: -		
Cash & bank balances	81	185
Bank overdraft	(4,564)	(4,554)
	-----	-----
	(4,483)	(4,369)
	=====	=====

The Unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the financial year ended 31 July 2007

TAKASO RESOURCES BERHAD
FOURTH QUARTER ENDED 31 JUL 2008

PART A

Explanatory Notes Pursuant to FRS 134 “Interim Financial Reporting”

1. Basis of Preparation

The interim financial report is un-audited and has been prepared in compliance with FRS 134 : “Interim Financial Reporting” and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements, and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 July 2007.

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted for the annual financial statements for the financial year ended 31 July 2007.

2. Changes in Accounting Policies

The accounting policies adopted by the Group are consistent with those of the audited financial statements for the year ended 31 July 2007 except for the adoption of the following new and revised Financial Reporting Standards (“FRSs”) that are mandatory for the financial period beginning on and after 1 October 2006 and 1 July 2007 respectively:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 117	Leases
FRS 118	Revenue
FRS 124	Related Party Disclosures
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above standards does not have any significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of these FRSs are as follows:

FRS 117 Leases

Prior to 1 August 2007, leasehold land and buildings were classified as property, plant and equipment and were stated at valuation less accumulated depreciation and any accumulated impairment loss. The adoption of the revised FRS 117 Leases in financial year 2008 has resulted in a change in the accounting policy relating to the classification of leasehold land and land use right as prepaid lease payments.

Under FRS 117, leasehold land and buildings are classified as operating or finance leases in the same way as leases of other assets. The land and buildings elements of leasehold land and buildings are considered separately for the purpose of lease classification. The up-front payment made for the leasehold land represents prepaid lease payments. Leasehold land held for own use is disclosed as a separate line item in the Balance Sheet under Non-Current Assets with effect from 1 August 2007 and to be accounted for retrospectively. The unamortised amount of leasehold land as at 31 July 2007 which was stated at valuation is retained as the surrogate carrying amount of prepaid lease payments. The leasehold land portion is amortised on a straight-line basis over the remaining lease term.

The Group has applied the change in accounting policy in respect of leasehold land held for own use in accordance with the transitional provisions of FRS 117. There is no impact on the income statements as the prepaid lease payments continue to be amortised on a straight line basis over the lease term.

Leasehold buildings held for own use remain classified under Property, Plant and Equipment as they are finance leases. The leasehold buildings continue to be depreciated on a straight line basis, in accordance with the requirements of FRS 116 Property, Plant and Equipment.

As a result of the adoption of FRS 117, comparative amounts as at 31 July 2007 have been reclassified as follows:-

	As previously reported RM'000	Effects of reclassification RM'000	As Restated RM'000
Property, plant and equipment	23,539	(1,533)	22,006
Prepaid Lease Payments (shown under Non-Current Assets)	-	1,533	1,533

TAKASO RESOURCES BERHAD
FOURTH QUARTER ENDED 31 JUL 2008

FRS 124 Related parties

This standard affects the identification of related parties, and resulted in additional related party disclosures presented in the financial statements.

FRS 139 Financial instruments: Recognition and Measurement

The MASB has issued FRS139 Financial Instrument: Recognition and Measurement and will be effective in Malaysia for annual periods beginning 1st January 2010. The Company has not adopted FRS139 and by virtue of the exemption in paragraph 103AB of FRS139, the impact of applying FRS139 on its financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108 is not required.

3. Seasonality or Cyclically 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 financial quarter.

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

- (a) During the quarter under review, there was:-
- (i) no buyback of shares;
 - (ii) no resale of treasury shares; and
 - (iii) no cancellation of treasury shares.

7. Dividend

No dividend is paid for the current quarter.

8. Segment Revenue and Segment Result

The following is an analysis of the revenue and result of the Group by segment of its operating activities for the current quarter ended 31 Jul 2008:-

	Investment Holding RM'000	Manufacturing of condoms & Baby products RM'000	Trading & retailing in Baby Apparels, infant milk formula & toiletry RM'000	Manufacturing and repairing of mould RM'000	Eliminations RM'000	Consolidated RM'000
External sales	0	5,335	520	1		5,857
Inter-segment sales	0	335	7	12	(353)	0
Total revenue	0	5,670	527	13	(353)	5,857
Segment result	(55)	178	(494)	(75)	16	(430)

9. Valuation of Property, Plant and Equipment

The valuation of land and buildings has been brought forward, without amendment from the previous annual report.

TAKASO RESOURCES BERHAD
FOURTH QUARTER ENDED 31 JUL 2008

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

There were no material events subsequent to the end of the current quarter at the date of this report, 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.

11. Changes in the Composition of the Group

There were no changes in the composition of the Group in the financial period under review.

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

Since the last annual balance sheet, there were no material changes in contingent liabilities for the Group as at the date of this report, 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.

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

	Company	
	As at 31.07.2008 RM'000	As at 31.07.2007 RM'000
Corporate guarantees issued to financial institutions for credit facilities granted to a subsidiary company	20,031 =====	20,031 =====

13. Capital Commitments

The Group has no capital commitments at the date of this report.

14. Significant Related Party Transactions

	Group	
	As at 31.07.2008 RM'000	As at 31.07.2007 RM'000
Sales by Takaso Rubber Products Sdn Bhd to :-		
Takaso Marketing Sdn Bhd	1,244	5,690
Takaso Marketing (S) Pte Ltd	0	4
Japlo Healthcare Sdn Bhd	109	68
Sales by Takaso Marketing Sdn Bhd to :-		
Japlo Healthcare Sdn Bhd	90	47
Sales by LSR Technology Sdn Bhd to :-		
Takaso Rubber Products Sdn Bhd	527	320
	=====	=====

TAKASO RESOURCES BERHAD
FOURTH QUARTER ENDED 31 JUL 2008

PART B

Explanatory Notes Pursuant to paragraph 9.22 of the Bursa Listing Requirements

1. Review of Performance.

For the current quarter under review, the Group recorded a turnover of approximately RM5.86 million and loss before tax at RM224, 000 as compared to turnover of RM8.35 million and loss before tax at RM3.35 million for the corresponding quarter in the previous financial year.

Revenue for the whole year ended 31 July 2008 amounted to RM24.52 million and loss before tax at RM0.774 million as compared to RM28.15million and RM4.12 million respectively for the previous corresponding period.

The result has improved for the first time in 5 years to record a group operational profit of RM0.503 million

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

Current quarter Revenue reduced by 30% as compare to the preceding financial corresponding quarter due to the food and fuel prices increase and uncertainties over the global economy. Rising energy cost and slowing global demand has resulted the slowdown in revenue growth lower demand)

3. Current Year Prospects

The Group is now focusing on developing new baby products which are more baby friendly and the Board of Directors believes it will help to increase the revenue and the future market of the Group.

4. Variances Between Actual Profit and Forecast Profit

Not applicable as the Company has not provided any profit forecast in any public document.

5. Tax Expense

Location	As at 31.07.2008			
	Current Quarter		Year To-Date	
	RM'000		RM'000	
	<i>Local</i>	<i>Foreign</i>	<i>Local</i>	<i>Foreign</i>
Tax charge / (credit) comprises of the following:				
In respect of current period				
- Income Tax	0	0	0	0
- Deferred taxation	(88)	0	0	0
- Tax expense on share of profit of associated companies				
In respect of prior year income tax				
- Income Tax	(11)	0	0	0
- Deferred taxation	(107)	0	0	0
Real property gain tax	0	0	0	0
	(206)	0	0	0

There is no tax charge for the current quarter as the Group is in a tax loss position.

6 Profits/ (Losses) on sale of unquoted investments and/or properties respectively for the current quarter and financial year-to-date.

There was no disposal of unquoted investment and properties for the quarter under review.

7. Purchase or disposal of quoted securities other than securities in existing subsidiaries and associated companies

The Group and the Company did not purchase or dispose of any quoted securities for the current financial period to date.

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FOURTH QUARTER ENDED 31 JUL 2008

8. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this report.

9. Borrowings and Debt Securities

Group's borrowings and debt securities as at the end of the reporting period are as follows :-

	As at 31.07.2008 RM'000
Current liabilities	
- Bankers' acceptance	7,484
- Bank overdraft	4,564
- Hire Purchase payables	90
- Term loan	547

	12,685
Non-current liabilities	
- Hire Purchase payables	88
- Term loan	3,253

Total Borrowings	16,026 =====

The portion of borrowings which is repayable within one year is included in current liabilities. Whereas, the portion which is repayable after the next 12 months is included in non-current liability.

10. Financial Instruments with Off Balance Sheet Risk

The Group does not have any financial instrument with off balance sheet risk.

11. Material Litigation

There is no pending material litigation at the date of this report.

12. Dividend

There is no dividend being declared for the current quarter.

13. Auditor's Report on Preceding Annual Financial Statements

The audited financial statement of the Company for the preceding financial year ended 31 July 2007 was not subject to any qualification.

14. Loss Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Financial Year Quarter Ended 31.07.2008	Preceding Financial Year Corresponding Quarter Ended 31.07.2007	Current Financial Year To date Ended 31.07.2008	Preceding Financial Year Corresponding Period Ended 31.07.2007
Net profit/(loss) for the period attributable to shareholders of the Company (RM'000)	(430)	(3,223)	(980)	(3,984)
Based on weighted average number of ordinary shares ('000):				
- For Basic profit/(loss) per share (sen)	(1.04)	(8)	(2.38)	(9.67)
Adjustment for share options				
- For Diluted loss per share	n/a	n/a	n/a	n/a
(The fully diluted loss per share is not disclosed as the effects on the assumed exercised of the share options under warrants are anti-dilutive)				

TAKASO RESOURCES BERHAD
FOURTH QUARTER ENDED 31 JUL 2008

15. **Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors dated 26 September 2008.