

OCEANCASH PACIFIC BERHAD
Company No. 590636-M
(Incorporated in Malaysia)

UNAUDITED QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER
2009

A. Explanatory Notes in Accordance to Financial Reporting Standards (FRS) 134

A1. Basis of Preparation

The interim financial statements are unaudited and had been prepared in accordance with the FRS 134 – Interim Financial Reporting issued by Malaysian Accounting Standards Board (MASB) and Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) for the MESDAQ Market and should be read in conjunction with the audited statutory financial statements presented for the financial year ended 31 December 2008.

The accounting policies and methods of computation adopted by Oceancash Pacific Berhad (OPB), and its subsidiaries (the Group) for the interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2008. During the financial year, the Group and the Company have adopted the following revised financial reporting standard (“**FRSs**”) and IC Interpretations (“**IC Int**”) that are relevant to their operations and are mandatory for the current financial year:

New FRS
FRS 8 Operating Segments

The adoption of the above new FRS did not result in any substantial changes in the Group’s and the Company’s accounting policies, nor have any material impact on the results and the financial positions of the Group and of the Company.

The Group and the Company have not adopted the following new FRS and IC Int that have been issued as at the date of authorisation of these financial statements as there are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
<u>New FRS</u>		
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments : Disclosures	1 January 2010
FRS 139	Financial Instruments : Recognition and Measurement	1 January 2010
<u>IC Int</u>		
IC Int 9	Reassessment of Embedded Derivatives	1 January 2010
IC Int 10	Interim Financial Reporting and Impairment	1 January 2010

Other than FRS 139, the directors do not anticipate that the application of the above new FRS and IC Int, when they are effective, will have a material impact on the results and the financial position of the Group and of the Company.

The Group and the Company have applied the transitional provision in FRS 139.103AB which exempts entities from disclosing the possible impact arising from the initial recognition of this standard on the financial statements of the Group and of the Company as required by paragraph 30(b) of FRS 108.

These attached explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2008.

A2. Audit Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2008 was not subjected to any qualifications.

A3. Seasonal or Cyclical Factors

There were no seasonal or cyclical factors affecting the results of the Group for the current financial quarter under review and financial year-to-date.

A4. Unusual Items

There were no items which are unusual because of their nature, size or incidence that have affected the assets, liabilities, equity, net income or cashflow of the Group for the financial quarter under review and financial year-to-date.

A5. Material Changes in Estimates

There were no changes in estimates that may have a material effect in the current financial quarter under review and financial year-to-date.

A6. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the current financial quarter under review and financial year-to-date.

A7. Dividend Paid

No dividend was declared, recommended or paid during the financial quarter under review and financial year-to-date.

A8. Segmental Information

Segmental information is presented in respect of the Group's business segment which is based on the activities set out below. The activities of the Group are carried out in Malaysia and as such, segmental geographical reporting is not required.

Financial Year Ended 30 September 2009

	Insulation RM'000	Hygiene RM'000	Investment holdings RM'000	Elimination RM'000	Total RM'000
Revenue					
External revenue	12,337	26,894	3		39,234
Intersegment revenue	-	1		(1)	-
Total revenue	12,337	26,895	3	(1)	39,234
Results					
Segment results	3,165	376	(124)		3,417

Finance costs					(590)
Profit before taxation					2,827
Taxation					(759)
Profit for the year					2,068

Assets

Segment assets	21,057	34,172	297	-	55,247
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Liabilities

Segment liabilities	5,441	13,734	1,856	-	21,031
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Other segment information

Capital expenditure	-	2,409	-	-	2,409
Depreciation	608	1,885	1	-	2,494
Non-cash item	41	(13)	6	-	34

Financial Year Ended 30 September 2008

	Insulation RM'000	Hygiene RM'000	Investment holdings RM'000	Elimination RM'000	Total RM'000
Revenue					
External revenue	13,434	22,304	5	-	35,743
Intersegment revenue	-	2		(2)	-
Total revenue	13,434	22,306	5	(2)	35,743
Results					
Segment results	3,015	(1,775)	(107)	-	1,133
Finance costs					(806)
Profit before taxation					327
Taxation					(793)
Loss for the year					(466)
Assets					
Segment assets	21,888	33,196	270	-	55,354
Liabilities					
Segment liabilities	7,333	14,833	1,700	-	23,866

Other segment information	-	-	-	-	-
Capital expenditure	-	-	-	-	-
Depreciation	616	1,844	4	-	2,464
Non-cash item	35	19	-	-	54

A9. Revaluation of Property, Plant and Equipment

The Group did not undertake any revaluation of its property, plant and equipment for the current financial quarter under review and financial year-to-date.

A10. Material Events Subsequent to the End of the Current Financial Quarter

There was no material event subsequent to the end of the current financial quarter that has not been reflected in the interim financial statements for the current financial quarter under review.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter under review and financial year-to-date.

A12. Capital Commitment

	Financial Period Ended 30.09.2009 RM'000	Financial Year Ended 31.12.2008 RM'000
Approved and contract for :		
Property, plant and equipment	2,409	Nil

13. Contingent Liabilities and Contingent Assets

There were no changes in the contingent liabilities or contingent assets since the last financial year ended 31 December 2008.

A14. Amounts Due to Directors

The amounts due to director of RM4,120,827 are unsecured, have no fixed terms of repayment and bears interest at the rate of 6% per annum..

B. Additional Information Required by the Listing Requirements of Bursa Securities for the ACE Market

B1. Review of Performance for the Current Financial Quarter and Financial Year-to-date

	Quarter ended		Year-to-date	
	30.09.2009 RM'000	30.09.2008 RM'000	30.09.2009 RM'000	30.09.2008 RM'000
Revenue	14,249	13,277	39,234	35,745
Profit / (Loss) for the period attributable to equity holders of the parent (Net Profit / (Loss))	1,127	15	2,068	(466)

The Group registered an increase of 7.32% and 9.76% in revenue on quarter-on-quarter basis and year-on-year basis respectively. The increase in revenue was mainly due to better performance from the non-woven division. As for the felts division, there was a decrease in revenue due to slowdown in the automotive industry.

The Group recorded net profit of RM1,127 million in the ,third quarter of 2009 (Q3 2009) compared to net profit RM0.015 million in the preceding year's corresponding quarter (Q3 2008)and net profit of RM2,068 million during the cumulative year-to-date as compared to the net loss of RM0.466 million in the preceding year. The improvement in net profit was attributed to the increase in revenue and improved efficiency in non-woven division.

B2. Material Change in Profit Before Taxation of Current Quarter in Comparison with Previous Financial Quarter's Results

	Quarter ended	
	30.09.2009	30.06.2009
	RM'000	RM'000
Revenue	14,249	13,102
Profit / (Loss) before taxation	1,390	1,231

The Group's revenue increased by 8.75% during the quarter ended 30 September 2009 as compared to the immediate preceding quarter. The increase in profit before taxation by 12.92% was mainly due to the increase in revenue..

B3. Prospect for Year 2009

The felts and non-woven products are primarily used in the automotive and non-woven industries. As such, the Group's markets are similarly dependent on such industries.

The outlook on non-woven industries appears optimistic while the outlook for the automotive industry is cautious due to the general economic condition. The Group continues to face price competition from its competitors amidst an uncertain global economy.

Automotive industry

The Malaysian Automotive Association (MAA) expects total vehicle sales to drop by 12.4 percent this year to 480,000 units from 548,115 units last year due to the full impact of the global financial crisis, despite the carried-over orders from the strong performance of 2008.

The passenger and commercial vehicles segments are expected to fall 12.2 percent and 14.7 percent respectively.

MAA president Datuk Aishah Ahmad said the forecast for 2009 was also based on other factors, including the expected moderation in the country's growth to 3.5 percent this year from an estimated five percent and unfavourable consumer sentiment due to employment market uncertainties.

She also took into account economic uncertainties in inflation, fluctuations of oil and commodity prices, and unfavourable foreign exchange rates.

Aishah said the forecast also hinged on whether the government's RM7 billion stimulus package was sufficient to boost the economy and create demand for new vehicles.

Malaysian vehicles sales are also expected to rise two percent and three percent respectively in 2010 and 2011, and grow five percent yearly in 2012 and 2013, she added.

(Source: Article entitled "Vehicle Sales Expected To Drop 12.4 Percent" dated: 12 May 2009, <http://web10.bernama.com/auto/newsDetail.php?id=385153>)

Demand for the Group's felt products had dropped in Q2 2009 due to the decrease in automotive sale in Q2 2009. The Board of Directors expects the remaining months of 2009 to be challenging.

Non-woven Industry

Demand for nonwoven roll goods is projected to increase 4.0 percent per year to USD5.1 billion in 2009, driven by healthy gains in key markets such as filtration, construction, wipes and electronics. Further growth will be derived from increased market penetration in many applications, including industrial wipes and roofing membranes, as new technologies improve the functionality of nonwoven materials.

However, gains will be limited by intense price competition in many consumer markets, as converted product manufacturers seek to cut costs by reducing the amount of material in their products and using less expensive nonwovens. These and other trends are presented in Nonwovens, a new study from The Freedonia Group, Inc., a Cleveland-based industrial market research firm.

Among disposables markets, consumer products will continue to account for the largest portion of nonwovens sales, though growth will be restricted by below-average advances in baby diaper and feminine hygiene markets. Nondisposables, which comprised over 35 percent of nonwovens sales in 2004, will grow at a slower pace than disposables. However, the largest nondisposable markets, construction and electronics, will post above-average gains, fueled by robust growth in nonresidential construction and solid increases in battery production.

NONWOVEN FABRIC DEMAND

(million dollars)

Item	1999	2004	2009
Nonwoven Fabric Demand	3505	4210	5130
Disposables	2080	2680	3335
Consumer	825	1000	1165
Filtration	475	670	900
Other	780	1010	1270
Nondisposables	1425	1530	1795

% Annual Growth

Item	04 / 99	09 / 04
Nonwoven Fabric Demand	3.7	4.0
Disposables	5.2	4.5
Consumer	3.9	3.1
Filtration	7.1	6.1
Other	5.3	4.7
Nondisposables	1.4	3.2

(Source : Article from US nonwovens demand to exceed \$5 billion in 2009. from [http://www.thefreelibrary.com/US+nonwovens+demand+to+exceed+\\$5+billion+in+2009-a0142096655](http://www.thefreelibrary.com/US+nonwovens+demand+to+exceed+$5+billion+in+2009-a0142096655))

Based on the outlook above, prospect for non-woven goods is optimistic and this is further supported by the increase in sales of non-woven products in Q2 2009. However, with the slowdown of the global economy, the Board of Directors expects 2009 to remain challenging compared to 2008.

B4. Variance of Profit Forecast or Profit Guarantee

Not applicable as OPB has not provided any profit forecast or profit guarantee in a public document.

B5. Taxation

The taxation charges for the current financial quarter and financial year-to-date include the following:

	Current Quarter 30.09.2009 RM'000	Financial year-to- date ended 30.09.2009 RM'000
Estimated current tax payable	(256)	(700)
Overprovision	-	-
Deferred tax	(7)	(59)
Taxation expense	<u>(263)</u>	<u>(759)</u>

The effective tax rate is disproportionate to the statutory tax rate for the Group for the current financial quarter and financial year-to-date mainly due to accrual for taxation being made for the current financial year-to-date as the taxable profit of a subsidiary is not allowed to be set off against the loss incurred of another subsidiary.

B6. Profit on Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investments and/or properties during the current financial quarter and financial year-to-date.

B7. Purchase and Disposal of Quoted Securities

There were no purchases or disposals of quoted securities during the current financial quarter and financial year-to-date.

B8. Status of Corporate Proposals

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

Status of Utilisation of Proceeds

The proceeds from the initial public offering of OPB were fully utilised as of 31 March 2005.

There was no corporate proposal undertaken to raise any proceeds during the financial period ended 30 September 2009.

B9. Group Borrowings and Debt Securities

The Group's borrowings as at 30 September 2009 are shown below:

Secured RM'000	Unsecured RM'000	Total RM'000
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Short Term Borrowings			
Term Loan	868	835 ¹	1,703
Trade Line	4,083	3,469	7,552
Bank Overdraft	-	-	-
Hire Purchase Payables	346	-	346
	<u>5,297</u>	<u>4,304</u>	<u>9,601</u>
Long Term Borrowings			
Term Loan	1,137	- ¹	1,137
Hire Purchase Payables	970	-	970
	<u>2,107</u>	<u>-</u>	<u>2,107</u>
Total	<u><u>7,404</u></u>	<u><u>4,304</u></u>	<u><u>11,708</u></u>

Note:

1 The unsecured term loan of the Group denominated in United States Dollars is as follows:

	<i>USD'000</i>
Short Term Borrowing	239
Long Term Borrowing	-
<i>Total</i>	<u><u>239</u></u>

The foreign borrowings of the Group have been translated into Ringgit Malaysia using the translation rate prevailing as at 30 September 2009.

As at the reporting date, the Group had not issued any debt securities.

B10. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of issue of this report.

B11. Material Litigation

Save as disclosed below, the Group is not engaged in any material litigation either as plaintiff or defendant and the directors do not have any knowledge of any proceedings pending or threatened against the Group as at 17 November 2009, being a date not more than seven (7) days from the date of this report.

Between January 2002 and May 2002, Oceancash Nonwoven Sdn Bhd (“**Plaintiff**”) sold goods (non woven fabric) to Leadcare Sdn Bhd (“**Defendant**”). The Defendant made partial payment but refused to make the remaining payment for the goods delivered. The Plaintiff filed a summons against the Defendant on 29 February 2008 at the Shah Alam Sessions Court for a total sum of RM42,328.66 as at 28 June 2002. The Defendant had filed a counterclaim on 17 July 2008 claiming for, amongst others, costs of repacking their diapers under a different name and the discount given in pricing because of the lower grade diaper material. The counter claim by the Defendant is the sum of RM125,856.00. The Plaintiff’s solicitor opines that the Plaintiff has a strong case whereas the Defendant’s case is dependent on many factors in order to succeed on their counter claim. The Company’s solicitors had on 19 November 2008 filed the Company’s reply to defense to the Defendant’s counterclaim. The Court has fixed the next mention date to be on 2 March 2010.

B12. Dividends

No dividend has been declared, recommended or paid for the financial period ended 30 September 2009 (31 December 2008: Nil).

B13. Earnings / (loss) per Share**▪ Basic earnings / (loss) per share**

The basic earnings / (loss) per share of the Group is calculated by dividing the Net Profit / (Loss) by the weighted average number of ordinary shares in issue during the period.

	Current Year Quarter 30.09.2009	Preceding Year Corresponding Quarter 30.09.2008	Current Year-To- Date 30.09.2009	Preceding Year Corresponding Period 30.09.2008
Net Profit / (Loss) (RM'000)	1,127	15	2,068	(466)
Weighted average number of ordinary shares ('000)	223,000	223,000	223,000	223,000
Basic earnings / (loss) per share (sen)	<u>0.51</u>	<u>0.01</u>	<u>0.93</u>	<u>(0.21)</u>

▪ Diluted earnings / (loss) per share

The Group does not have any convertible securities and accordingly, there is no dilution of earnings per share.