

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

UNAUDITED QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2014

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 2013.

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 2013.

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	To be announced by the MASB
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 7	Financial Instruments: Disclosures	Applies when MFRS 9 is applied
MFRS 8	Operating Segments	1 July 2014
MFRS 9	Financial Instruments	To be announced by the MASB
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 116	Property, Plant and Equipment	1 July 2014
MFRS 119	Employee Benefits	1 July 2014
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 138	Intangible Assets	1 July 2014
MFRS 139	Financial Instruments: Recognition and Measurement	Applies when MFRS 9 is applied
MFRS 140	Investment Property	1 July 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 2013.

A2. Audit Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2013 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 31 March 2014

	Hygiene RM'000	Insulation RM'000	Investment holdings RM'000	Eliminatio n RM'000	Total RM'000
Revenue					
External revenue	10,227	7,173	7	-	17,407
Intersegment revenue	210	75	120	(405)	-
Total revenue	10,437	7,248	127	(405)	17,407
Results					
Segment profit	1,033	2,391	7	(142)	3289
Interest income					12
Finance costs					(145)
Depreciation					<u>(930)</u>
Profit before taxation					2,226
Taxation					(435)
Profit net of tax					<u>1,791</u>
Assets					
Segment assets	38,101	39,582	4,586	(10,995)	71,274
Addition to non-current assets other than financial instruments and deferred tax assets	10	21	-	-	31
Liabilities					
Segment liabilities	24,560	5,092	1,888	(11,402)	20,138
Major customer	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>2</u>

Period Ended 31 March 2013

	Hygiene RM'000	Insulation RM'000	Investment holdings RM'000	Eliminatio n RM'000	Total RM'000
Revenue					
External revenue	8,245	6,428	4	-	14,677
Intersegment revenue	-	148	120	(268)	-
Total revenue	8,245	6,576	124	(268)	14,677
Results					
Segment results	613	1,902	19	-	2,534
Interest income					5
Finance costs					(207)
Depreciation					<u>(1,020)</u>
Profit before taxation					1,312
Taxation					(317)
Profit net of tax					<u>995</u>
Assets					
Segment assets	30,880	42,423	5,003	(12,568)	65,738
Addition to non-current assets other than financial instruments and deferred tax assets	50	184	-	-	234
Liabilities					
Segment liabilities	31,288	7,270	2,329	(19,858)	21,029
Major customer	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>

Geographical Information

	Revenue RM'000	Non-current assets RM'000
At 31 March 2014		
Malaysia	5,737	28,693
Indonesia	5,142	5,238
Japan	4,753	-
Others	1,774	7
	<u>17,406</u>	<u>33,938</u>
At 31 March 2013		
Malaysia	5,454	32,011
Indonesia	5,237	6,329
Japan	2,508	-
Others	1,478	7
	<u>14,677</u>	<u>38,347</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 31.03.2014 RM'000	Financial Year Ended 31.12.2013 RM'000
Approved and contracted for :		
Property, plant and equipment	3,750	4,010

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 2013.

A14. Amounts Due to Directors

The amounts due to directors of RM1,879,434 are unsecured and have no fixed terms of repayment. An amount of RM1,771,434 bears interest at the rate of 6% per annum while the balance RM108,000 are directors' fee.

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	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	RM'000	RM'000	RM'000	RM'000
Revenue	17,406	14,677	17,406	14,677
Profit for the period attributable to owners of the parent	1,791	995	1,791	995

The Group registered an increase of 18.59% in revenue on quarter-on-quarter basis and year-on-year basis due to increase in export sales to Japan in hygiene division and increase in revenue in felts division in Indonesia.

The Group recorded RM0.796 million increase in net profit on quarter-on-quarter basis and on cumulative year-on-year basis, attributable to the increase in revenue as mentioned above.

The plant in Indonesia was operating at full capacity during the quarter under review as compared to the corresponding quarter of last year during which it was operating at 50% capacity.

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

	Quarter ended	
	31.03.2014	31.12.2013
	RM'000	RM'000
Revenue	17,406	19,201
Profit / (Loss) before taxation	2,226	2,463

The Group recorded a reduction of RM1.795 million in revenue and a decrease of RM0.237 million in profit before taxation. The reduction in profit before taxation was due to lower revenue recorded in both felts division and hygiene division. However, Indonesia rupiah currency had appreciated during the first quarter of financial year 2014 and this appreciation has helped to improve the net profit of the group.

B3. Prospect for Year 2014

Barring unforeseen circumstances, the Directors anticipate the Group's performance to be better in the financial year 2014 compared to the financial year 2013.

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 31.03.2014 RM'000	Year-to-date period ended 31.03.2014 RM'000
Estimated current tax payable	(494)	(494)
Overprovision/(underprovision)	-	-
Deferred tax	60	60
Taxation expense	(434)	(434)

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 unabsorbed tax losses set off against the current year taxable profit in one of the 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 31 March 2014 are shown below:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term Borrowings			
Term Loan	1,385	-	1,385
Trade Line	7,025	2,974	9,999
Bank Overdraft	570	-	570
Hire Purchase Payables	753	-	753
	<u>9,733</u>	<u>2,974</u>	<u>12,707</u>
Long Term Borrowings			
Term Loan	1,548	-	1,548
Hire Purchase Payables	41	-	41
	<u>1,589</u>	<u>-</u>	<u>1,589</u>
Total	<u>11,322</u>	<u>2,974</u>	<u>14,296</u>

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 31.03.2014 RM'000	As at 31.12.2013 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	1,924	27,717
- Unrealised	(122)	867
	<u>1,802</u>	<u>28,584</u>
Add: Consolidation adjustments	2	(8,323)
Total group retained profits as per consolidated accounts	<u>1,804</u>	<u>20,261</u>

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 28 May 2014, being a date not more than seven (7) days from the date of this report.

B12. Dividends

No dividend was recommended, declared and paid for the financial period 31 March 2014 (31 March 2013: 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 31.03.2014	Preceding Year Corresponding Quarter 31.03.2013	Current Year-To- Date 31.03.2014	Preceding Year Corresponding Period 31.03.2013
Net Profit / (Loss) (RM'000)	1,791	995	1,791	995
Weighted average number of ordinary shares ('000)	223,000	223,000	223,000	223,000
Basic earnings / (loss) per share (sen)	<u>0.80</u>	<u>0.45</u>	<u>0.80</u>	<u>0.45</u>

▪ Diluted earnings / (loss) per share

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