

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

**UNAUDITED QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 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:-

		<b>Effective for financial periods beginning on or after</b>
<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**

A first and final tax exempt dividend of 2% on 223,000,000 ordinary shares amounting to RM446,000.00 was declared, recommended and paid on 30 December 2010.

## 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 31 December 2010

	Hygiene RM'000	Insulation RM'000	Investment holdings RM'000	Eliminatio n RM'000	Total RM'000
<b>Revenue</b>					
External revenue	33,318	22,479	5	-	55,802
Intersegment revenue	-	-	1,726	(1,726)	-
Total revenue	33,318	22,479	1,731	(1,726)	55,802
<b>Results</b>					
Segment results	(1,442)	5,542	1,228	(1,246)	4,802
Finance costs					(870)
Profit before taxation					3,212
Taxation					(1,383)
Profit for the year					1,829
<b>Assets</b>					
Segment assets	32,898	33,121	5,062	(8,752)	62,329
<b>Liabilities</b>					
Segment liabilities	30,749	5,067	2,041	(16,041)	21,816
<b>Other segment information</b>	-	-	-	-	-
Capital expenditure	1,337	1,388	-	-	2,725
Depreciation	2,763	921	9	-	3,693
Non-cash expenses item	-	2	-	-	2

**A8. Segmental Information**

Period Ended 31 December 2009

	Hygiene	Insulation	Investment holdings	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>					
External revenue	36,947	17,756	4	-	54,707
Intersegment revenue	4	-	665	(669)	-
Total revenue	36,951	17,756	669	(669)	54,707
<b>Results</b>					
Segment results	1,034	4,487	2,969	(3,184)	5,306
Finance costs					(780)
Profit before taxation					4,526
Taxation					(1,255)
Profit for the year					3,271
<b>Assets</b>					
Segment assets	29,255	33,930	4,332	(7,549)	59,968
<b>Liabilities</b>					
Segment liabilities	29,647	4,224	1,944	(14,836)	20,979
<b>Other segment information</b>	-	-	-	-	-
Capital expenditure	880	616	90	-	1,586
Depreciation	2,574	854	4	-	3,432
Non-cash expenses item	-	24	-	-	24

**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**

	<b>Financial Period Ended 31.12.2010 RM'000</b>	<b>Financial Year Ended 31.12.2009 RM'000</b>
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 RM3,270,393. are unsecured and have no fixed terms of repayment. An amount of RM3,198,393 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>31.12.2010 RM'000</b>	<b>31.12.2009 RM'000</b>	<b>31.12.2010 RM'000</b>	<b>31.12.2009 RM'000</b>
Revenue	14,250	15,473	55,802	54,707
Profit for the period attributable to equity holders of the parent	462	1,203	1,829	3,271

The Group recorded a decrease of 7.9 % in revenue on a quarter-on-quarter basis. However the group registered an increase of 2.0% in revenue on a year-on-year basis. The decrease in revenue on a quarter-on-quarter basis was mainly due to the slowdown in the hygiene industry during the third quarter of 2010 which spilled over to the fourth quarter of 2010. The felts division recorded an increase of 8.41% and 26.6% in revenue on a quarter-on-quarter basis and a year-on-year basis respectively due to the increase in new vehicle sales in the local market and increased sales in South East Asia.

The Group recorded a net profit of RM0.462 million in the fourth quarter of 2010 (Q4 2010) compared to a net profit RM1.203 million in the preceding year's corresponding quarter (Q4 2009) and a net profit of RM1.829 million during the cumulative year-to-date as compared to a net profit of RM3.271 million in the preceding year. The drop in net profit on a quarter-on-quarter basis and year-to-date was mainly due to the increased costs of raw materials in both the hygiene division and felts division and the decrease in revenue in the hygiene division in the last two quarters of the financial year.

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

	Quarter ended	
	31.12.2010	30.09.2010
	RM'000	RM'000
Revenue	14,250	10,863
Profit / (Loss) before taxation	842	200

The Group's revenue improved by 31.18% and profit before taxation increased by 321% compared to the immediate preceding quarter. The increase in revenue was attributed mainly to the recovery of sales in the hygiene industry..which led to the improvement in the profit over the preceding quarter.

**B3. Prospect for Year 2011**

Barring unforeseen circumstances, the Directors anticipate that the Group's performance will be better for the 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 31.12.2010 RM'000	Financial year-to- date ended 31.12.2010 RM'000
Estimated current tax payable	(356)	(1,316)
Overprovision/(underprovision)	24	2
Deferred tax	(48)	(69)
<b>Taxation expense</b>	<u>(380)</u>	<u>(1,383)</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 31 December 2010 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	886	-	886
Trade Line	2,459	4,596	7,055
Bank Overdraft	2,606	-	2,606
Hire Purchase Payables	870	-	870
	<u>6,821</u>	<u>4,596</u>	<u>11,417</u>
<b>Long Term Borrowings</b>			
Term Loan	1,022	-	1,022
Hire Purchase Payables	1,967	-	1,967
	<u>2,989</u>	<u>-</u>	<u>2,989</u>
<b>Total</b>	<u><b>9,810</b></u>	<u><b>4,596</b></u>	<u><b>11,406</b></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. Disclosure of Realised and Unrealised Profits**

	As at 31.12.2010 RM'000	As at 30.09.2010 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	3,140	1,388
- Unrealised	(99)	(21)
	<u>3,041</u>	<u>1,367</u>
Less: Consolidation adjustments	(1,212)	-
Total group retained profits as per consolidated accounts	<u>1,829</u>	<u>1,367</u>

**B13. 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 February 2011 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 alleged 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 the counterclaim. The Court has fixed the trial date to be on 13 April and 14 April 2011.

**B14. Dividends**

A tax exempt dividend of 2% on 223,000,000 ordinary shares amounting to RM446,000.00 was declared, recommended and paid on 30 December 2010. (31 December 2009: Nil).

**B15. 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 31.12.2010</b>	<b>Preceding Year Corresponding Quarter 31.12.2009</b>	<b>Current Year-To- Date 31.12.2010</b>	<b>Preceding Year Corresponding Period 31.12.2009</b>
Net Profit / (Loss) (RM'000)	462	1,203	1,829	3,271
Weighted average number of ordinary shares ('000)	223,000	223,000	223,000	223,000
Basic earnings / (loss) per share (sen)	0.21	0.54	0.82	1.47

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

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