

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

UNAUDITED QUARTERLY REPORT FOR THE QUARTER ENDED 30 JUNE 2013

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 MFRS 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 2012.

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 2012.

The Group and the Company have not adopted the following New and Revised MFRSs, Amendments/Improvements to MFRSs 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>New MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2015
<u>Amendments/Improvements to MFRSs</u>		
MFRS 10	Consolidated Financial Statements	
MFRS 12	Disclosure of Interests in Other Entities	1 January 2014
MFRS 127	Separate Financial Statements	1 January 2014
MFRS 132	Financial Instruments: Presentation	1 January 2014

The directors do not anticipate that the application of the above new and revised MFRSs, amendments/improvements to MFRSs 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 2012.

A2. Audit Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2012 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 recommended, declared and paid during the financial quarter under review and financial-year-to-date.

A8. Operating Segments

Segment information is presented in respect of the Group's business segments which is based on the internal reports that are regularly reviewed by the Group's chief operating decision makers in order to allocate resources to the segments and assess their performance.

Segment profit or loss is measured based on segment profit before tax, interest, depreciation and other non-cash expenses that are regularly reviewed by the Group's chief operating decision maker.

Revenue and non-current assets information on the basis of geographical segments are based on the geographical location of customers and assets respectively. The amount of non-current assets do not include financial instruments and deferred tax assets.

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

Period Ended 30 June 2013

	Hygiene RM'000	Insulation RM'000	Investment holdings RM'000	Eliminatio n RM'000	Total RM'000
Revenue					
External revenue	17,056	13,252	7	-	30,315
Intersegment revenue		260	240	(500)	-
Total revenue	17,056	13,512	247	(500)	30,315
Results					
Segment profit	1,115	4,144	57	-	5,316
Interest income					16
Finance costs					(387)
Depreciation					<u>(2,030)</u>
Profit before taxation					2,915
Taxation					(818)
Profit net of tax					<u>2,097</u>
Assets					
Segment assets	31,827	43,058	5,020	(12,630)	67,275
Addition to non-current assets other than financial instruments and deferred tax assets	85	227	-	-	312
Liabilities					
Segment liabilities	32,435	6,352	2,343	(19,920)	21,210
Major customer	2	-	-	-	2

Period Ended 30 June 2012

	Hygiene RM'000	Insulation RM'000	Investment holdings RM'000	Eliminatio n RM'000	Total RM'000
Revenue					
External revenue	15,503	13,026	4	-	28,533
Intersegment revenue		-	240	(240)	-
Total revenue	15,503	13,026	244	(240)	28,533
Results					
Segment results	307	3,752	23	-	4,082
Interest income					9
Finance costs					(577)
Depreciation					<u>(2,041)</u>
Profit before taxation					1,473
Taxation					(784)
Profit net of tax					<u>689</u>
Assets					
Segment assets	31,757	41,988	4,801	(12,584)	65,962
Addition to non-current assets other than financial instruments and deferred tax assets	82	574	-	-	656
Liabilities					
Segment liabilities	31,681	8,708	2,228	(19,874)	22,743
Major customer	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>

Geographical Information

	Revenue RM'000	Non-current assets RM'000
At 30 June 2013		
Malaysia	11,269	34,190
Indonesia	10,780	3,203
Japan	5,551	
Others	2,715	6
	<u>30,315</u>	<u>37,399</u>
At 30 June 2012		
Malaysia	12,013	34,229
Indonesia	7,069	7,152
Japan	7,264	
Others	2,187	
	<u>28,533</u>	<u>41,381</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 30.06.2013 RM'000	Financial Year Ended 31.12.2012 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 2012.

A14. Amounts Due to Directors

The amounts due to directors of RM2,674,721 are unsecured and have no fixed terms of repayment . An amount of RM2,566,721 bears interest at the rate of 6% per annum while the balance RM108,000 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	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM'000	RM'000	RM'000	RM'000
Revenue	15,749	14,588	30,315	28,533
Profit for the period attributable to equity holders of the parent	1,102	801	2,097	689

The Group registered an increase of 7.96% in revenue on quarter-on-quarter basis due to increase in revenue in hygiene division and increase in revenue in felts division in Indonesia. The Group recorded an increase of 6.25% on cumulative year-on-year basis due to the increased revenue in hygiene and felts divisions The increased in revenue in felts division was mainly due to higher revenue in Indonesia.

The Group recorded a RM0.301 million increase in net profit on quarter-on-quarter basis and RM1.408 million increase in net profit on cumulative year-on-year basis, attributable to the increase in revenue as mentioned in the above.

The operation in Indonesia had surpassed its breakeven production level and the Company had scaled down the PE film operation due to its weak demand and competitive pricing in the market. These factors had contributed to the increase in net profit on cumulative year-on-year basis..

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

	Quarter ended	
	30.06.2013	31.03.2013
	RM'000	RM'000
Revenue	15,749	14,677
Profit / (Loss) before taxation	1,603	1,312

The Group's revenue was 7.3% higher and profit before taxation was RM0.291 million higher as compared to the immediate preceding quarter. The improved profit before taxation was mainly due to increase in revenue from felts division and hygiene division .

B3. Prospect for Year 2013

Barring unforeseen circumstances, the Directors anticipate the Group's performance to be better in the financial year 2013 compared to the financial year 2012.

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 30.06.2013 RM'000	Year-to-date period ended 30.06.2013 RM'000
Estimated current tax payable	(606)	(904)
Overprovision/(underprovision)	-	-
Deferred tax	105	86
Taxation expense	(501)	(818)

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. 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.

B7. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of issue of this report.

B8. Group Borrowings and Debt Securities

The Group's borrowings as at 30 June 2013 are shown below:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term Borrowings			
Term Loan	1,417	-	1,417
Trade Line	6,915	2,318	9,233
Bank Overdraft	319	-	319
Hire Purchase Payables	762	-	762
	9,413	2,318	11,731
Long Term Borrowings			
Term Loan	2,763	-	2,763
Hire Purchase Payables	682	-	682
	3,445	-	3,445
Total	12,858	2,318	15,176

B9. Off Balance Sheet Financial Instruments

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

B10. Disclosure of Realised and Unrealised Profits

	Period ended 30.06.2013 RM'000	As at 31.12.2012 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	2,155	9,194
- Unrealised	(29)	(257)
	2,126	8,937
Add: Consolidation adjustments	(3)	5,702
Total group retained profits as per consolidated accounts	2,123	14,639

B11. Material Litigation

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 27 August 2013, being a date not more than seven (7) days from the date of this report.

B12. Dividends

No dividend has been recommended, declared and paid for the financial period ended 30 June 2013 (30 June 2012: 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.

	Current Year Quarter 30.06.2013	Preceding Year Corresponding Quarter 30.06.2012	Current Year-To- Date 30.06.2013	Preceding Year Corresponding Period 30.06.2012
Net Profit / (Loss) (RM'000)	1,102	801	2,097	689
Weighted average number of ordinary shares ('000)	223,000	223,000	223,000	223,000
Basic earnings / (loss) per share (sen)	<u>0.49</u>	<u>0.36</u>	<u>0.94</u>	<u>0.31</u>

▪ Diluted earnings / (loss) per share

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