

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

UNAUDITED QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2011

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 2010.

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 2010.

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>IC Int</u> | | |
| IC Int 19 | Extinguish Financial Liabilities with Equity Instruments | 1 July 2011 |
| Amendments to IC Int | | |
| IC Int 14 | FRS 119- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction | 1 July 2011 |

The directors do not anticipate that the application of the above new and revised FRSs, amendments/improvements to FRSs, IC Int, and amendments to 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.

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 2010.

A2. Audit Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2010 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 internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and assess their performance.

Revenue and non-current assets information on the basis of geographical segments information are based on the geographical location of customers and assets respectively.

Major customers' information are revenues from transactions with a single external customer amount that is ten percent or more of the Group revenue.

Period Ended 31 March 2011

| | Hygiene RM'000 | Insulation RM'000 | Investment holdings RM'000 | Eliminatio n RM'000 | Total RM'000 |
|---|-------------------|----------------------|----------------------------------|---------------------------|-----------------|
| Revenue | | | | | |
| External revenue | 8,415 | 5,631 | 2 | - | 14,048 |
| Intersegment revenue | - | - | 120 | (120) | - |
| Total revenue | 8,415 | 5,631 | 122 | (120) | 14,048 |
| Results | | | | | |
| Segment results | 115 | 1,326 | 30 | - | 1,471 |
| Finance costs | | | | | (214) |
| Profit before taxation | | | | | 1,257 |
| Taxation | | | | | (320) |
| Profit for the year | | | | | <u>937</u> |
| Assets | | | | | |
| Segment assets | 35,072 | 34,601 | 5,086 | (12,209) | 62,550 |
| Addition to non-current assets other than financial instruments and deferred tax assets | 1 | 14 | - | - | 15 |
| Liabilities | | | | | |
| Segment liabilities | 32,967 | 5,573 | 2,065 | (19,500) | 21,105 |

| | | | | | |
|-----------------------|-------|---|---|---|-------|
| Major customer | 4,080 | - | - | - | 4,080 |
|-----------------------|-------|---|---|---|-------|

Period Ended 31 March 2010

| | Hygiene RM'000 | Insulation RM'000 | Investment holdings RM'000 | Eliminatio n RM'000 | Total RM'000 |
|---|-------------------|----------------------|----------------------------------|---------------------------|-----------------|
| Revenue | | | | | |
| External revenue | 9,955 | 5,509 | 1 | - | 15,465 |
| Intersegment revenue | - | - | 120 | (120) | - |
| Total revenue | 9,955 | 5,509 | 121 | (120) | 15,465 |
| Results | | | | | |
| Segment results | 7 | 1,459 | (80) | - | 1,386 |
| Finance costs | | | | | (219) |
| Profit before taxation | | | | | 1,167 |
| Taxation | | | | | (357) |
| Profit for the year | | | | | <u>810</u> |
| Assets | | | | | |
| Segment assets | 38,707 | 29,333 | 345 | (7,969) | 60,416 |
| Addition to non-current assets other than financial instruments and deferred tax assets | 934 | 351 | - | - | 1,285 |
| Liabilities | | | | | |
| Segment liabilities | 32,139 | 3,177 | 1,970 | (16,706) | 20,580 |
| Major customer | 5,312 | - | - | - | 5,312 |

Geographical Information

| | Revenue RM | Non-current assets RM |
|------------------|---------------|-----------------------------|
| At 31 March 2011 | | |
| Malaysia | 7,131 | 62,550 |
| Indonesia | 4,777 | |
| Japan | 1,456 | |
| Others | 684 | |
| | <u>14,048</u> | |
| At 31 March 2010 | | |
| Malaysia | 7,293 | 60,416 |
| Indonesia | 5,681 | |
| Japan | 1,329 | |
| Others | 1,162 | |
| | <u>15,465</u> | |

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 31.03.2011 RM'000 | Financial Year Ended 31.12.2010 RM'000 |
|-------------------------------|---|---|
| Approved and contracted for : | - | - |
| Property, plant and equipment | Nil | 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 2010.

A14. Amounts Due to Directors

The amounts due to director of RM3,076,202 are unsecured and have no fixed terms of repayment. An amount of RM3,004,202 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 | |
|--|---------------|------------|--------------|------------|
| | 31.03.2011 | 31.03.2010 | 31.03.2011 | 31.03.2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 14,048 | 15,465 | 14,048 | 15,465 |
| Profit for the period attributable to equity holders of the parent | 937 | 810 | 937 | 810 |

The Group recorded a decrease of 9.2 % in revenue on quarter-on-quarter basis and year-on-year basis. The decrease in revenue was mainly due to lower revenue in hygiene industry.

The Group recorded net profit of RM0.937 million in the first quarter of 2011 (Q1 2011) compared to net profit RM0.810 million in the preceding year's corresponding quarter (Q1 2010). The increase in net profit on quarter-on-quarter basis and year-on-year basis was attributable to lower depreciation charge and improved efficiency.

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

| | Quarter ended | |
|---------------------------------|---------------|------------|
| | 31.03.2011 | 31.12.2010 |
| | RM'000 | RM'000 |
| Revenue | 14,048 | 14,250 |
| Profit / (Loss) before taxation | 1,257 | 842 |

The Group's revenue reduced by 1.4% and profit before taxation increased 48.46% as compared to the immediate preceding quarter. The improved profit before taxation was due to lower depreciation charge and improved efficiency.

B3. Prospect for Year 2011

Barring unforeseen circumstances, the Directors anticipate that the Group's performance to be better in the financial year 2011 compared to 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 | Year-to-date period |
|--------------------------------|-----------------|---------------------|
| | 31.03.2011 | ended 31.03.2011 |
| | RM'000 | RM'000 |
| Estimated current tax payable | (350) | (350) |
| Overprovision/(underprovision) | - | - |
| Deferred tax | (30) | (30) |

Taxation expense(320)(320)

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. Group Borrowings and Debt Securities

The Group's borrowings as at 31 March 2011 are shown below:

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|------------------------------|---------------------------|-----------------------------|-------------------------|
| Short Term Borrowings | | | |
| Term Loan | 346 | - | 346 |
| Trade Line | 6,920 | 1,266 | 7,055 |
| Bank Overdraft | 1,224 | - | 1,224 |
| Hire Purchase Payables | 843 | - | 843 |
| | <u>9,333</u> | <u>1,266</u> | <u>10,599</u> |
| Long Term Borrowings | | | |
| Term Loan | 1,486 | - | 1,486 |
| Hire Purchase Payables | 1,773 | - | 1,773 |
| | <u>3,259</u> | <u>-</u> | <u>3,259</u> |
| Total | <u>12,592</u> | <u>1,266</u> | <u>13,858</u> |

B10. Off Balance Sheet Financial Instruments

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

B11. Disclosure of Realised and Unrealised Profits

| | Period ended 31.03.2011 RM'000 | As at 31.12.2010 RM'000 |
|---|--------------------------------------|-------------------------------|
| Total retained profits of the Company and its subsidiaries: | | |
| - Realised | 794 | 5,540 |
| - Unrealised | 143 | (331) |
| | <u>937</u> | <u>5,209</u> |
| Add: Consolidation adjustments | 13 | 5,678 |
| | <u>950</u> | <u>10,887</u> |

Total group retained profits as per consolidated accounts 950 10,887

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 14 June 2011 for decision.

B13. Dividends

No dividend has been recommended or paid for the financial period ended 31 March 2011 (31 March 2010: 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 31.03.2011 | Preceding Year Corresponding Quarter 31.03.2010 | Current Year-To- Date 31.03.2011 | Preceding Year Corresponding Period 31.03.2010 |
|---|--|--|---|---|
| Net Profit / (Loss) (RM'000) | 937 | 810 | 937 | 810 |
| Weighted average number of ordinary shares ('000) | 223,000 | 223,000 | 223,000 | 223,000 |
| Basic earnings / (loss) per share (sen) | <u>0.42</u> | <u>0.36</u> | <u>0.42</u> | <u>0.36</u> |

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

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