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**10. FINANCIAL INFORMATION**


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**OCEANCASH PACIFIC BERHAD**


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**2. GENERAL INFORMATION (Continued)**
**2.3 OPB Group Composition and Principal Activities**

OPB Group comprise OPB, as the investment holding company and its two subsidiary companies namely, Oceancash Felts Sdn. Bhd. ("OFSB") and Oceancash Nonwoven Sdn. Bhd. ("ONW"), all incorporated in Malaysia. These subsidiaries are acquired on 31 March 2004 and 31 March 2004 respectively. The relevant details of OFSB and ONW are as follows:-

Company Name	Date of Incorporation	Issued and Paid-up Share Capital	Effective Interest	Principal Activity
OFSB	11 April 1996	4,615,000	Approximately 87.8%	Manufacturing and distribution of resinated felt which is used for the purposes of thermal and acoustic insulation. Its applications include interior and exterior trims of automobiles, outdoor units of split air conditioners, insulation in buildings including roofs, ceilings, walls, partitions and floors as carpet underlay.
ONW	21 December 1999	6,013,074	100%	Manufacturing and trading of thermo-bonded nonwoven cloth which is widely used in the disposable hygienic products industry. Its applications include the top and bottom layers of diapers and sanitary napkins, wet wipes, surgical apparels including caps, masks and gowns.

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**10. FINANCIAL INFORMATION**

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**OCEANCASH PACIFIC BERHAD**

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**3. DIVIDENDS**

OPB Group has not declared any dividends in respect of the financial years/period under review.

**4. FINANCIAL STATEMENTS AND AUDITORS**

The financial statements of OPB for the financial period/year under review were audited by us. The financial statements of OFSB and ONW for the financial years/period under review were audited by Messrs Tan & Tan Associates and Messrs Adrian Yeo & Co respectively.

All the audited financial statements for the relevant financial years/period were reported on without any audit qualification, except for the qualified auditors' report issued to OFSB for the financial years ended 31 December 1999 and 31 December 2000 due to two fire incidents at the premises of OFSB on 10 August 1998 and on 22 August 2000 which destroyed most of the assets, stocks, documents, accounting and other records for the financial years ended 31 December 1999 and 31 December 2000. As a result, the auditors were unable to form an opinion on the financial statements of OFSB for the financial years ended 31 December 1999 and 31 December 2000.

**5. ACCOUNTING POLICIES AND STANDARDS**

The accounting policies adopted in the preparation of this report are set out in Section 7.2 and is consistent with those previously adopted in the preparation of the audited financial statements of OPB Group.

The financial information presented in this report is based on the audited financial statements of OPB Group, which have been prepared by the directors in accordance with applicable approved accounting standards.

**10. FINANCIAL INFORMATION****OCEANCASH PACIFIC BERHAD****6. FINANCIAL PERFORMANCE****6.1 Summarised Proforma Consolidated Income Statements of OPB Group**

The summarised proforma consolidated results of OPB Group for the financial years/period ended from 31st December 1999 to 2003 as set out below are for illustrative purposes only, after making such adjustments that we considered necessary and have been prepared on the assumption that OPB Group has been in existence throughout the years/period under review and which are to be read in conjunction with the notes thereto.

	← Years Ended 31 December →				
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Revenue	2,125	7,764	16,171	21,113	26,526
Gross (loss)/profit	(277)	1,421	4,289	5,893	7,307
Profit before interest, taxation and depreciation	1,112	2,175	3,971	5,440	6,782
Interest expenses	(47)	(49)	(241)	(471)	(504)
Interest income	-	3	17	14	9
Depreciation	(686)	(859)	(1,199)	(1,403)	(1,560)
Exceptional item	-	-	-	-	-
Share of profits of associated companies and joint ventures	-	-	-	-	-
Profit before taxation	379	1,270	2,548	3,580	4,727
Taxation	(104)	(317)	(645)	(128)	(768)
Profit after taxation	275	953	1,903	3,452	3,959
Extraordinary item	-	-	-	-	-
Minority interest	(46)	(111)	(214)	(246)	(246)
Net profit for the year	229	842	1,689	3,206	3,713
Number of ordinary shares of RM0.10 each ('000)	172,222	172,222	172,222	172,222	172,222
Gross earnings per share (RM)	0.002	0.007	0.015	0.021	0.027
Net earnings per share (RM)	0.001	0.005	0.010	0.019	0.022
Gross dividend rate (%)	-	-	-	-	-

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**10. FINANCIAL INFORMATION**

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**OCEANCASH PACIFIC BERHAD**

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**6. FINANCIAL PERFORMANCE (Continued)****6.1 Summarised Proforma Consolidated Income Statements of OPB Group (Continued)****(a) Basis of Consolidation**

*The proforma consolidated income statements of OPB Group are prepared for illustrative purposes only and have been presented on the basis that the OPB Group has been in existence throughout the years/period under review. The proforma consolidated income statements are based on the audited results of OPB Group as follows:-*

OPB : *For the financial period from the date of incorporation on 26 August 2002 to 31 December 2002 and the financial year ended 31 December 2003.*

OFSB : *For the financial years ended 31 December 1999 to 2003*

ONW : *For the financial period from the date of incorporation on 21 December 1999 to 31 December 2000 and the financial years ended from 31 December 2001 to 2003*

**(b)** *The above results are arrived at after making such adjustments, as we considered appropriate including elimination of all material inter-company transactions.*

**(c) Revenue**

*Revenue of OPB Group in 1999 relates to revenue generated by OFSB in respect of the production of resinated felts for heat and sound insulation in the automotive and air-conditioners industries.*

*Revenue of the OPB Group surged by 265% in 2000 mainly due to the higher demand for resinated felts in the automotive industry consequential to the improving car sales with the recovery of domestic demand and sustained growth in export. During the year, ONW commenced its manufacturing of non-woven cloths for diapers manufacturers in June 2000 and contributed RM2.2 million.*

*Revenue of OPB Group further increased by 108% in 2001 mainly due to higher demand of felts in view of the growth in the overall car production, and more orders of diapers were secured.*

*The increasing trend in revenue in 2002 and 2003 of 31% and 26% respectively is mainly attributable to both OFSB and ONW being able to secure orders locally and also successfully tapping into the overseas market, e.g. Indonesia, Thailand and Taiwan.*

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**10. FINANCIAL INFORMATION**

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**OCEANCASH PACIFIC BERHAD**

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**6. FINANCIAL PERFORMANCE (Continued)**

**6.1 Summarised Proforma Consolidated Income Statements of OPB Group (Continued)**

**(d) Profit Before Taxation**

*The gross loss in 1999 was caused by OFSB, mainly due to its production capacity being underutilised and the higher raw material cost incurred.*

*Profit before taxation was however registered in 1999 despite the gross loss mainly due to insurance claims received for consequential loss from the fire incident at the premises of OFSB in 1998.*

**(e) Extraordinary / Exceptional Items**

*There were no extraordinary / exceptional items during the years/period under review.*

**(f) Taxation**

*Taxation in 1999 relates to deferred taxation provided for the timing differences for the excess of capital allowances claimed over depreciation.*

*The effective tax rates for the remaining financial years/period under review were lower than the statutory tax rate prevailing in Malaysia due mainly to the claiming of the reinvestment allowances and utilisation of brought forward unabsorbed tax losses and capital allowances.*

**(g) Earnings Per Ordinary Share ("EPS")**

*Gross EPS is calculated based on the profit before taxation and on the number of shares in issue during each of the respective years/period under review.*

*Net EPS is calculated based on the profit after taxation and on the number of shares in issue during each of the respective years/period under review.*

**10. FINANCIAL INFORMATION****OCEANCASH PACIFIC BERHAD****6. FINANCIAL PERFORMANCE (Continued)****6.2 Income Statements**

The income statements of each of the companies within the OPB Group based on the audited financial statements for the past years/period under review, after making such adjustments we considered necessary:-

**6.2.1 Summary of results of OPB**

	26 Aug 2002 to 31 Dec 2002 RM'000	Year Ended 31 Dec 2003 RM'000
Revenue	-	-
Gross Profit	-	-
Loss before interest, taxation and depreciation	(7)	(2)
Interest expenses	-	-
Interest income	-	-
Depreciation	-	-
Exceptional item	-	-
Loss before taxation	(7)	(2)
Taxation	-	-
Loss after taxation	(7)	(2)
Extraordinary item	-	-
Net loss for the year	(7)	(2)
Number of ordinary shares of RM0.10 each	20	20
Gross loss per share (RM)	(350)	(100)
Net loss per share (RM)	(350)	(100)
Gross dividend rate (%)	-	-

**Notes:-**

- (a) *OPB has not generated any income from its investment activity since its incorporation on 26 August 2002.*

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**10. FINANCIAL INFORMATION**


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**OCEANCASH PACIFIC BERHAD**


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**6. FINANCIAL PERFORMANCE (Continued)**
**6.2.2 Summary of results of OFSB**

	← Year Ended 31 Dec →				
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Revenue	2,125	5,569	8,370	9,324	10,070
Gross (Loss)/Profit	(277)	1,134	3,000	3,331	4,081
Profit before interest, taxation and depreciation	1,112	1,951	2,887	3,082	3,780
Interest expenses	(47)	(39)	(70)	(142)	(139)
Interest income	-	-	10	10	9
Depreciation	(686)	(714)	(740)	(808)	(892)
Exceptional item	-	-	-	-	-
Profit before extraordinary item	379	1,198	2,087	2,142	2,758
Extraordinary item	-	-	-	-	-
Profit before taxation	379	1,198	2,087	2,142	2,758
Taxation	(104)	(286)	(329)	(127)	(738)
Profit after taxation	275	912	1,758	2,015	2,020
Number of ordinary shares of RM1 each ('000)	3,200	4,615	4,615	4,615	4,615
Gross earnings per share (RM)	0.12	0.31 ^	0.45	0.46	0.60
Net earnings per share (RM)	0.09	0.23 ^	0.38	0.44	0.44
Gross dividend rate (%)	-	-	-	-	18%

^ based on weighted average number of shares of 3,906,667

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**10. FINANCIAL INFORMATION**

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**OCEANCASH PACIFIC BERHAD**

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**6. FINANCIAL PERFORMANCE (Continued)**

**6.2.2 Summary of results of OFSB (Continued)**

**Notes:-**

**a) Revenue**

*OFSB generates its revenue by manufacturing and supplying felts to the component makers in the automotive and air conditioner manufacturing industry. On average, more than 80% of its revenue is derived from felt manufacturing for automotive industry.*

*In 2000, the overall output performance of the manufacturing sector continued to remain robust in tandem with the recovery in domestic demand and sustained growth in exports. Consequently, the revenue of OFSB increased by 162% in 2000 compared to 1999. Furthermore, the improving car sales also increased car productions which indirectly increased the demand for felts. In addition, there were also introduction of new car models during the year.*

*Revenue in 2001 increased by 50% due to higher demand of felts for the new car models as well as the growth in the overall car production sector.*

*Revenue in 2002 and 2003 increased further as a result of stronger growth in the overall car production sector during these two years consequent to the improved economic condition and higher demand from overseas market especially from Thailand and Taiwan.*

**b) Gross (Loss) / Profit**

*OFSB experienced gross loss in 1999 mainly due to production capacity being underutilised and higher raw material cost incurred.*

*Gross margin of 20% was attained in 2000 as OFSB was able to achieve optimum production capacity during the year.*

*OFSB continue to enjoy higher gross margin of 35% to 40% from 2001 to 2003 because OFSB was able to secure cheaper raw materials and achieve production efficiency.*

**c) Taxation**

*Taxation in 1999 relate to deferred taxation provided for the timing differences for the excess of capital allowances claimed over depreciation.*

*The effective tax rates from 2000 to 2003 are lower than the statutory income tax rate due principally to the claiming of reinvestment allowances and the utilisation of brought forward unabsorbed tax losses and capital allowances.*



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**6. FINANCIAL PERFORMANCE (Continued)**
**6.2.3 Summary of results of ONW**

	Period From 21 December 1999			
	to 31 December 2000 RM'000	← Years Ended 31 December → 2001 RM'000	2002 RM'000	→ 2003 RM'000
Revenue	2,195	7,801	11,794	16,477
Gross Profit	287	1,289	2,562	3,226
Profit before interest, taxation and depreciation	224	1,084	2,365	3,004
Interest expenses	(10)	(171)	(329)	(365)
Interest income	3	7	4	-
Depreciation	(145)	(459)	(595)	(668)
Exceptional item	-	-	-	-
Profit before taxation	72	461	1,445	1,971
Taxation	(31)	(316)	(1)	(30)
Profit after taxation	41	145	1,444	1,941
Extraordinary item	-	-	-	-
Net profit for the year	41	145	1,444	1,941
Number of ordinary shares of RM1 each ('000)	1,400	2,400	2,400	2,400
Gross earnings per share (RM)	0.05	0.23 ^	0.60	0.82
Net earnings per share (RM)	0.03	0.07 ^	0.60	0.81
Gross dividend rate (%)	-	-	-	27%

^ based on weighted average number of shares of 1,983,333

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**OCEANCASH PACIFIC BERHAD**

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**6. FINANCIAL PERFORMANCE (Continued)**

**6.2.3 Summary of results of ONW (Continued)**

**Notes:**

**(a) Revenue**

*ONW commenced its manufacturing and trading operations of thermal bonded nonwoven cloth in June 2000. ONW generates its business income from the disposal of hygienic products and diapers.*

*The increase in revenue in 2001 was due to the ability of ONW to secure more orders from its major customers.*

*ONW continued to increase its revenue in 2002 due to the increasing volume of orders received especially from the local market.*

*Revenue increased by 39% in 2003 as ONW was able to secure more orders from the overseas market, i.e Indonesia and the continuing strong local demand.*

**(b) Taxation**

*Taxation in 2000 and 2001 relate to deferred taxation provided for the timing differences for the excess of capital allowances claimed over depreciation.*

*The effective tax rate is lower than the statutory tax rate in 2002 and 2003 and is principally due to the claiming of reinvestment allowances.*

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**10. FINANCIAL INFORMATION**


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**OCEANCASH PACIFIC BERHAD**


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**6. FINANCIAL PERFORMANCE (Continued)**
**6.3 Balance Sheets**

The balance sheets of each of the companies within the OPB Group based on the audited financial statements for the past years/period under review are as follows:-

**6.3.1 Balance Sheet of OPB**

	<b>As at 31 December</b>	
	<b>2002</b>	<b>2003</b>
	RM'000	RM'000
<b>CURRENT ASSETS</b>		
Prepayments	199	294
Cash In hand	^	^
	<u>199</u>	<u>294</u>
Less:		
<b>CURRENT LIABILITIES</b>		
Other creditors and accrual	206	303
	<u>206</u>	<u>303</u>
<b>NET CURRENT LIABILITIES</b>	(7)	(9)
	<u>(7)</u>	<u>(9)</u>
<b>Financed by:</b>		
SHARE CAPITAL	^	^
ACCUMULATED LOSS	(7)	(9)
SHAREHOLDERS' FUND	<u>(7)</u>	<u>(9)</u>
NTA per share (RM)	<u>(350)</u>	<u>(450)</u>

^ RM2

## 10. FINANCIAL INFORMATION

## OCEANCASH PACIFIC BERHAD

## 6. FINANCIAL PERFORMANCE (Continued)

## 6.3.2 Balance Sheets of OFSB

	← As at 31 December →				
	1999	2000	2001	2002	2003
	RM'000	RM'000	RM'000	RM'000	RM'000
PROPERTY, PLANT AND EQUIPMENT	6,022	5,651	7,839	10,824	10,105
CURRENT ASSETS					
Inventories	261	273	344	401	643
Trade debtors	702	1,658	2,084	2,104	2,372
Sundry debtors, deposits and prepayments	871	1,469	120	169	441
Amount owing by a related company	-	3	21	133	-
Tax recoverable	-	-	-	26	33
Fixed deposits	-	-	322	332	527
Cash and bank balances	1	3	178	823	1,564
	1,835	3,406	3,069	3,988	5,580
Less: CURRENT LIABILITIES					
Trade creditors	296	378	278	561	144
Sundry creditors and accruals	209	527	403	880	199
Amount owing to holding company	-	4	16	8	10
Amount owing to a related company	-	-	-	-	1
Amount owing to a director	2,876	838	24	-	-
Hire purchase creditor	45	117	102	72	28
Bills payable	103	88	31	-	-
Bank overdraft	172	3	-	-	-
Term loan	-	-	132	150	325
Provision for taxation	-	-	15	-	-
	3,701	1,955	1,001	1,671	707
NET CURRENT (LIABILITIES)/ ASSETS	(1,866)	1,451	2,068	2,317	4,873
	4,156	7,102	9,907	13,141	14,978
Financed by:					
SHARE CAPITAL	3,200	4,615	4,615	4,615	4,615
RETAINED PROFIT	796	1,708	3,466	5,481	7,501
SHARE PREMIUM	-	169	169	169	169
REVALUATION RESERVE	-	-	-	625	625
SHAREHOLDERS' FUNDS	3,996	6,492	8,250	10,890	12,910
HIRE PURCHASE CREDITOR	56	220	118	45	17
TERM LOAN	-	-	943	1,557	1,107
DEFERRED TAXATION	104	390	596	649	944
	4,156	7,102	9,907	13,141	14,978
NTA per share (RM)	1.25	1.41	1.79	2.36	2.80

## 10. FINANCIAL INFORMATION

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## 6. FINANCIAL PERFORMANCE (Continued)

## 6.3.3 Balance Sheets of ONW

	← 2000	As at 31 Dec 2001	2002 →	2003 →
	RM'000	RM'000	RM'000	RM'000
PROPERTY, PLANT AND EQUIPMENT	2,192	7,396	7,978	11,986
CURRENT ASSETS				
Inventories	587	1,249	1,179	1,973
Trade debtors	1,021	1,411	3,299	3,037
Sundry debtors, deposits and prepayments	118	209	200	1,062
Amount owing by a related company	1	26	2	5
Amount owing by holding company	15	23	23	23
Fixed deposits	303	311	-	-
Cash and bank balances	49	349	253	370
	2,094	3,578	4,956	6,470
Less: CURRENT LIABILITIES				
Trade creditors	60	83	80	306
Sundry creditors and accruals	57	74	517	844
Amount owing to holding company	4	-	12	36
Amount owing to related company	4	137	100	76
Amount owing to director	2,345	2,729	3,613	4,213
Hire purchase creditors	35	106	100	92
Bills payables	207	1,138	1,206	1,384
Term loan	-	611	665	1,299
Provision for taxation	-	-	13	-
	2,712	4,878	6,306	8,250
NET CURRENT LIABILITIES	(618)	(1,300)	(1,350)	(1,780)
	1,574	6,096	6,628	10,206
Financed by:				
SHARE CAPITAL	1,400	2,400	2,400	2,400
RETAINED PROFIT	41	186	1,630	3,571
REVALUATION RESERVE	-	-	-	620
SHAREHOLDERS' FUNDS	1,441	2,586	4,030	6,591
HIRE PURCHASE CREDITORS	102	305	205	112
TERM LOAN	-	2,861	2,130	3,228
DEFERRED TAXATION	31	344	263	275
	1,574	6,096	6,628	10,206
NTA per share (RM)	1.03	1.08	1.68	2.75

## 10. FINANCIAL INFORMATION

## OCEANCASH PACIFIC BERHAD

## 7.0 STATEMENTS OF ASSETS AND LIABILITIES

The following detailed Statements of Assets and Liabilities of OPB and of the Proforma OPB Group or Proforma Group, have been prepared based on the audited financial statements of OPB, OFSB and ONW as at 31 December 2003. The Proforma Group Statement of Assets and Liabilities has been prepared for illustrative purposes to show the effects of the Restructuring Scheme of OPB. The statement is to be read in conjunction with the notes herein:-

	Note	Proforma Group RM'000	OPB RM'000
PROPERTY, PLANT AND EQUIPMENT	7.3	25,230	-
<b>CURRENT ASSETS</b>			
Stocks	7.4	2,616	-
Trade debtors	7.5	5,409	-
Sundry debtors, deposits and prepayments		1,676	294
Tax recoverable		33	-
Fixed deposits	7.6	527	-
Cash and bank balances		6,932	^
		<b>17,193</b>	<b>294</b>
<b>CURRENT LIABILITIES</b>			
Trade creditors	7.7	446	-
Sundry creditors and accruals		5,539	303
Hire purchase creditors	7.8	120	-
Bills payable	7.9	1,384	-
Term loans	7.10	605	-
		<b>8,094</b>	<b>303</b>
NET CURRENT ASSETS/ (LIABILITIES)		<b>9,099</b>	<b>(9)</b>
		<b>34,329</b>	<b>(9)</b>
<b>Financed by:</b>			
SHARE CAPITAL	7.11	22,300	^
SHARE PREMIUM		4,078	-
RESERVE ON CONSOLIDATION		786	-
ACCUMULATED LOSS		(9)	(9)
SHAREHOLDERS' FUNDS/ (CAPITAL DEFICIENCY)		<b>27,155</b>	<b>(9)</b>
MINORITY INTEREST		1,575	-
HIRE PURCHASE CREDITORS	7.8	130	-
TERM LOANS	7.10	4,334	-
DEFERRED TAXATION	7.12	1,135	-
		<b>34,329</b>	<b>(9)</b>
NET TANGIBLE ASSETS ("NTA")		<b>26,369</b>	<b>(9)</b>
Number of ordinary shares in issue		<b>223,000</b>	<b>#</b>
NTA PER SHARE (RM)		<b>0.12</b>	<b>(450)</b>

RM2  
# 20 units

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**10. FINANCIAL INFORMATION**

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**OCEANCASH PACIFIC BERHAD**

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**NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES**

**7.1 GENERAL INFORMATION**

The principal activity of OPB is that of investment holding. The principal activities of its subsidiary companies are disclosed in Note 2.3 to the Accountants' Report. There have been no significant changes in the nature of these principal activities during the financial year.

OPB is a limited liability company, incorporated and domiciled in Malaysia.

The registered office is located at No.22-2, Jalan Tun Sambanthan 3, 50470 Kuala Lumpur. The principal place of business is located at Lot 73 Jalan P/21, Taman Industri Selaman, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.

The number of employees of Proforma Group and of the Company at the end of the financial year are 112 and Nil respectively.

The Statements of Assets and Liabilities are expressed in Ringgit Malaysia.

**7.2 SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Accounting**

The Statements of Assets and Liabilities of Proforma Group and OPB have been prepared under the historical cost convention (as modified for the revaluation of leasehold land and buildings) and comply with applicable approved accounting standards in Malaysia and provisions of the Companies Act, 1965.

**(b) Basis of consolidation**

The Statements of Assets and Liabilities of Proforma Group include the financial statements of OPB and all its subsidiary companies made up to 31 December 2003.

Subsidiary companies are companies in which OPB has a long term equity interest and where it has power to exercise control, directly or indirectly, to govern the financial and operating policies so as to obtain benefits from its activities. The Statements of Assets and Liabilities of subsidiary companies are included in the Proforma Group's Statements of Assets and Liabilities from the date that control effectively commences until the date that control effectively ceases.