

**TAKASO RESOURCES BERHAD**  
**THIRD QUARTER ENDED 30 APRIL 2006**

**Takaso Resources Berhad**

(Company Number: 440503-K)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)**  
**FOR NINE MONTHS PERIOD ENDED 30 APRIL 2006**

|   | INDIVIDUAL QUARTER  |   | CUMULATIVE QUARTER  |  |
|---|---|---|---|--|
|   | Current<br>Financial Year<br>Quarter<br>Ended<br>30.04.2006 | Preceding<br>Financial Year<br>Corresponding<br>Quarter Ended<br>30.04.2005 | Current<br>Financial Year<br>To date<br>Ended<br>30.04.2006 | Preceding<br>Financial Year<br>Corresponding<br>Period Ended<br>30.04.2005 |
|   | RM'000  | RM'000  | RM'000  | RM'000   |
| <b>Revenue</b>  | 6,789   | 7,672   | 21,517  | 22,281   |
| Operating expenses  | (8,277)   | (7,957)   | (22,773)  | (22,360)   |
| Other operating income  | 0   | 47  | 66  | 57   |
| <b>Operating loss</b>   | (1,488)   | (238)   | (1,190)   | (22)   |
| Finance costs   | (215)   | (178)   | (657)   | (742)  |
| <b>Loss before tax</b>  | (1,703)   | (416)   | (1,847)   | (764)  |
| Tax expense   | 0   | 0   | 0   | (162)  |
| <b>Loss after tax</b>   | (1,703)   | (416)   | (1,847)   | (926)  |
| <b>Net Loss for the period attributable<br/>to shareholders of the Company</b>  | (1,703)   | (416)   | (1,847)   | (926)  |
| <b>Loss per share (sen)</b>   |   |   |   |  |
| Basic (sen)   | (4.13)  | (1.01)  | (4.48)  | (2.25)   |
| (Based on weighted average 41,187,988 ordinary<br>Shares)   | =====   | =====   | =====   | =====  |
| Fully Diluted   | n/a   | n/a   | n/a   | n/a  |
| (The fully diluted loss per share is not disclosed as<br>the effects on the assumed exercise of the share<br>options under the ESOS and warrants are anti-<br>dilutive) | =====   | =====   | =====   | =====  |

*The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the  
Annual Financial Report for the financial year ended 31 July 2005*

**TAKASO RESOURCES BERHAD**  
**THIRD QUARTER ENDED 30 APRIL 2006**

**Takaso Resources Berhad**  
*(Company Number: 440503-K)*  
*(Incorporated in Malaysia)*

**CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)**  
**AS AT 30 APRIL 2006**

|   | <b>As at End of<br/>Current Quarter<br/>30.04.2006<br/>(Unaudited)<br/>RM'000</b> | <b>As at Preceding<br/>Financial Year End<br/>31.07.2005<br/>(Audited)<br/>RM'000</b> |
|---|---|---|
| <b>Property, plant and equipment</b>        | 26,467  | 27,756  |
| <b>Other investments</b>                    | 15  | 15  |
| <b>Deferred expenditure</b>                 | 855   | 768   |
|   | -----   | -----   |
|   | 27,337  | 28,539  |
|   | -----   | -----   |
| <b>Current assets</b>                       |   |   |
| Inventories                                 | 14,625  | 16,294  |
| Trade Receivables                           | 18,628  | 18,014  |
| Other receivables, deposit & prepayments    | 2,015   | 1,163   |
| Fixed deposit                               | 10  | 10  |
| Cash and bank balances                      | 355   | 502   |
|   | -----   | -----   |
|   | 35,633  | 35,983  |
|   | -----   | -----   |
| <b>Current liabilities</b>                  |   |   |
| Trade Payables                              | 4,144   | 4,486   |
| Other Payables                              | 4,083   | 3,433   |
| Borrowings                                  | 17,789  | 17,718  |
|   | -----   | -----   |
|   | 26,016  | 25,637  |
|   | -----   | -----   |
| <b>Net current assets</b>                   | 9,617   | 10,346  |
|   |   |   |
| <b>Non current and deferred liabilities</b> |   |   |
| <b>Borrowings</b>                           | (345)   | (415)   |
|   |   |   |
| <b>Deferred Tax Liabilities</b>             | (919)   | (919)   |
|   | -----   | -----   |
| <b>Net Assets Employed</b>                  | 35,690  | 37,551  |
|   | =====   | =====   |
| <b>Financed by:</b>                         |   |   |
| <b>Capital and reserves</b>                 |   |   |
| Share capital                               | 41,188  | 41,188  |
| Deficits                                    | (5,498)   | (3,637)   |
|   | -----   | -----   |
|   | 35,690  | 37,551  |
|   | =====   | =====   |
|   |   |   |
| <b>Net Assets per share (RM)</b>            | 0.87  | 0.91  |
|   | =====   | =====   |

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

*The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the financial year ended 31 July 2005*

**TAKASO RESOURCES BERHAD**  
**THIRD QUARTER ENDED 30 APRIL 2006**

**TAKASO RESOURCES BERHAD**  
*(Company Number: 440503-K)*  
*(Incorporated in Malaysia)*  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR NINE MONTHS PERIOD ENDED 30 APRIL 2006**

|                         | Share<br>Capital | Non-<br>Distributable<br>Reserves | Distributable<br>Reserves | Reserve on<br>consolidation | Total   |
|-------------------------|------------------|-----------------------------------|---------------------------|-----------------------------|---------|
|                         | RM'000           | RM'000                            | RM'000                    | RM'000                      | RM'000  |
| At 1 August 2005        | 41,188           | 1,544                             | (7,180)                   | 1,999                       | 37,551  |
| Exercise of ESOS        |                  |                                   |                           |                             | 0       |
| Translation differences |                  | (14)                              |                           |                             | (14)    |
| Net loss for the period |                  |                                   | (1,847)                   |                             | (1,847) |
| At 30 April 2006        | 41,188           | 1,530                             | (9,027)                   | 1,999                       | 35,690  |
|                         | =====            | =====                             | =====                     | =====                       | =====   |
| At 1 August 2004        | 41,188           | 1,544                             | (6,379)                   | 1,999                       | 38,352  |
| Exercise of ESOS        |                  |                                   |                           |                             | 0       |
| Translation differences |                  | 8                                 |                           |                             | 8       |
| Net loss for the period |                  |                                   | (926)                     |                             | (926)   |
| At 30 April 2005        | 41,188           | 1,552                             | (7,305)                   | 1,999                       | 37,434  |
|                         | =====            | =====                             | =====                     | =====                       | =====   |

*The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 July 2005*

**TAKASO RESOURCES BERHAD**  
**THIRD QUARTER ENDED 30 APRIL 2006**

**TAKASO RESOURCES BERHAD**

*(Company Number: 440503-K)*

*(Incorporated in Malaysia)*

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED)**  
**9 MONTHS PERIOD ENDED 30 APRIL 2006**

|  | As at<br>30 <sup>th</sup> April 2006<br>(Unaudited)<br>RM<br>'000 | As at<br>31 <sup>st</sup> July 2005<br>(Audited)<br>RM<br>'000 |
|--|---|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>            |   |  |
| Loss before tax  | (1,847)   | (1,037)  |
| Adjustments for :                                      |   |  |
| Depreciation   | 2,008   | 2,952  |
| Amortisation   | 26  | 113  |
| Property, plant and equipment written off              | 0   | 88   |
| Allowance for doubtful debts                           | 0   | 56   |
| Interest expenses                                      | 506   | 767  |
| Gain on disposal of property, plant and equipment      | (10)  | (598)  |
|  | -----   | -----  |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b> | <b>683</b>  | <b>2,341</b>   |
| Changes in working capital :                           |   |  |
| Inventories  | 1,668   | (1,957)  |
| Trade & other receivables                              | (1,466)   | (861)  |
| Trade & other payables                                 | 309   | 1,640  |
|  | -----   | -----  |
| <b>Cash generated from operations</b>                  | <b>1,194</b>  | <b>1,163</b>   |
| Interest paid  | (506)   | (767)  |
| Tax paid   | 0   | (801)  |
|  | -----   | -----  |
| <b>NET CASH FROM / (USED IN) OPERATING ACTIVITIES</b>  | <b>688</b>  | <b>(405)</b>   |
|  | -----   | -----  |

**TAKASO RESOURCES BERHAD**  
**THIRD QUARTER ENDED 30 APRIL 2006**

|   | As at<br>30 <sup>th</sup> April 2006<br>(Unaudited)<br>RM<br>'000 | As at<br>31 <sup>st</sup> July 2005<br>(Audited)<br>RM<br>'000 |
|---|---|--|
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |   |  |
| Registration of trade mark                                    | (87)  | (163)  |
| Purchase of property, plant and equipment                     | (767)   | (1,614)  |
| Proceeds from disposal of property, plant and equipment       | 11  | 1,183  |
|   | -----   | -----  |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                  | <b>(843)</b>  | <b>(594)</b>   |
|   | -----   | -----  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |   |  |
| Net (Repayment)/borrowings of bankers' acceptance             | (459)   | 1,240  |
| Hire purchase loan obtained                                   | 284   | 928  |
| Repayment to hire purchase payables                           | (261)   | (612)  |
|   | -----   | -----  |
| <b>NET CASH (USED IN) / FROM FINANCING ACTIVITIES</b>         | <b>(436)</b>  | <b>1,556</b>   |
|   | -----   | -----  |
| <b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b> | <b>(591)</b>  | <b>557</b>   |
| <b>EFFECT OF EXCHANGE DIFFERENCE</b>                          | <b>6</b>  | <b>1</b>   |
| <b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>              | <b>(4,054)</b>  | <b>(4,612)</b>   |
|   | -----   | -----  |
| <b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>              | <b>(4,639)</b>  | <b>(4,054)</b>   |
|   | =====   | =====  |
| <b>CASH AND CASH EQUIVALENTS COMPRISE :-</b>                  |   |  |
| Cash & bank balances  | 355   | 502  |
| Bank overdraft  | (4,994)   | (4,556)  |
|   | -----   | -----  |
|   | <b>(4,639)</b>  | <b>(4,054)</b>   |
|   | =====   | =====  |

*The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 July 2005*

**TAKASO RESOURCES BERHAD**  
**THIRD QUARTER ENDED 30 APRIL 2006**

---

**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 year ended 31 July 2005.

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted for the annual financial statements for the year ended 31 July 2005.

**2. Annual Audited Report**

The audited financial statement of the Company for the preceding financial year ended 31 July 2005 were not subject to any qualification.

**3. Comments on the 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. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence.**

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. Exceptional Items**

There was no extraordinary item for the current quarter and the financial year to date.

**6. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity**

(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.

(b) No new ordinary shares had been subscribed pursuant to the Employees' Share Option Scheme during the quarter under review.

**7. Dividends Paid**

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 period ended 30 April 2006:-

|                     | Investment Holding<br>RM'000 | Manufacturing of condoms & Baby products<br>RM'000 | Trading & retailing in Baby Apparels, infant milk formula & toiletry<br>RM'000 | Manufacturing and repairing of mould<br>RM'000 | Eliminations<br>RM'000 | Consolidated<br>RM'000 |
|---------------------|------------------------------|--|--|--|------------------------|------------------------|
| External sales      | 0                            | 4,187  | 2,602  | 0  | 0                      | 6,789                  |
| Inter-segment sales | 0                            | 2,042  | 0  | 173  | (2,215)                | -                      |
| Total revenue       | 0                            | 6,229  | 2,602  | 173  | (2,215)                | 6,789                  |
| Segment result      | (26)                         | (1,013)  | (647)  | 14   | (31)                   | (1,703)                |

**9. Valuation of Property, Plant and Equipment**

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

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

**TAKASO RESOURCES BERHAD**  
**THIRD QUARTER ENDED 30 APRIL 2006**

---

There were no material events subsequent to the end of the current quarter as at 26th June 2006, 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 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 26th June 2006, 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<br>30.04.2006<br>RM'000 | As at<br>31.7.2005<br>RM'000 |
| Corporate guarantees issued to financial institutions for credit facilities granted to a subsidiary company | 34,453<br>=====               | 34,260<br>=====              |

**12. Capital Commitments**

The Group has no capital commitments as at 30 April 2006.

**13. Significant Related Party Transactions**

|   | Group                         |                               |
|---|-------------------------------|-------------------------------|
|   | As at<br>30.04.2006<br>RM'000 | As at<br>30.04.2005<br>RM'000 |
| Sales by Takaso Rubber Products Sdn Bhd to :- |                               |                               |
| Takaso Marketing Sdn Bhd                      | 5,424,823                     | 5,143,064                     |
| Takaso Marketing (S) Pte Ltd                  | 20,518                        | 347,432                       |
| Japlo Healthcare Sdn Bhd                      | 204,923                       | 291,015                       |
| Sales by LSR Technology Sdn Bhd to :-         |                               |                               |
| Takaso Rubber Products Sdn Bhd                | 450,342<br>=====              | 239,150<br>=====              |

**PART B**

**Explanatory Notes Pursuant to paragraph 9.22 of the Kuala Lumpur Stock Exchange Listing Requirements**

**TAKASO RESOURCES BERHAD**  
**THIRD QUARTER ENDED 30 APRIL 2006**

---

**1. Review of Performance.**

The Group's revenue for the current quarter ended 30<sup>th</sup> April 2006 amounted to RM6.8 million, which is lower than the corresponding period in the previous year by 11.5% and loss after tax increased to RM1.7 million from RM416,000 in the same quarter of previous financial year. The decrease in revenue for the current quarter was mainly due to the decrease in sales by an overseas subsidiary company.

The group reported a net loss of RM1.8 million for the nine months period ended 30<sup>th</sup> April 2006 against RM0.9 million in the previous comparable period. Revenue for the nine-month period had been reduced slightly by approximately RM0.8 million from RM22.3 million to RM21.5 million.

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

The Group's loss before tax for the current quarter amounted to RM1.7 million which is significantly higher than that of the preceding quarter by approximately RM1.6 million. This is resulted by the erosion in the Group's products profit margin following the appreciation of Malaysian Ringgit against the foreign currencies.

**3. Current Year Prospects**

The Group will continue to focus on expanding its distribution network both locally and abroad in order to secure more orders which in turn generate returns to the shareholders. We anticipate performance of the Group to be satisfactory in the next financial year.

**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**

Tax expense comprise the following:

|  | <b>As at 30.04.2006</b> |                |                     |                |
|--|-------------------------|----------------|---------------------|----------------|
|  | <b>Current Quarter</b>  |                | <b>Year To-Date</b> |                |
|  | RM'000                  |                | RM'000              |                |
| <b>Location</b>  | <i>Local</i>            | <i>Foreign</i> | <i>Local</i>        | <i>Foreign</i> |
| In respect of current period                             |                         |                |                     |                |
| - Income tax   | 0                       | 0              | 0                   | 0              |
| - Deferred tax   |                         |                |                     |                |
| - Tax expense on share of profit of associated companies |                         |                |                     |                |
| In respect of prior year income tax                      | 0                       | 0              | 0                   | 0              |
| Real property gain tax                                   | 0                       | 0              | 0                   | 0              |
|  | <hr/>                   | <hr/>          | <hr/>               | <hr/>          |
|  | 0                       | 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.

**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**



**TAKASO RESOURCES BERHAD**  
**THIRD QUARTER ENDED 30 APRIL 2006**

---

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

|                          |                               |
|--------------------------|-------------------------------|
|                          | As at<br>30.04.2006<br>RM'000 |
| Current liabilities      |                               |
| - Bankers' acceptance    | 12,414                        |
| - Bank overdraft         | 4,994                         |
| - Hire Purchase payables | 381                           |
|                          | -----                         |
|                          | 17,789                        |
| Non-current liabilities  |                               |
| - Hire Purchase payables | 345                           |
|                          | -----                         |
| Total Borrowings         | 18,134<br>=====               |

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 long-term liabilities.

**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 as at 26th June 2006.

**12. Dividend**

There is no dividend being declared for the current quarter.

**13. Loss Per Share**

|   | INDIVIDUAL QUARTER   |  | CUMULATIVE QUARTER   |  |
|---|--|--|--|--|
|   | Current<br>Financial<br>Year<br>Quarter<br>Ended<br>30.04.2006 | Preceding<br>Financial Year<br>Corresponding<br>Quarter<br>Ended<br>30.04.2005 | Current<br>Financial<br>Year<br>To date<br>Ended<br>30.04.2006 | Preceding<br>Financial Year<br>Corresponding<br>Period Ended<br>30.04.2005 |
| Net Loss for the period attributable to shareholders of the Company (RM'000)  | (1,703)  | (416)  | (1,847)  | (926)  |
| Based on weighted average number of ordinary shares :   |  |  |  |  |
| - For Basic loss per share  | (4.13)   | (1.01)   | (4.48)   | (2.25)   |
| 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 exercise of the share options under the ESOS and warrants are anti-dilutive) |  |  |  |  |