



GREEN OCEAN CORPORATION BERHAD

(Company No: 632267-P)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED 30 JUNE 2014

GREEN OCEAN CORPORATION BERHAD

(Company No: 632267-P)
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2014****CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS
AND OTHER COMPREHENSIVE INCOME FOR
THE FIRST QUARTER ENDED 30 JUNE 2014**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|--|--|--|---|
| | CURRENT YEAR QUARTER 30/06/2014 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 30/06/2013 RM'000 | CURRENT YEAR TO DATE 30/06/2014 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 30/06/2013 RM'000 |
| Revenue | 8,140 | 6,611 | 8,140 | 6,611 |
| Cost of sales | (7,794) | (6,642) | (7,794) | (6,642) |
| Gross profit | 346 | (31) | 346 | (31) |
| Other operating income | - | - | - | - |
| Depreciation and amortisation | (325) | (317) | (325) | (317) |
| Operating expenses | (463) | (905) | (463) | (905) |
| Operating loss | (442) | (1,253) | (442) | (1,253) |
| Interest expense | (149) | (74) | (149) | (74) |
| Loss before tax | (591) | (1,327) | (591) | (1,327) |
| Income tax expense | - | - | - | - |
| Loss for the period | (591) | (1,327) | (591) | (1,327) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive loss for the period | (591) | (1,327) | (591) | (1,327) |
| Loss for the period attributable to: | | | | |
| Equity holders of the parent | (591) | (1,327) | (591) | (1,327) |
| Total comprehensive loss for the period attributable to: | | | | |
| Equity holders of the parent | (591) | (1,327) | (591) | (1,327) |
| Basic loss per share (sen) | (0.29) | (0.65) | (0.29) | (0.65) |

The Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the financial year ended 31 March 2014 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2014****NOTES TO CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER
COMPREHENSIVE INCOME**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--|--|--|---|
| | CURRENT YEAR QUARTER 30/06/2014 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 30/06/2013 RM'000 | CURRENT YEAR TO DATE 30/06/2014 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 30/06/2013 RM'000 |
| Other items included in the statement of profit and loss and other comprehensive income were:- | | | | |
| Allowance for doubtful and write off of receivables | - | - | - | - |
| Provision and write off of inventories | - | - | - | - |
| Gain or loss on disposal of quoted or unquoted investments or properties | - | - | - | - |
| Reversal of impairment on property, plant & equipment | - | - | - | - |
| Foreign exchange (gain) or loss | - | - | - | - |
| (Gain) or loss on derivatives | (208) | (100) | (208) | (100) |

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2014****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

| | UNAUDITED AS AT END OF CURRENT QUARTER 30/06/2014 RM'000 | AUDITED AS AT PRECEDING FINANCIAL YEAR 31/03/2014 RM'000 |
|---|---|---|
| Non-current Assets | | |
| Property, plant and equipment | 21,710 | 22,035 |
| Current Assets | | |
| Inventories | 1,574 | 1,837 |
| Trade receivables | 75 | 490 |
| Other receivables and prepaid expenses | 463 | 437 |
| Other financial asset | 33 | 304 |
| Cash and bank balances | 274 | 192 |
| | 2,419 | 3,260 |
| Total assets | 24,129 | 25,295 |
| Equity and Liabilities | | |
| Issued capital | 20,259 | 20,259 |
| Share premium | 3,483 | 3,483 |
| Revaluation reserve | 5,795 | 5,795 |
| Accumulated losses | (15,840) | (15,249) |
| Total equity | 13,697 | 14,288 |
| Non-current Liabilities | | |
| Long term borrowings | - | - |
| Deferred revenue | 698 | 738 |
| Hire purchase creditors | 260 | 179 |
| Deferred taxation | 444 | 444 |
| | 1,402 | 1,361 |
| Current Liabilities | | |
| Trade payables | 924 | 2,350 |
| Other payables and accrued expenses | 938 | 693 |
| Amount owing to directors | 6,191 | 5,041 |
| Deferred revenue | 161 | 161 |
| Other financial liability | - | 63 |
| Hire purchase creditors | 138 | 265 |
| Short term borrowings | 678 | 1,073 |
| | 9,030 | 9,646 |
| Total liabilities | 10,432 | 11,007 |
| Total equity and liabilities | 24,129 | 25,295 |
| Net assets per share attributable to ordinary equity holders of the parent (sen) | 6.76 | 7.05 |

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2014****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2014**

| | Issued and paid up capital RM'000 | Non-distributable Share premium RM'000 | Revaluation reserve RM'000 | Distributable reserve Unappropriated profit RM'000 | Total RM'000 |
|---|--|---|---|---|-------------------------|
| Balance as at 1 April 2013 | 20,259 | 3,483 | - | (9,762) | 13,980 |
| Total recognised income and expense for the year - loss for the year | - | - | - | (5,487) | (5,487) |
| Created during the year | - | - | 5,795 | - | 5,795 |
| Balance as at 31 March 2014 | <u>20,259</u> | <u>3,483</u> | <u>5,795</u> | <u>(15,249)</u> | <u>14,288</u> |
| Balance as at 1 April 2014 | 20,259 | 3,483 | 5,795 | (15,249) | 14,288 |
| Total recognised income and expense for the period - loss for the period | <u>-</u> | <u>-</u> | <u>-</u> | <u>(591)</u> | <u>(591)</u> |
| Balance as at 30 June 2014 | <u>20,259</u> | <u>3,483</u> | <u>5,795</u> | <u>(15,840)</u> | <u>13,697</u> |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the financial year ended 31 March 2014 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2014****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2014**

| | CURRENT YEAR TO DATE 30/06/2014 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 30/06/2013 RM'000 |
|--|---|--|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Loss for the period | (591) | (1,327) |
| Adjustments for: | | |
| Depreciation of property, plant & equipment | 325 | 317 |
| Government grant recognized | 208 | 121 |
| Other income | (40) | (61) |
| Interest expense | 149 | 74 |
| | <hr/> | <hr/> |
| Operating Profit/(Loss) Before Working Capital Changes | 51 | (876) |
| Changes In Working Capital: | | |
| Net change in current assets | 654 | 3,143 |
| Net change in current liabilities | (31) | (4,233) |
| | <hr/> | <hr/> |
| Cash From/(Used In) Operations | 674 | (1,966) |
| Net income tax paid | (3) | (1) |
| Interest expense | (149) | (74) |
| | <hr/> | <hr/> |
| Net Cash From/ (Used In) Operating Activities | 522 | (2,041) |
| | <hr/> | <hr/> |
| CASH FLOW USED IN INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | - | (433) |
| | <hr/> | <hr/> |
| Net Cash Used In Investing Activities | - | (433) |
| | <hr/> | <hr/> |

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| | CURRENT YEAR TO DATE 30/06/2014 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 30/06/2013 RM'000 |
|--|---|--|
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Drawdown/(Repayment) of short-term borrowings | (394) | - |
| Drawdown/(Repayment) of long-term borrowings | - | (911) |
| Drawdown/(Repayment) of hire purchase creditors | (46) | 353 |
| Net Cash Used In Financing Activities | (440) | (558) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT | 82 | (3,032) |
| CASH AND CASH EQUIVALENT AT BEGINNING OF PERIOD | 192 | 4,272 |
| CASH AND CASH EQUIVALENT AT END OF PERIOD | 274 | 1,240 |

Cash and cash equivalent comprise of:

| | CURRENT YEAR TO DATE 30/06/2014 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 30/06/2013 RM'000 |
|---------------------------|---|--|
| Cash on hand and at banks | 274 | 1,240 |

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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 JUNE 2014

A EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of preparation

The interim financial statements are unaudited and had been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134 “Interim Financial Reporting” and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the ACE Market, and should be read in conjunction with the Group financial statements for the year ended 31 March 2014.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2014 except for the adoption of MFRSs relevant to the Group as indicated below:

| | |
|--|---|
| MFRS 7 | Financial Instruments: Disclosures (Amendments relating to Disclosures - Offsetting Financial Assets and Liabilities) |
| MFRS 10 | Consolidated Financial Statements |
| MFRS 10 | Consolidated Financial Statements (Amendments relating to Transition Guidance) |
| MFRS 13 | Fair Value Measurement |
| MFRS 101 | Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income) |
| MFRS 119 | Employee Benefits (IAS 19 as amended by IASB in June 2011) |
| MFRS 127 | Separate Financial Statements (IAS 27 as amended by IASB in May 2011) |
| Amendments to MFRSs contained in the document entitled Annual Improvements 2009 - 2011 cycle | |

The adoption of these revised Standards and Amendments have not had material impact on the amounts reported in the financial statements of the Group and of the Company.

Standards and Amendments in issue but not yet effective

At the date of authorisation for issue these financial statements, the new and revised Standards relevant to the Group and the Company which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

| | |
|---------------------------------|--|
| MFRS 9 | Financial Instruments (IFRS 9 issued by IASB in November 2009) ¹ |
| MFRS 9 | Financial Instruments (IFRS 9 issued by IASB in October 2010) ¹ |
| MFRS 9 | Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139) ¹ |
| Amendments to MFRS 9 and MFRS 7 | Mandatory Effective Date of MFRS 9 (IFRS issued by IASB in November 2009 and October 2010 respectively)] and Transition Disclosures ¹ |
| Amendments to MFRS 119 | Employee Benefits (Amendments relating to Defined Benefit Plans: Employee Contributions) ³ |
| Amendments to MFRS 132 | Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities) ² |
| Amendments to MFRS 136 | Impairment of Assets (Amendments relating to Recoverable Amounts Disclosures for Non-Financial Assets) ² |

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Amendments to MFRS 139 Financial Instruments: Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting)²

Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2010 - 2012 Cycle³

Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2011 - 2013 Cycle³

A2 Qualification of annual financial statements

The preceding year annual audited financial statements were not subject to any qualification.

A3 Seasonal or cyclical factors

The Group's interim operations were not subject to any significant seasonal or cyclical factors.

A4 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows, which are unusual by reason of their nature, size or incidence.

A5 Changes in estimates

There were no changes in the nature and estimates of amounts reported which have a material effect on the results for the quarter under review.

A6 Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities by the Company during the quarter under review.

A7 Dividends paid

There were no dividends paid during the quarter under review.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2014****A8 Segment information**

The segment information for the financial period ended 30 June 2014 is as follows:

| | Bio Technology RM'000 | Information Communication Technology RM'000 | Others RM'000 | Consolidated RM'000 |
|------------------------------|--------------------------------------|--|--------------------------|--------------------------------|
| REVENUE | | | | |
| External | 8,106 | 34 | - | 8,140 |
| Inter-segment | - | - | - | - |
| Total | <u>8,106</u> | <u>34</u> | <u>-</u> | <u>8,140</u> |
| RESULTS | | | | |
| Segment results | (273) | 23 | (192) | (442) |
| Interest income/(expense) | (140) | - | (9) | (149) |
| Profit/(Loss) before tax | <u>(413)</u> | <u>23</u> | <u>(201)</u> | <u>(591)</u> |
| Income tax expense | - | - | - | - |
| Profit/(Loss) for the period | <u>(413)</u> | <u>23</u> | <u>(201)</u> | <u>(591)</u> |
| FINANCIAL POSITION | | | | |
| Total assets | <u>23,728</u> | <u>38</u> | <u>363</u> | <u>24,129</u> |
| Total liabilities | <u>8,812</u> | <u>853</u> | <u>767</u> | <u>10,432</u> |

A9 Valuation of property, plant and equipment

The Group did not revalue any of its property, plant and equipment during the quarter under review.

A10 Subsequent events

On 1 July 2014, the shareholders have passed the following ordinary resolutions tabled at the Extraordinary General Meeting held on that date:

- (i) placement of up to 60,778,500 new ordinary shares of RM0.10 each at an issue price of RM0.11 per ordinary share, representing 30% of the issue and paid-up share capital of the Company ("Placement") to certain directors and third party investors;
- (ii) issuance of up to 65,843,375 free warrants on the basis of one free warrant for every four ordinary shares of RM0.10 each held in the Company; and
- (iii) recurrent related party transactions of a revenue or trading nature involving interest of a director of the Company, Dato' Tan See Meng which are necessary for the Group's day-to-day operations on an arm's length basis, based on normal commercial terms which are not more favourable to the related party(ies) than those generally available to the public and are not detrimental to the minority shareholders of the Company.

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The Placement and the issuance of the free warrants have since been completed. The new ordinary shares were listed on the ACE Market on 14 July 2014 and the free warrants was admitted to the Official List of Bursa Securities and listed and quoted on 18 August 2014.

A11 Changes in the composition of the group

There were no changes to the composition of the Group for the quarter under review.

A12 Capital commitments

The Group has the following commitment relating to the purchase of property, plant and equipment:-

| | CURRENT YEAR TO DATE 30/06/2014 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 30/06/2013 RM'000 |
|---------------------------------|---|---|
| Contracted but not provided for | - | 78* |

*This relates to plant and machinery purchased under the insurance cover for the reconstruction of the crusher plant destroyed in the fire.

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B ADDITIONAL INFORMATION REQUIRED BY APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET

B1 Review of performance

The Group recorded revenue of RM8.1 million for the current quarter as compared to RM6.6 million in the preceding period corresponding quarter. The increase in Group revenue was due to higher production of palm kernel crushing activities. Loss before tax of RM0.59 million was lower for the current quarter as compared to loss before tax of RM1.33 million in the preceding period corresponding quarter primarily due to higher revenue and improved margins, lower operating expenses due to the cost reduction program exercise implemented in beginning of 2014, albeit higher interest expenses.

B2 Variation of results against preceding quarter

The Group recorded revenue of RM8.1 million for the current quarter as compared to RM5.2 million in the preceding quarter. The increase in the Group revenue was mainly due to the higher production of palm kernel crushing activities as a result of improved working capital due to the advance from the director to the company.

The Group recorded a lower current quarter loss before tax of RM0.59 million as compared to the preceding quarter loss before tax of RM1.45 million mainly due to lower operating expenses arising from the cost reduction exercise implemented as against the professional fees, loan interest, utilities and impairment of PPE incurred in the previous quarter.

B3 Prospects

The prospect of the Group for the current financial year remains challenging as the Group continues to concentrate on enhancing its palm kernel crushing activities so as to improve its revenue. The Group is also facing suppressing orders as customers are waiting for the global CPKO price to reduce further, whilst the raw material palm kernel price is also reducing in tandem.

Notwithstanding the current deflating price situation, the Group is currently contemplating to diversify into other palm oil products to improve its top line.

B4 Profit forecast / Profit guarantee

The Group did not issue any profit forecast or profit guarantee in any public documents.

B5 Taxation

There is no provision for taxation for the financial year as the companies in the Group have no chargeable income.

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B6 Status of corporate proposals announced but not completed

There are no other pending corporate proposals. The placement and the issuance of the free warrants have since been completed and the new ordinary shares were listed on the ACE Market on 14 July 2014 and the free warrants were admitted to the Official List of Bursa Securities and listed and quoted on 18 August 2014.

B7 Status of utilisation of proceeds

The Company raised RM6.7 million from the placement of 60,778,500 new ordinary shares of RM0.10 each, represented thirty percent (30%) of the issued and paid up capital of the Company, at an issue price of RM0.11 each.

The utilisation of proceeds from the Placement Shares were utilised as follows:-

| | Amount raised | Utilised as at | Balance |
|---|---------------|----------------|------------|
| | RM'000 | 28.8.2014 | unutilised |
| | RM'000 | RM'000 | RM'000 |
| Working capital | 6,478 | (5,478) | 1,000 |
| Estimated expenses in relation to the private placement | 208 | (208) | - |
| | 6,686 | (5,686) | 1,000 |
| | | | |

B8 Group's borrowings and debt securities

The Group's borrowings and debts securities as at 30 June 2014 are as follows:

| | Short Term | Long Term | Total |
|-------------------------|------------|-----------|--------|
| | RM'000 | RM'000 | RM'000 |
| Term loan | 678 | - | 678 |
| Hire purchase creditors | 138 | 260 | 398 |
| Total borrowings | 816 | 260 | 1,076 |

As at 30 June 2014, the wholly owned subsidiary, Ace Edible Oil Industries Sdn Bhd has credit facilities of RM0.7 million. These facilities are secured by way of legal fixed charge over two pieces of freehold land and building, a specific debenture over plant and machinery located on the property, corporate guarantee by the Company and the Government of Malaysia/Syarikat Jaminan Pembiayaan Perniagaan Berhad's guarantee under the Working Capital Guarantee Scheme, and the joint and several guarantees of certain directors. The hire purchase creditors is in respect of lease financing for assets utilised by the Company, of which the portion due within one year has been classified as short term.

All the borrowings are denominated in Ringgit Malaysia.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2014****B9 Breakdown of Realised and Unrealised Group Profits/(Losses)**

| | AS AT END OF CURRENT QUARTER 30/06/2014 RM'000 | AS AT PRECEDING FINANCIAL YEAR 31/03/2014 RM'000 |
|---------------------------------|---|---|
| Total accumulated losses | | |
| Realised losses | (10,509) | (10,386) |
| Unrealised profits/(losses) | (208) | 260 |
| | <u>(10,717)</u> | <u>(10,126)</u> |
| Less : Consolidated adjustments | (5,123) | (5,123) |
| Total Group accumulated losses | <u>(15,840)</u> | <u>(15,249)</u> |

B10 Material litigation

The Group has no outstanding material litigation as at the date of this report.

B11 Dividends

The Directors have not recommended or declared any dividend for the quarter ended 30 June 2014.

B12 Earnings per share

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|--|--|--|---|
| | CURRENT YEAR QUARTER 30/06/2014 | PRECEDING YEAR CORRESPONDING QUARTER 30/06/2013 | CURRENT YEAR TO DATE 30/06/2014 | PRECEDING YEAR CORRESPONDING PERIOD 30/06/2013 |
| Profit/(Loss) for the period (RM'000) | (591) | (1,327) | (591) | (1,327) |
| Weighted average number of shares in issue ('000) | 202,595 | 202,595 | 202,595 | 202,595 |
| Basic earnings/(loss) per share (sen) | <u>(0.29)</u> | <u>(0.65)</u> | <u>(0.29)</u> | <u>(0.65)</u> |

By Order of the Board

WONG KEO ROU (MAICSA 7021435)
Company Secretary
Kuala Lumpur
29 August 2014