

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

UNAUDITED QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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 September 2010

	Hygiene RM'000	Insulation RM'000	Investment holdings RM'000	Eliminatio n RM'000	Total RM'000
Revenue					
External revenue	24,943	16,605	4	-	41,552
Intersegment revenue	-	-	360	(360)	-
Total revenue	24,943	16,605	364	(360)	41,552
Results					
Segment results	(1,230)	4,258	(7)	-	3,021
Finance costs					(651)
Profit before taxation					2,370
Taxation					(1,003)
Profit for the year					1,367
Assets					
Segment assets	34,751	24,292	327		59,370
Liabilities					
Segment liabilities	12,295	5,220	1,933	-	19,448
Other segment information					
Capital expenditure	-	-	-	-	-
Depreciation	2,051	687	7	-	2,745
Non-cash expenses item	-	1	-	-	1

A8. Segmental Information

Period Ended 30 September 2009

	Hygiene	Insulation	Investment holdings	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External revenue	26,894	12,337	3	-	39,234
Intersegment revenue	1	-	360	(361)	-
Total revenue	26,895	12,337	363	(361)	39,234
Results					
Segment results	376	3,165	(124)	-	3,417
Finance costs					(590)
Profit before taxation					2,827
Taxation					(759)
Profit for the year					2,068
Assets					
Segment assets	34,172	20,778	298		55,248
Liabilities					
Segment liabilities	13,735	5,441	1,856	-	21,032
Other segment information	-	-	-	-	-
Capital expenditure	-	-	-	-	-
Depreciation	1,885	608	1	-	2,494
Non-cash expenses item	-	(32)	6	-	26

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 30.09.2010 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 director of RM3,387,723 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	
	30.09.2010 RM'000	30.09.2009 RM'000	30.09.2010 RM'000	30.09.2009 RM'000
Revenue	10,863	14,249	41,552	39,234
Profit for the period attributable to equity holders of the parent	(77)	1,127	1,367	2,068

The Group recorded a decrease of 23.76% in revenue on quarter-on-quarter basis. However the group registered an increase 5.91% in revenue on year-on-year basis. The decrease in revenue on quarter-on-quarter basis was mainly due to unexpected slowdown in hygiene industry during the third quarter of 2010. The felt division recorded an increase of 12.86% and 34.59% in revenue on quarter-on-quarter basis and year-on-year basis respectively due to increase in new vehicles sales during the first half of year 2010..

The Group recorded net loss of RM0.077 million in the third quarter of 2010 (Q3 2010) compared to net profit RM1.127 million in the preceding year's corresponding quarter (Q3 2009) and net profit of RM1.367 million during the cumulative year-to-date as compared to net profit of RM2.068 million in the preceding year.. The drop in net profit on quarter-on-quarter basis and year-to-date was affected by the increase costs of raw material in hygiene division and felts division and decreased revenue in hygiene division.

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

	Quarter ended	
	30.09.2010	30.06.2010
	RM'000	RM'000
Revenue	10,863	15,219
Profit / (Loss) before taxation	200	1,095

The Group's revenue dropped 28.62% and profit before taxation dropped 81.74% as compared to the immediate preceding quarter. The decrease in revenue was attributed to unexpected slowdown in hygiene industry. The reduction in profit before taxation was due to higher raw material costs in hygiene division and slowdown in hygiene industry.

B3. Prospect for Year 2010

The Directors anticipate that the Group's performance will be affected by the recent temporary slowdown in the hygiene division. The sales for the local and export markets are expected to be better in the financial year 2010 compared to the financial year 2009.

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 30.09.2010 RM'000	Financial year-to- date ended 30.09.2010 RM'000
Estimated current tax payable	(271)	(960)
Overprovision/(underprovision)	(22)	(22)
Deferred tax	16	(21)
Taxation expense	<u>(277)</u>	<u>(1,003)</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 September 2010.

B10. Group Borrowings and Debt Securities

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

	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term Borrowings			
Term Loan	886	-	886
Trade Line	2,515	2,184	4,699
Bank Overdraft	-	-	-
Hire Purchase Payables	870	-	870
	<u>4,271</u>	<u>2,184</u>	<u>6,455</u>
Long Term Borrowings			
Term Loan	979	-	979
Hire Purchase Payables	2,201	-	2,201
	<u>3,180</u>	<u>-</u>	<u>3,180</u>
Total	<u><u>7,451</u></u>	<u><u>2,184</u></u>	<u><u>9,635</u></u>

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 12 November 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 September 2010 (30 September 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 30.09.2010	Preceding Year Corresponding Quarter 30.09.2009	Current Year-To- Date 30.09.2010	Preceding Year Corresponding Period 30.09.2009
Net Profit / (Loss) (RM'000)	(77)	1,127	1,367	2,068
Weighted average number of ordinary shares ('000)	223,000	223,000	223,000	223,000
Basic earnings / (loss) per share (sen)	<u>(0.30)</u>	<u>0.51</u>	<u>0.61</u>	<u>0.93</u>

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

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