



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

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

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter 31.7.2017 RM'000	Preceding Year Quarter 31.7.2016 RM'000	Current Year To Date 31.7.2017 RM'000	Preceding Year To Date 31.7.2016 RM'000
Revenue		24,609	9,789	88,773	38,452
Cost of sales		(15,260)	(7,998)	(61,015)	(30,163)
Gross profit		9,349	1,791	27,758	8,289
Other income		603	265	995	1,265
Selling and distribution expenses		(295)	(326)	(1,066)	(1,422)
Administrative expenses		(7,708)	(4,536)	(20,730)	(11,935)
Finance costs		(165)	(54)	(326)	(218)
Profit/(loss) before tax		1,784	(2,860)	6,631	(4,021)
Income tax (expense)/income	B5	(1,413)	33	(3,927)	(63)
<b>Profit/(Loss) after taxation for the financial period</b>		371	(2,827)	2,704	(4,084)
<b>Other Comprehensive Income/(Expense), net of Tax:</b>					
Foreign currency translation		15	(239)	149	175
<b>Total Comprehensive Income/ (Expense)</b>	B12	386	(3,066)	2,853	(3,909)

*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 July 2017 (Cont'd)*

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31.7.2017 RM'000	Preceding Year Quarter 31.7.2016 RM'000	Current Year To Date 31.7.2017 RM'000	Preceding Year To Date 31.7.2016 RM'000
<b>Profit/(Loss) after taxation attributable to:</b>				
Owners of the Company	1,378	(2,702)	3,728	(4,091)
Non-Controlling Interests	(1,007)	(125)	(1,024)	7
	<u>371</u>	<u>(2,827)</u>	<u>2,704</u>	<u>(4,084)</u>
<b>Total Comprehensive Income /(Expense) attributable to:</b>				
Owners of the Company	B12 1,393	(2,941)	3,877	(3,916)
Non-Controlling Interests	(1,007)	(125)	(1,024)	7
	<u>386</u>	<u>(3,066)</u>	<u>2,853</u>	<u>(3,909)</u>
Profit/(Loss) per share ("EPS")/("LPS") (in sen)				
- Basic	B11 0.57	(1.26)	1.56	(1.94)
- Diluted	B11 0.48	(1.26)	1.32	(1.94)

*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 July 2017*

	Note	As at 31.7.2017 (Unaudited) RM'000	As at 31.7.2016 (Audited) RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		16,552	15,847
Deferred Tax Asset		420	-
Investment property		1,912	1,954
Inventories		17,728	11,262
Investment in an associate		653	490
Other receivable		11,442	10,584
		<hr/>	<hr/>
		48,707	40,137
<b>Current Assets</b>			
Gross amount due from contract customer		22,456	489
Inventories		38,452	46,730
Trade and others receivables		54,968	20,147
Current tax assets		345	25
Cash and cash equivalents		7,869	34,092
		<hr/>	<hr/>
		124,090	101,483
<b>TOTAL ASSETS</b>		<hr/> <b>172,797</b>	<hr/> <b>141,620</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		68,745	57,120
Irredeemable convertible preference shares		32,232	33,071
Reserves		1,055	(4,627)
		<hr/>	<hr/>
Shareholders' funds		102,032	85,564
Non-controlling interests		(835)	(31)
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<hr/> <b>101,197</b>	<hr/> <b>85,533</b>
<b>Non-Current Liabilities</b>			
Long-term bank borrowings	B8	9,990	9,250
Deferred tax liabilities		258	258
Other payable		22,220	30,638
		<hr/>	<hr/>
		32,468	40,146
<b>Current Liabilities</b>			
Trade and other payables		27,358	11,570
Short-term borrowings	B8	9,578	4,304
Current tax liabilities		2,196	67
		<hr/>	<hr/>
		39,132	15,941
<b>TOTAL LIABILITIES</b>		<hr/> <b>71,600</b>	<hr/> <b>56,087</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<hr/> <b>172,797</b>	<hr/> <b>141,620</b>
<b>Net assets per share attributable to ordinary equity holders of the Company (RM)</b>		<hr/> <b>0.37</b>	<hr/> <b>0.37</b>

*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 July 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	-	-	-	-	-	3,728	3,728	(1,024)	2,704
Other comprehensive income for the period, net of tax	-	-	-	149	-	-	149	-	149
- Foreign currency translation	-	-	-	149	-	-	149	-	149
Total comprehensive income for the period	-	-	-	149	-	3,728	3,877	(1,024)	2,853
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	762	84	1,081	-	-	-	1,927	-	1,927
- ICPS	8,384	-	-	-	(839)	-	7,545	-	7,545
Direct expenses	-	(142)	-	-	-	-	(142)	-	(142)
Acquisition of subsidiary companies	-	-	-	-	-	-	-	220	220
Reversal of SIS reserve	149	101	(250)	-	-	-	-	-	-
Balance as at 31 July 2017	68,745	18,475	1,721	572	32,232	(19,713)	102,032	(835)	101,197

*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 July 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 2015	51,075	12,941	3,303	248	-	(19,045)	48,522	(1)	48,521
Loss after taxation for the period	-	-	-	-	-	(4,092)	(4,092)	7	(4,085)
Other comprehensive Income for the period, net of tax									
- Foreign currency translation	-	-	-	175	-	-	175	-	175
Total comprehensive expense for the period	-	-	-	175	-	(4,092)	(3,917)	7	(3,910)
Transaction with owners of the Company:									
Acquisition of a subsidiary	-	-	-	-	-	-	-	(37)	(37)
Issuance of									
- exercise of Warrant B	6,045	4,451	(1,961)	-	-	-	8,535	-	8,535
- exercise of Warrant C	-	-	890	-	-	(890)	-	-	-
- ICPS	-	-	-	-	33,071	-	33,071	-	33,071
Direct expenses	-	(647)	-	-	-	-	(647)	-	(647)
Balance as at 31 July 2016	57,120	16,745	2,232	423	33,071	(24,027)	85,564	(31)	85,533

*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 July 2017*

	<b>Current Year to date 31.7.2017 RM'000</b>	<b>Preceding Year to date 31.7.2016 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
<b>Profit/(loss) before tax</b>	<b>6,631</b>	<b>(4,021)</b>
Adjustments for:		
Non-cash items	3,871	(120)
Non-operating items	167	111
<i>Operating profit/(loss) before working capital changes</i>	<b>10,669</b>	<b>(4,030)</b>
Net change in current assets	(65,702)	(23,681)
Net change in current liabilities	15,286	5,110
<i>Cash used in operations</i>	<b>(39,747)</b>	<b>(22,601)</b>
Tax refund	-	41
Tax paid	(2,539)	(26)
<i>Net cash used in operating activities</i>	<b>(42,286)</b>	<b>(22,586)</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(2,342)	(1,763)
Proceeds from disposal of property, plant and equipment	155	43
Interest income	80	18
Net cash inflows from disposal of investment in subsidiaries	-	9,794
Acquisition of subsidiaries	220	(5,341)
Acquisition of an associate	(490)	(490)
<i>Net cash used in investing activities</i>	<b>(2,377)</b>	<b>2,261</b>
<b>Cash Flows From Financing Activities</b>		
Interest paid	(326)	(218)
Proceeds from issuance of ordinary shares pursuant to:		
-SIS, net of expenses	1,677	-
- exercised of warrants, net of expenses	3,261	8,534
- conversion of ICPS, net of expenses	-	32,424
Proceeds from issuance of ICPS, net of expenses	7,403	-
Drawdown of bank borrowings	1,665	9,812
Repayment of hire purchase payable	(305)	(232)
Placement of fixed deposit pledged with a licensed bank	(5,000)	-
<i>Net cash generated from financing activities</i>	<b>8,375</b>	<b>50,320</b>
<i>Net cash (decreased)/increased in cash and cash equivalents</i>	<b>(36,288)</b>	<b>29,995</b>
<i>Effects of exchange rate changes on cash and cash equivalents</i>	<b>406</b>	<b>(597)</b>
<i>Cash and cash equivalents at beginning of the financial year</i>	<b>32,584</b>	<b>3,186</b>
<i>Cash and cash equivalents at end of the financial period</i>	<b>(3,298)</b>	<b>32,584</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 July 2017 (Cont'd)*

	<b>Current Year To Date 31.7.2017 RM'000</b>	<b>Preceding Year To Date 31.7.2016 RM'000</b>
<b>Analysis of cash and cash equivalents:</b>		
Fixed deposits with licensed banks	5,128	120
Cash and bank balances	2,741	33,978
Bank overdrafts	(6,047)	(1,394)
	<hr/>	<hr/>
	1,822	32,704
Less: Fixed deposit pledged to licensed banks	(5,120)	(120)
	<hr/>	<hr/>
	(3,298)	32,584
	<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 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.





**O&C Resources Berhad**  
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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**

- (i) On 12 August 2016, 22 August 2016, 25 August 2016, 30 August 2016 and 6 September 2016, there are allotments of a total of 9,317,920 new ordinary shares of RM0.25 each at an exercise price of RM0.35 each per share for cash pursuant to the conversion of Warrant B by warrant holders of the Company. On 5 September 2016, the remaining unexercised 7,225,965 Warrant B were delisted.
- (ii) On 25 October 2016, 22 November 2016, 1 December 2016, 11 January 2017, 7 March 2017, 13 April 2017, 18 May 2017, 19 June 2017 and 17 July 2017 there are allotment of a total 2,560,000 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.
- (iii) On 18 May 2017, 31 May 2017, 5 June 2016, 19 June 2017, 4 July 2017, 6 July 2017, 13 July 2017 and 25 July 2017, there are total of 16,188,800 ordinary shares of RM0.25 each have been issued pursuant to the conversion of 16,188,800 ICPS to 16,188,800 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.



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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 July 2017: -

31 July 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	2,262	6,743	16,389	-	-	(785)	24,609	
Segment Results (EBITDA)	(669)	(371)	7,756	(2,097)	(2,124)	(38)	2,457	
Finance Cost	(27)	(28)	(89)	-	(21)	-	(165)	
Depreciation and Amortisation	(201)	(86)	-	(147)	(74)	-	(508)	
<b>Consolidated Profit Before Tax</b>								<b>1,784</b>
<b>ASSETS</b>								
Segment Assets	18,473	11,346	48,207	67,608	112,997	(85,834)	172,797	
<b>LIABILITIES</b>								
Segment Liabilities	12,403	14,335	33,719	69,402	15,389	(73,648)	71,600	
<b>OTHER INFORMATION</b>								
Capital Expenditure	-	-	-	-	-	-	-	
Depreciation and Amortisation	201	86	-	147	74	-	508	
Other Non Cash Expenses/(Income)	-	-	-	-	-	-	-	



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

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

31 July 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	4,329	5,854	2,727	-	-	(3,121)	9,789
Segment Results (EBITDA)	(369)	74	(123)	(216)	(1,516)	(326)	(2,476)
Finance Cost	(33)	(10)	-	-	(11)	-	(54)
Depreciation and Amortisation	(115)	(161)	(10)	-	(44)	-	(330)
<b>Consolidated Loss Before Tax</b>							<b>(2,860)</b>
<b>ASSETS</b>							
Segment Assets	20,897	9,745	4,145	63,610	94,603	(51,380)	141,620
<b>LIABILITIES</b>							
Segment Liabilities	13,802	11,388	3,704	63,812	3,069	(39,688)	56,087
<b>OTHER INFORMATION</b>							
Capital Expenditure	339	302	-	-	44	-	685
Depreciation and Amortisation	881	259	1	-	148	-	1,289
Other Non Cash Expenses/(Income)	100	-	-	-	-	-	100

**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 July 2017 RM'000	31 July 2016 RM'000	31 July 2017 RM'000	31 July 2016 RM'000	31 July 2017 RM'000	31 July 2016 RM'000
Malaysia	17,689	4,953	162,847	133,641	-	383
Other Asian Countries	6,358	4,836	9,950	7,979	-	302
European Countries	-	-	-	-	-	-
African Countries	207	-	-	-	-	-
Others	355	-	-	-	-	-
<b>Total</b>	<b>24,609</b>	<b>9,789</b>	<b>172,797</b>	<b>141,620</b>	<b>-</b>	<b>685</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 20 September 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 July 2017 except for the followings:

- i) On 10 August 2017, the Company's 90% owned subsidiary, O&C Properties (Kuantan) Sdn. Bhd. (*formerly known as Jaringan Jasa Sdn. Bhd.*), has 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".
- ii) 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.
- iii) 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.

**11. Changes in the Composition of the Group**

There were no changes in the composition of the Group for the current quarter ended 31 July 2017 except for the followings:

- i) On 15 May 2017, the Company has acquired the entire share capital of O&C Properties (Kuantan) Sdn. Bhd. (*formerly known as Jaringan Jasa Sdn. Bhd.*) ("OPKSB") comprising of one ordinary share of RM1.00 each fully paid up for a total consideration of RM1.00. Subsequently, the Company had subscribed an additional of 89 shares in OPKSB. OPKSB has become a 90% subsidiary of OCR.
- ii) On 18 May 2017, the Company has acquired the entire share capital of YP O&C Development Sdn. Bhd. (*formerly known as Lotus Leap Sdn. Bhd.*) for a cash consideration of RM2.00.



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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 20 September 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>31.7.2017</b>	<b>30.4.2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Corporate guarantees extended:		
- to financial institutions for credit facilities granted to subsidiaries	6,047	6,189

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

**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>31.7.2017</b>	<b>30.4.2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Contracted but not provided for:		
-Acquisition of new subsidiaries	2,682	2,717



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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 31.7.2017 RM'000</b>	<b>Preceding Year To Date 31.7.2016 RM'000</b>
<b><u>Inter Company Transactions</u></b>		
<b>Sales by Takaso Rubber Products Sdn Bhd to:-</b>		
Takaso Marketing Sdn Bhd	2,774	3,082
Japlo Healthcare Sdn Bhd	-	1
<b>Sales by Takaso Marketing Sdn Bhd to:-</b>		
Japlo Healthcare Sdn Bhd	10	22
<b><u>Related Parties Transactions</u></b>		
Purchases from a company in which a director has a substantial financial interest	1,260	1,627
Sales to a company in which a director has a substantial financial interest	210	907
Project revenue recognised from contracts awarded by companies in which a director has a substantial financial interest	28,197	5,186

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



**O&C Resources Berhad**  
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(Incorporated in Malaysia)

**PART B**

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

**1. Detailed Analysis of the Performance of all Operating Segments**

	Individual Quarter		Cumulative Period	
	31.7.2017 RM'000	31.7.2016 RM'000	31.7.2017 RM'000	31.7.2016 RM'000
Revenue	24,609	9,789	88,773	38,452
Profit/(loss) before tax	1,784	(2,860)	6,631	(4,021)

For the current quarter and cumulative period under review, the Group's revenue increased by 151.40% and 130.87% respectively as compared to the corresponding quarter and cumulative period ended 31 July 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 RM1.8 million and RM6.6 million respectively as compared to loss before tax of RM2.9 million and RM4.0 million respectively in the corresponding quarter and cumulative period ended 31 July 2016. The increase in profit before tax for the current quarter and cumulative period ended 31 July 2017 were mainly contributed by the increase in profit from construction segment in the current quarter and cumulative quarter under review.

Further Analysis by Segments

Manufacturing 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 July 2016. The increase in revenue is mainly due to slight increase in sales of rubber products and baby products.

Trading Segment

The revenue has increased by approximately RM0.9 million in the current quarter under review as compared to the previous corresponding quarter ended 31 July 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 RM13.7 million in the current quarter under review as compared to the previous corresponding quarter ended 31 July 2016. The increase in revenue is a result of progressive recognition of revenue contributed from certain construction works.



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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	
	31.7.2017 RM'000	30.4.2017 RM'000
Revenue	24,609	23,436
Profit before tax	1,784	2,492

The Group recorded profit before tax of RM1.8 million for the current quarter as compared to the immediate preceding quarter profit before tax of RM2.5 million.

The profit before tax of RM1.8 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;
- (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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**EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE BURSA MAIN MARKET LISTING REQUIREMENTS (CONT'D)**

**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 20 September 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 31.7.2017 RM'000	Timeframe for Utilisation	Remaining balance	
				RM'000	%
Construction works	3,000	3,000	Within 18 months	-	-
Property development	28,816	28,816	Within 24 months	-	-
Staff costs	680	680	Within 6 months	-	-
Expenses in relation to the Proposals	575	575	Within 2 weeks	-	-
	<b>33,071</b>	<b>33,071</b>		-	-



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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 31.7.2017 RM'000</b>
Secured:	
Current liabilities	
- Bank overdrafts	6,047
- Term loan	3,055
	<hr/> 9,102
Non-current liabilities	
- Term loan	9,224
	<hr/> 9,224
Unsecured:	
Current liabilities	
- Hire purchase payable	476
	<hr/> 476
Non-current liabilities	
- Hire purchase payable	766
	<hr/> 766
Total Borrowings	<hr/> <b>19,568</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 31.7.2017 RM'000</b>
Ringgit Malaysia	17,150
Singapore Dollar	2,418
Total Borrowings	<hr/> <b>19,568</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 20 September 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/(Loss) Per Share**

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31.7.2017 RM'000	Preceding Year Quarter 31.7.2016 RM'000	Current Year To Date 31.7.2017 RM'000	Preceding Year Period 31.7.2016 RM'000
<b>(a) Basic earnings per share</b>				
Net profit/(loss) for the period	1,378	(2,702)	3,728	(4,091)
Weighted average number of ordinary shares issued('000)	239,864	211,985	228,481	204,302
Effects of :-				
SIS ('000)	66	-	1,074	-
Warrant B ('000)	-	2,237	8,646	6,373
ICPS ('000)	1,127	-	1,127	-
Weighted average number of ordinary shares in issue ('000)	241,057	214,222	239,328	210,675
Basic profit/(loss) per share (sen)	0.57	(1.26)	1.56	(1.94)



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

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

(b) Diluted earnings per share

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31.7.2017 RM'000	Preceding Year Quarter 31.7.2016 RM'000	Current Year To Date 31.7.2017 RM'000	Preceding Year Period 31.7.2016 RM'000
Net profit/(loss) for the period	1,378	(2,702)	3,728	(4,091)
Weighted average number of ordinary shares in issue ('000)	239,845	214,223	238,545	210,675
Adjustment for SIS ('000)	38	-	-	-
Adjustment for assumed conversion of warrants ('000)	-	-	-	-
Adjustments for assumed conversion of ICPS ('000)	48,718	-	44,007	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	288,601	214,223	282,552	210,675
Diluted profit/(loss) per share (sen)	0.48	(1.26)	1.32	(1.94)

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 ICPS, warrants and SIS are anti-dilutive.

**12. Notes to the Statement of Comprehensive Income**

	Group	
	Current Year Quarter 31.7.2017 RM'000	Current Year to date 31.7.2017 RM'000
Interest income	(26)	(80)
Other income	(113)	(369)
Interest expense	165	326
Depreciation and amortisation	508	1,554
Loss on foreign exchange difference	41	41
Gain on unrealised foreign exchange difference	(76)	(76)
Gain on disposal of property, plant & equipment	(41)	(72)
Bad debt written off	24	522
SIS expenses	1,083	1,083
Allowance for impairment of receivables	631	1,512
Bad debt recovered	(7)	(8)



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

**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:-

	<b>As at 31.7.2017 RM'000</b>	<b>As at 31.7.2016 RM'000</b>
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(42,220)	(27,234)
- Unrealised	86	(458)
	<hr/>	<hr/>
	(42,134)	(27,692)
Less: Consolidation adjustments	22,421	3,665
	<hr/>	<hr/>
	(19,713)	(24,027)
	<hr/>	<hr/>

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  
28 September 2017