

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

UNAUDITED QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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

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 September 2014

	Hygiene RM'000	Insulation RM'000	Investment holdings RM'000	Eliminatio n RM'000	Total RM'000
Revenue					
External revenue	33,241	21,744	10	-	54,995
Intersegment revenue	564	75	360	(999)	-
Total revenue	33,805	21,819	370	(999)	54,995
Results					
Segment profit	1,400	6,664	62	(420)	7,706
Interest income					50
Finance costs					(429)
Depreciation					<u>(2,738)</u>
Profit before taxation					4,589
Taxation					(1,475)
Profit net of tax					<u>3,114</u>
Assets					
Segment assets	43,839	40,120	3,926	(10,887)	76,998
Addition to non-current assets other than financial instruments and deferred tax assets	759	6,297	-	-	7,056
Liabilities					
Segment liabilities	24,907	3,518	1,221	(11,293)	18,353

Major customer	1	-	-	-	1
Period Ended 30 September 2013					
	Hygiene RMø000	Insulation RMø000	Investment holdings RMø000	Eliminatio n RMø000	Total RMø000
Revenue					
External revenue	28,588	20,782	10	-	49,380
Intersegment revenue	-	260	360	(802)	-
Total revenue	28,588	21,224	370	(802)	49,380
Results					
Segment results	2,304	6,478	99	-	8,881
Interest income					17
Finance costs					(557)
Depreciation					<u>(2,944)</u>
Profit before taxation					5,397
Taxation					(1,410)
Profit net of tax					<u>3,987</u>
Assets					
Segment assets	32,261	44,163	4,948	(12,687)	68,684
Addition to non-current assets other than financial instruments and deferred tax assets	94	248	-	-	342
Liabilities					
Segment liabilities	32,373	6,069	2,265	(19,977)	20,730
Major customer	2	-	-	-	2

Geographical Information

	Revenue RMø000	Non-current assets RMø000
At 30 September 2014		
Malaysia	17,774	33,127
Indonesia	15,374	10,140
Japan	15,135	-
Others	6,712	5
	<u>54,995</u>	<u>43,272</u>
At 30 September 2013		
Malaysia	17,666	30,225
Indonesia	17,250	5,384
Japan	10,787	-

Others	3,677	8
	49,380	35,617

A9. Revaluation of Property, Plant and Equipment

During the quarter under review, the Group had revalued its landed properties based on a valuation carried out by a registered valuer with an independent firm of professional valuers, using the Comparison Method of Valuation. The revaluation surplus of RM6.623 million has been recognised as revaluation surplus in the Balance Sheet during the current quarter under review.

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 30.09.2014 RM'000	Financial Year Ended 31.12.2013 RM'000
Approved and contracted for :		
Property, plant and equipment	11,000	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 RM1,217,696 are unsecured and have no fixed terms of repayment and bears interest at the rate of 6% per annum.

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	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
Revenue	17,732	19,065	54,995	49,380
Profit for the period attributable to owners of the parent	(483)	1,889	3,114	3,987

The Group registered a reduction of 7% in revenue on quarter-on-quarter basis due to decrease in export sales to Indonesia in hygiene division and decrease in revenue in felts division in Malaysia. The Group's revenue rose 11.37% on year-on-year basis due to increase in export sales to Japan, China, Thailand and increase in local sales in hygiene division and the increase in sales in insulation division in Indonesia.

The Group posted RM2.372 million and RM0.873 million reduction in net profit on quarter-on-quarter basis and year-on-year basis respectively. The reduction in profit was mainly attributed to the one time loss of RM1.694 million on disposal of PE Modular machine, write-off of some fixed assets and stock and reduction in sales.

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

	Quarter ended	
	30.09.2014	30.06.2014
	RM'000	RM'000
Revenue	17,732	19,856
Profit / (Loss) before taxation	112	2,251

The Group recorded a reduction of RM2.124 million in revenue and a reduction of RM2.139 million in profit before taxation. During the quarter under review, the hygiene division's performance was affected by the one time loss of RM1.694 million on disposal of PE Modular machine, write-off some fixed assets and stock and reduction in sales and decrease in sales in insulation division in Malaysia.

B3. Prospect for Year 2014

Barring unforeseen circumstances, excluding the loss on disposal of PE Modular machine, the Directors anticipate the Group's performance for the financial year 2014 to be comparable 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	Year-to-date period
	30.09.2014	ended 30.09.2014
	RM'000	RM'000
Estimated current tax payable	(603)	(1,539)
Overprovision/(underprovision)	3	3
Deferred tax	5	61
Taxation expense	<u>(595)</u>	<u>(1,475)</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 unabsorbed tax losses set off against the current year taxable profit and the effect of the loss on disposal of the PE Modular machine 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 September 2014 are shown below:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term Borrowings			
Term Loan	1,446	-	1,446
Trade Line	8,266	1,898	10,164
Bank Overdraft	764	-	764
Hire Purchase Payables	411	-	411
	<u>10,887</u>	<u>1,898</u>	<u>12,785</u>
Long Term Borrowings			
Term Loan	825	-	825
Hire Purchase Payables	-	-	-
	<u>825</u>	<u>-</u>	<u>825</u>
Total	<u><u>11,712</u></u>	<u><u>1,898</u></u>	<u><u>13,610</u></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 30.09.2014 RM'000	As at 31.12.2013 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	5,110	27,717
- Unrealised	(1,947)	867
	<u>3,163</u>	<u>28,584</u>
Add: Consolidation adjustments	6	(8,323)
Total group retained profits as per consolidated accounts	<u><u>3,169</u></u>	<u><u>20,261</u></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 25 November 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 September 2014 (30 September 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 30.09.2014	Preceding Year Corresponding Quarter 30.09.2013	Current Year-To- Date 30.09.2014	Preceding Year Corresponding Period 30.09.2013
Net Profit / (Loss) (RM'000)	(483)	1,889	3,114	3,987
Weighted average number of ordinary shares ('000)	223,000	223,000	223,000	223,000
Basic earnings / (loss) per share (sen)	(0.22)	0.85	1.40	1.79

▪ Diluted earnings / (loss) per share

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