

OKA CORPORATION BHD (519941-H)

Additional Information Required By The BMSB's Main Market Listing Requirement For The First Quarter Ended 30 June 2014

1. Review of Performance

(a) Current Quarter vs Preceding Year Corresponding Quarter

The Group recorded revenue of RM39.3 million for the quarter under review as compared to RM35.4 million in the corresponding quarter of the preceding year. The Group's profit before tax for the current quarter was RM4.4 million, representing an increase of RM0.4 million as compared to profit before tax of RM4.0 million in the corresponding quarter of the preceding year. The increase of the Group's profit before tax was mainly contributed by higher sales during the current quarter as compared to the corresponding quarter of the preceding year.

2. Variation of Results Against Immediate Preceding Quarter

The Group recorded revenue of RM39.3 million for the current quarter as compared to RM37.3 million in the immediate preceding quarter. The Group's profit before tax has decreased by RM2.1 million from RM6.5 million in the immediate preceding quarter to RM4.4 million in the current quarter. The decrease of the Group's profit before tax was mainly due to sales of standard products during the current quarter as compared to higher margin products sold in the immediate preceding quarter.

3. Current Year Prospects

Based on the current economic outlook in Malaysia, the construction industry is expected to remain progressive. However, uncertainty of uncontrollable factors such as raw materials pricing, fuel & energy costs and shortage of manpower in the manufacturing sector are expected to affect the Group's turnover and profit. The Group's continuous effort to diversify its products, introduce products differentiation and to improve on the existing products together with the implementation of cost savings exercise will help to enhance its overall competitiveness in the industry. Hence, barring any unforeseen circumstances, the Group is optimistic that it will remain profitable in the current financial year.

4. Profit Forecast

Not applicable for the current financial year as no profit forecast was published.

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5. Income tax expense

	Current Quarter 30/06/2014	Current Year To-Date 30/06/2014
	RM'000	RM'000
<i>Current period tax expense - Malaysia</i>		
Current period	1,330	1,330
<i>Deferred tax expense</i>		
Origination of temporary differences	11	11
	1,341	1,341

The Group's effective tax rate is higher than the Malaysia statutory tax rate mainly due to certain expenses not deductible for tax purposes.

6. Status of Corporate Proposals

The Company announced the following 2 proposals on 11 July 2014 which were approved by Bursa on 31 July 2014. The shareholders had also approved the proposals at the EGM held on 28th Aug 2014.

- (a) Proposed bonus issue of 30,456,500 new ordinary shares of RM0.50 each ("Bonus Shares") on the basis of one (1) Bonus Share for every four (4) existing ordinary share of RM0.50 each on an entitlement date to be determined and announced later; and
- (b) Proposed establishment of a new executives share option scheme ("ESOS") involving up to 15% of the issued and paid-up share capital of the Company to eligible directors and employees of the Company and its subsidiaries which are not dormant.

Other than the above, there were no other corporate proposals announced and not completed as at the date of this report.

7. Borrowings

The Group's total borrowings as at 30 June 2014 were as follows:-

Short-term borrowing:-	Unsecured RM'000
- Bankers' acceptances	<u>3,800</u>

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8. Derivative Financial Instruments

There were no derivative financial instruments as at the date of this report.

9. Dividends

No interim dividend has been declared for the current financial period to-date.

10. Material Litigation

As of the date of this report, the Group does not have any material litigation which would have a material adverse effect on the financial position of the Group. Provisions, where necessary, have been taken up in the interim financial statements accordingly.

11. Basic Earnings Per Share ("EPS")

	Current Quarter 30/06/2014	Current Year To-Date 30/06/2014
Net profit attributable to owners of the Company (RM'000)	3,063	3,063
Number of ordinary shares issued ('000 shares)	121,826	121,826
Basic EPS (sen)	2.51	2.51

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12. Profit before tax

Profit before tax is arrived at after charging/(crediting) :

	Current Quarter 30/06/2014 RM'000	Current Year To-Date 30/06/2014 RM'000
Depreciation and amortisation	1,541	1,541
Loss on foreign exchange (realised)	8	8
Impairment loss on trade receivables	1,340	1,340
Interest expense	38	38
Interest income	(26)	(26)
Rental expense	641	641
Rental income	(46)	(46)
Reversal of impairment loss on receivables	(350)	(350)

13. Disclosure of Realised and Unrealised Profits or Losses

	As at 30/06/2014 RM'000	As at 31/03/2014 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	66,015	63,228
- Unrealised	10,927	10,751
	<u>76,942</u>	<u>73,979</u>
Less: Consolidation adjustments	(25,084)	(25,184)
Total retained profits as per statement of financial position	<u>51,858</u>	<u>48,795</u>

14. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 August 2014.