

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

**UNAUDITED QUARTERLY REPORT FOR THE QUARTER ENDED 30 JUNE 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:-

		<b>Effective for financial periods beginning on or after</b>
<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 30 June 2014

	Hygiene RM'000	Insulation RM'000	Investment holdings RM'000	Eliminatio n RM'000	Total RM'000
<b>Revenue</b>					
External revenue	22,203	15,048	12	-	37,263
Intersegment revenue	398	75	240	(713)	-
Total revenue	22,601	15,123	252	(713)	37,263
<b>Results</b>					
Segment profit	1,980	4,832	50	(281)	6,581
Interest income					35
Finance costs					(278)
Depreciation					<u>(1,861)</u>
Profit before taxation					4,477
Taxation					(879)
Profit net of tax					<u>3,598</u>
<b>Assets</b>					
Segment assets	39,546	40,969	4,329	(10,963)	73,881
Addition to non-current assets other than financial instruments and deferred tax assets	445	644	-	-	1,089
<b>Liabilities</b>					
Segment liabilities	25,889	5,366	1,614	(11,370)	21,499
<b>Major customer</b>	1	-	-	-	1

Period Ended 30 June 2013

	Hygiene RM'000	Insulation RM'000	Investment holdings RM'000	Elimination RM'000	Total RM'000
<b>Revenue</b>					
External revenue	17,056	13,252	7	-	30,315
Intersegment revenue	-	260	240	(500)	-
Total revenue	17,056	13,512	247	(500)	30,315
<b>Results</b>					
Segment results	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>
<b>Assets</b>					
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
<b>Liabilities</b>					
Segment liabilities	32,435	6,352	2,343	(19,920)	21,210
<b>Major customer</b>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>

Geographical Information

	Revenue RM'000	Non-current assets RM'000
At 30 June 2014		
Malaysia	12,518	28,952
Indonesia	10,802	4,759
Japan	9,647	-
Others	4,296	6
	<u>37,263</u>	<u>33,717</u>
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>

**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 30.06.2014 RM'000</b>	<b>Financial Year Ended 31.12.2013 RM'000</b>
Approved and contracted for :		
Property, plant and equipment	11,500	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 RM1,604,637 are unsecured and have no fixed terms of repayment. An amount of RM1,496,637 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**

	<b>Quarter ended</b>		<b>Year-to-date</b>	
	<b>30.06.2014</b>	<b>30.06.2013</b>	<b>30.06.2014</b>	<b>30.06.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	19,856	15,749	37,263	30,315
Profit for the period attributable to owners of the parent	1,806	1,102	3,598	2,097

The Group registered an increase of 26.08% in revenue on quarter-on-quarter basis due to increase in export sales to Japan, China and Thailand in hygiene division and increase in revenue in felts division in Indonesia. The Group's revenue rose 22.92% on year-on-year basis due to increase in export sales to Japan, China, Thailand and increase in local sales in hygiene division. The increase in sales in Indonesia and Malaysia in felts division also contributed to the increase in Group's revenue.

The increase in revenue as mentioned above attributed to the increase in profit. The Group recorded RM0.704 million increase in net profit on quarter-on-quarter basis and RM1.501 million on cumulative year-on-year basis.

The plant in Indonesia was operating at full capacity during the period under review as compared to the corresponding first 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	
	30.06.2014 RM'000	31.03.2014 RM'000
Revenue	19,856	17,406
Profit / (Loss) before taxation	2,251	2,226

The Group recorded an increase of RM2.45 million in revenue and an increase of RM0.025 million in profit before taxation. During the quarter under review, the felts division's performance was affected by the weak rupiah and this has lower 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 30.06.2014 RM'000	Year-to-date period ended 31.03.2014 RM'000
Estimated current tax payable	(935)	(494)
Overprovision/(underprovision)	-	-
Deferred tax	56	60
<b>Taxation expense</b>	<b>(879)</b>	<b>(434)</b>

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 30 June 2014 are shown below:

	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Short Term Borrowings</b>			
Term Loan	1,228	-	1,228
Trade Line	7,604	3,459	11,063
Bank Overdraft	653	-	653
Hire Purchase Payables	559	-	559
	<u>10,044</u>	<u>3,459</u>	<u>13,503</u>
<b>Long Term Borrowings</b>			
Term Loan	1,289	-	1,289
Hire Purchase Payables	41	-	41
	<u>1,330</u>	<u>-</u>	<u>1,330</u>
<b>Total</b>	<u>11,374</u>	<u>3,459</u>	<u>14,833</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 30.06.2014 RM'000	As at 31.12.2013 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	3,831	27,717
- Unrealised	(212)	867
	<u>3,619</u>	<u>28,584</u>
Add: Consolidation adjustments	4	(8,323)
Total group retained profits as per consolidated accounts	<u>3,623</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 19 August 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 30 June 2014 (30 June 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.

	<b>Current Year Quarter 30.06.2014</b>	<b>Preceding Year Corresponding Quarter 30.06.2013</b>	<b>Current Year-To- Date 30.06.2014</b>	<b>Preceding Year Corresponding Period 30.06.2013</b>
Net Profit / (Loss) (RM'000)	1,806	1,102	3,598	2,097
Weighted average number of ordinary shares ('000)	223,000	223,000	223,000	223,000
Basic earnings / (loss) per share (sen)	<u>0.81</u>	<u>0.49</u>	<u>1.61</u>	<u>0.94</u>

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

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