

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

UNAUDITED QUARTERLY REPORT FOR THE QUARTER ENDED 30 JUNE 2010

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 2009.

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 2009.

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 these are not effective yet for the Group and the Company:-

		Effective for financial periods beginning on or after
<u>Revised FRSs</u>		
FRS 1	First time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 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 2	Share-based Payment – Vesting Conditions and Cancellations	1 July 2010
FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
FRS 138	Intangible Assets	1 July 2010
<u>IC Int</u>		
IC Int 9	Reassessment of Embedded Derivatives	1 July 2010
IC Int 12	Service Concession Arrangements	1 July 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

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)

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 2009.

A2. Audit Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2009 was not subjected to any qualification.

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.

Period Ended 30 June 2010

	Hygiene RM'000	Insulation RM'000	Investment holdings RM'000	Eliminatio n RM'000	Total RM'000
Revenue					
External revenue	19,386	11,301	2	-	30,689
Intersegment revenue	-	-	240	(240)	-
Total revenue	19,386	11,301	242	(240)	30,689
Results					
Segment results	(192)	2,932	(63)	-	2,677
Finance costs					(455)
Profit before taxation					2,222
Taxation					(727)
Profit for the year					1,495
Assets					
Segment assets	38,856	25,011	374		64,241
Liabilities					
Segment liabilities	16,720	5,484	1,988	-	24,192
Other segment information					
Capital expenditure	-	-	-	-	-
Depreciation	1,327	436	4	-	1,767
Non-cash expenses item	1	-	-	-	1

A8. Segmental Information

Period Ended 30 June 2009

	Hygiene	Insulation	Investment holdings	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External revenue	17,345	7,638	2	-	24,985
Intersegment revenue	1	-	240	(241)	-
Total revenue	17,346	7,638	242	(241)	24,985
Results					
Segment results	90	1,866	(119)	-	1,837
Finance costs					(399)
Profit before taxation					1,438
Taxation					(496)
Profit for the year					942
Assets					
Segment assets	32,949	20,049	313		53,311
Liabilities					
Segment liabilities	12,984	5,119	1,840	-	19,943
Other segment information	-	-	-	-	-
Capital expenditure	-	-	-	-	-
Depreciation	1,248	414	3	-	1,665
Non-cash expenses item	-	25	-	-	25

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 30.06.2010 RM'000	Financial Year Ended 31.12.2009 RM'000
Approved and contracted for :		
Property, plant and equipment	Nil	2,409

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 2009.

A14. Amounts Due to Directors

The amounts due to directors of RM3,647,031 are unsecured and have no fixed terms of repayment. An amount of RM3,575,031 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

	Quarter ended		Year-to-date	
	30.06.2010 RM'000	30.06.2009 RM'000	30.06.2010 RM'000	30.06.2009 RM'000
Revenue	15,219	13,102	30,689	24,985
Profit for the period attributable to equity holders of the parent	725	931	1,495	942

The Group registered an increase of 16.16% and 22.83% in revenue on quarter-on-quarter basis and year-on-year basis respectively. The increase in revenue was mainly due to better performance from felts division and non-woven division. The felt division recorded an increase of 42.75% and 47.96% in revenue due to increase in new vehicles sales during the second quarter of 2010 and during the first half of year 2010 respectively.

The Group recorded net profit of RM0.725 million in the second quarter of 2010 (Q2 2010) compared to net profit RM0.931 million in the preceding year's corresponding quarter (Q2 2009) and net profit of RM1.495 million during the cumulative year-to-date as compared to net profit of RM0.942 million in the preceding year.. The drop in net profit on quarter-on-quarter basis was affected by the increase costs of raw material in hygiene division. The improvement in net profit on year-to-date was attributed to the increase in revenue.

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

	Quarter ended	
	30.06.2010 RM'000	31.03.2010 RM'000

Revenue	15,219	15,465
Profit / (Loss) before taxation	1,095	1,167

The Group's revenue dropped 1.6% and profit before taxation dropped 6.2% as compared to the immediate preceding quarter. The reduction in profit before taxation was due to higher raw material costs in hygiene 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 increase in sales of passagers cars. (Source: Article entitled "MAA: Sales of vehicles jump 17pc in April", New StraitsTimes dated 18 May 2010). The Directors also anticipate the performance of the non-woven division will be better than last year with the expansion programme of the Group's fifth non-woven production line in hygiene division.

Local Market

The Directors expect sales of resinated felts to improve and sales of non-woven 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 non-woven cloth from Japan and P.E. film are expected to improve in the current 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 30.06.2010 RM'000	Financial year-to- date ended 30.06.2010 RM'000
Estimated current tax payable	(349)	(690)
Overprovision/(underprovision)		
Deferred tax	(21)	(37)
Taxation expense	<u><u>(370)</u></u>	<u><u>(727)</u></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.

B9 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 June 2010.

B10. Group Borrowings and Debt Securities

The Group's borrowings as at 30 June 2010 are shown below:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term Borrowings			
Term Loan	987	156 ¹	1,143
Trade Line	4,729	3,333	8,062
Bank Overdraft	-	-	-
Hire Purchase Payables	870	-	870
	<u>6,586</u>	<u>3,489</u>	<u>10,075</u>
Long Term Borrowings			
Term Loan	1,189	-	1,189
Hire Purchase Payables	2,397	-	2,397
	<u>3,586</u>	<u>-</u>	<u>3,586</u>
Total	<u><u>10,172</u></u>	<u><u>3,489</u></u>	<u><u>13,661</u></u>

Note:

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

	USD'000
Short Term Borrowing	47
Long Term Borrowing	-
Total	<u><u>47</u></u>

The foreign borrowings of the Group have been translated into Ringgit Malaysia using the translation rate prevailing as at 30 June 2010.

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

B11. Off Balance Sheet Financial Instruments

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

B12. 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 24 August 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 defend to the counterclaim. The Court has fixed the trial date to be on 13 April and 14 April 2011.

B13. Dividends

No dividend has been declared, recommended or paid for the financial period ended 30 June 2010 (30 June 2009: Nil).

B14. 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 30.06.2010	Preceding Year Corresponding Quarter 30.06.2009	Current Year-To- Date 30.06.2010	Preceding Year Corresponding Period 30.06.2009
Net Profit / (Loss) (RM'000)	725	931	1,495	942
Weighted average number of ordinary shares ('000)	223,000	223,000	223,000	223,000
Basic earnings / (loss) per share (sen)	<u>0.33</u>	<u>0.42</u>	<u>0.67</u>	<u>0.42</u>

▪ **Diluted earnings / (loss) per share**

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