

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

**UNAUDITED QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 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 ACE 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.

The Group and the Company have not adopted the following New and Revised FRSs, Amendments/Improvements to FRSs 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:-

	<b>Effective for financial periods beginning on or after</b>
<u>New FRSs</u>	
FRS 4 Insurance Contracts	1 January 2010
FRS 7 Financial Instruments : Disclosures	1 January 2010
FRS 8 Operating Segments	1 July 2009
FRS 139 Financial Instruments : Recognition and Measurement	1 January 2010
<u>Revised FRSs</u>	
FRS 1 First time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 Business Combinations	1 July 2010
FRS 101 Presentation of Financial Statements	1 January 2010
FRS 123 Borrowing costs	1 January 2010
FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 July 2010
<u>Amendments/Improvements to FRSs</u>	
FRS 1 First time Adoption of Financial Reporting Standards	1 January 2010
FRS 2 Share-based Payment – Vesting Conditions and Cancellations	1 January 2010 and 1 July 2010
FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2010 and 1 July 2010

**A1. Basis of Preparation (Continued)**

		<b>Effective for financial periods beginning on or after</b>
FRS 7	Financial Instruments: Disclosure	1 January 2010
FRS 8	Operating Segments	1 January 2010
FRS 107	Statement of Cash Flows	1 January 2010
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
FRS 110	Events After the Reporting Period	1 January 2010
FRS 116	Property, Plant and Equipment	1 January 2010
FRS 118	Revenue	1 January 2010
FRS 119	Employee Benefits	1 January 2010
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
FRS 128	Investments in Associates	1 January 2010
FRS 129	Financial Reporting in Hyperinflationary Economics	1 January 2010
FRS 131	Interests in Joint Ventures	1 January 2010
FRS 132	Financial Instruments: Presentation	1 January 2010
FRS 134	Interim Financial Reporting	1 January 2010
FRS 136	Impairment of Assets	1 January 2010
FRS 138	Intangible Assets	1 January 2010 and 1 July 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
FRS 140	Investment Property	1 January 2010
<u>IC Int</u>		
IC Int 9	Reassessment of Embedded Derivatives	1 January 2010 and 1 July 2010
IC Int 10	Interim Financial Reporting and Impairment	1 January 2010
IC Int 11	FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Int 12	Service Concession Arrangements	1 July 2010
IC Int 13	Customer Loyalty Programmes	1 January 2010
IC Int 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Int 15	Agreements for the Construction of Real Estate	1 July 2010
IC Int 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Int 17	Distributions of Non-cash Assets to Owners	1 July 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.

**A1. Basis of Preparation (Continued)**

During the financial year, the Group and the Company have early adoption of the amendment to FRS117 Lease. The Group and the Company have reassessed and determined that all leasehold land of the Group and the Company which are in substance finance leases and have reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments.

The reclassification does not affect the basic earnings per ordinary share for the current and prior periods.

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 31 December 2009

	Insulation RM'000	Hygiene RM'000	Investment holdings RM'000	Eliminatio n RM'000	Total RM'000
<b>Revenue</b>					
External revenue	17,756	36,948	3	-	54,707
Intersegment revenue	-	4	184	(188)	-
Total revenue	17,756	36,952	187	(188)	54,707
<b>Results</b>					
Segment results	4,487	1,034	(31)	(184)	5,306
Finance costs					(780)
Profit before taxation					4,526
Taxation					(1,255)
Profit for the year					3,271
<b>Assets</b>					
Segment assets	24,231	36,383	337	20	60,971
<b>Liabilities</b>					
Segment liabilities	3,901	15,229	1,892	-	21,022
Unallocated liabilities					39,949
<b>Other segment information</b>	-	-	-	-	-
Capital expenditure	-	2,409	-	-	2,409
Depreciation	854	2,574	4	-	3,432
Non-cash item	32	304	6	-	342

## A8. Segmental Information

Financial Year Ended 31 December 2008

	Insulation	Hygiene	Investment holdings	Eliminatio n	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>					
External revenue	17,394	32,180	6	-	49,580
Intersegment revenue	-	2	184	(186)	-
Total revenue	17,394	32,178	190	(186)	49,578
<b>Results</b>					
Segment results	207	(1,765)	(2,342)	5,736	1,836
Finance costs					(1,100)
Profit before taxation					736
Taxation					(264)
Profit for the year					472
<b>Assets</b>					
Segment assets	20,029	34,929	412	20	55,390
<b>Liabilities</b>					
Segment liabilities	4,237	16,919	1,788	-	22,944
Unallocated liabilities					32,446
<b>Other segment information</b>	-	-	-	-	-
Capital expenditure	-	-	-	-	-
Depreciation	856	2,497	5	-	3,358
Non-cash item	42	210	-	-	252

## A9. Revaluation of Property, Plant and Equipment

During the quarter under review, the Group had revalued its landed properties based on a valuation carried out by a registered valuer with an independent firm of professional valuers, using the 'Comparison Method of Valuation'. The revaluation surplus of 4.232 million has been recognised as revaluation surplus in the Balance Sheet during the current quarter under review.

Save as disclosed above, carrying values of property, plant and equipment have been brought forward without amendment from the audited financial statements for the financial year ended 31 December 2009

## 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**

	<b>Financial Period Ended 31.12.2009 RM'000</b>	<b>Financial Year Ended 31.12.2008 RM'000</b>
Approved and contract for :		
Property, plant and equipment	2,409	Nil

**A13. 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 directors of RM4,413,343 are unsecured and have no fixed terms of repayment. An amount of RM4,341,343 bears interest at the rate of 6% per annum while the balance RM72,000 are directors' fees.

**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**

	<b>Quarter ended</b>		<b>Year-to-date</b>	
	<b>31.12.2009 RM'000</b>	<b>31.12.2008 RM'000</b>	<b>31.12.2009 RM'000</b>	<b>31.12.2008 RM'000</b>
Revenue	15,473	13,834	54,707	49,578
Profit for the period attributable to equity holders of the parent	1,203	938	3,271	472

The Group registered an increase of 11.85% and 10.35% in revenue on quarter-on-quarter basis and year-on-year basis respectively. The increase in revenue was mainly due to better performance from all divisions

The Group recorded net profit of RM1.203 million in the fourth quarter of 2009 (Q4 2009) compared to net profit RM0.938 million in the preceding year's corresponding quarter (Q4 2008) and net profit of RM3.271 million during the cumulative year-to-date as compared to the net profit of RM0.472 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	
	31.12.2009	30.09.2009
	RM'000	RM'000
Revenue	15,473	14,249
Profit / (Loss) before taxation	1,699	1,390

The Group's revenue increased by 8.59% during the quarter ended 31 December 2009 as compared to the immediate preceding quarter. The increase in profit before taxation by 22.23% was mainly due to the increase in revenue from the non-woven division and the felts division.

**B3. Prospect for Year 2010**

Barring any unforeseen circumstances, the Directors anticipate that the Group will perform better in the financial year 2010 as compared to the financial year 2009. The Directors anticipate the performance of the felts division to improve with the improvement in the economy and on the back of expected vehicle sales growth in financial year 2010 (Source: Article entitled "MAA: New vehicle sales this year may hit record high", New StraitsTimes dated 21 January 2010). The Directors also anticipate the performance of the non-woven division to improve with the increased orders from local and export markets.

*Local Market*

The Directors expect sales of resinated felts to improve and sales of nonwoven cloth to continue to register growth.

*Export Market*

The Directors anticipate sales of resinated felts to Indonesia and Taiwan to continue growing. The demand for nonwoven cloth from Japan and P.E. film are expected to improve in the next financial year 2010.

**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 31.12.2009 RM'000	Financial year-to- date ended 31.12.2009 RM'000
Estimated current tax payable	(318)	(1,018)
Overprovision/(underprovision)	(22)	(22)
Deferred tax	(156)	(215)
<b>Taxation expense</b>	<u>(496)</u>	<u>(1,255)</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 31 December 2009.

**B9. Group Borrowings and Debt Securities**

The Group's borrowings as at 31 December 2009 are shown below:

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<b>Short Term Borrowings</b>			
Term Loan	1,184	598 <sup>1</sup>	1,782
Trade Line	4,216	3,022	7,238
Bank Overdraft	155	-	155
Hire Purchase Payables	453	-	453
	<b>6,008</b>	<b>3,620</b>	<b>9,628</b>
<b>Long Term Borrowings</b>			
Term Loan	1,599	- <sup>1</sup>	1,599
Hire Purchase Payables	795	-	795
	<b>2,394</b>	<b>-</b>	<b>2,394</b>
<b>Total</b>	<b>8,402</b>	<b>3,620</b>	<b>12,022</b>

**Note:**

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

	<b>USD'000</b>
Short Term Borrowing	174
Long Term Borrowing	-
<b>Total</b>	<b>174</b>

The foreign borrowings of the Group have been translated into Ringgit Malaysia using the translation rate prevailing as at 31 December 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 25 February 2010, 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 trial date to be on 2 March 2010.

**B12. Dividends**

No dividend has been declared, recommended or paid for the financial year ended 31 December 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.

	<b>Current Year Quarter 31.12.2009</b>	<b>Preceding Year Corresponding Quarter 31.12.2008</b>	<b>Current Year-To- Date 31.12.2009</b>	<b>Preceding Year Corresponding Period 31.12.2008</b>
Net Profit / (Loss) (RM'000)	1,203	938	3,271	472
Weighted average number of ordinary shares ('000)	223,000	223,000	223,000	223,000
Basic earnings / (loss) per share (sen)	<u>0.54</u>	<u>0.42</u>	<u>1.47</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.