OCEANCASH

OCEANCASH
PACIFIC BERHAD
(590636-M)

ANNUAL REPORT
2006

CONTENTS

MANAGEMENT'S DISCUSSION

The Board of Directors and the management team of Oceancash Pacific Berhad are pleased to present the Annual Report and Financial Statements of the Group and Company for the financial year ended 31 December 2006.

The financial year 2006 was a challenging year for the Group with the rising costs in raw material, start-up cost of new Polyethylene (P.E.) film production line and ongoing samples development.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2006, the Group's revenue reduced slightly from RM33.77 million in the previous financial year to RM33.36 million. The Group recorded a net loss of RM0.50 million during the financial year 2006 as compared to the previous financial year's net profit of RM1.25 million.

REVIEW OF OPERATIONS

The Group's loss before taxation was mainly due to amortization cost of the new production line for felts division and P.E film production line in the hygiene division. The additional borrowing raised to finance the production expansion has increased the interest expense during the financial year.

The hygiene division was operating under optimum capacity and faced stiff competition from spunbond nonwoven cloth while P.E. film production line had commenced commercial production and generated some sales during the financial year.

The lower vehicles sales in Malaysia have affected the revenue of the Group's felts division. However, the commencement of the P.E. film production in June 2006 has generated some sales to counter the drop in the Group's revenue.

GROUP PROSPECTS

Year 2006 has been an exciting year for the felts division. It has made its foray into the Taiwan, Indonesia and Philippines automotive sector and we look forward to increase our presence in these countries.We have developed a product, phenol free moldable felt (P.F.M.F.) to replace polyvinyl chloride (PVC) as pad dash panel used in vehicles. We are in the process of producing the P.F.M.F. product sample and if successful, shall be among the first in Malaysia to produce such product.

The hygiene division is currently pursuing R&D on "2-in-1" nonwoven cloth which is lighter in weight and cost saving to the customers. We have also successfully laminated our in-house nonwoven cloth with P.E. film which is also lighter in weight and allows cost saving to our customers.

Instead of competing only on pricing, we have developed new products to improve the performance of the Group. We would continue to focus on the expansion program and we remain optimistic that the Group will perform better in the next financial year.

Industry Trend and Development

Oceancash Nonwoven Sdn Bhd's market is dependent on the growth of the disposable hygiene and medical industry in the services sector while Oceancash Felts Sdn Bhd's market is dependent on the growth of the automotive and air-condition industries in the manufacturing sector.

In 2006, the Malaysian economy was stronger and more resilient. Real gross domestic product expanded by 5.9%, up from 5.2% a year ago. On the sectoral front, the services, manufacturing and agriculture sectors were the key contributors to growth. The services sector, which has become an important contributor to growth, expanded by 6.5%. Underpinned by the continued upturn in the global electronics cycle which began in the second half of 2005, the manufacturing sector strengthened further to 7%. With the sustained global growth and resilient domestic demand, the Malaysian economy is projected to expand by 6%.

(Source: PRESS RELEASE on Bank Negara Malaysia (BNM) Annual Report 2006 dated 21 March 2007, BNM)

DIVIDEND

The directors are of the opinion that it would be in the best interest of the OPB Group to retain adequate reserves for its business expansion for the time being and therefore does not recommend any dividends for the financial year ended 31 December 2006.

APPRECIATION

We would like to express our appreciation to the management and staff, regulatory authorities, bankers, customers, suppliers and shareholders for their invaluable support and confidence.

For and on behalf of the Board

TAN SIEW CHIN

Date: 17 April 2007

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Tan Siew Chin
Chief Executive Officer
Executive Chairman

Lo Pong Kiat @ Lor Hong Ling
Executive Director

Tan Siew Tyan
Non-Independent Non-Executive Director

Chan Soo Wah
Independent Non-Executive Director

Dr Han Swan Kwong @ Adrian Han
Independent Non-Executive Director

Chen Lee Chew
Non-Independent Non-Executive Director

AUDIT COMMITTEE

Chan Soo Wah - Chairman
Independent Non-Executive Director

Tan Siew Tyan - Member
Non Independent Non-Executive Director

Dr Han Swan Kwong @ Adrian Han - Member
Independent Non-Executive Director

REGISTERED OFFICE

No. 22-2 Jalan Tun Sambanthan 3
50470 Kuala Lumpur
Tel No.: 03-2274 8980
Fax No.: 03-2272 1864

HEAD / MANAGEMENT OFFICE

Lot 73 Jalan P10/21
Taman Industri Selaman,
43650 Bandar Baru Bangi
Selangor Darul Ehsan
Tel No.: 03-8925 0000
Email: ofsb@oceancash.com.my

COMPANY SECRETARIES

Margaret Pelly (LS 04402)
Ng Chong Teck (LS 0008866)

SPONSOR

Southern Investment Bank Berhad (169955-T)
16th Floor, Wisma Genting
28, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel No.: 03-2059 4188
Fax No.: 03-2078 0699

STOCK EXCHANGE LISTING

MESDAQ Market
Bursa Malaysia Securities Berhad

PRINCIPAL BANKER

Public Bank Berhad (6463-H)
1 & 3, Jalan M/J2
Taman Majlis Jaya
Jalan Sg. Chua
43000 Kajang
Selangor Darul Ehsan
Tel No.: 03-8737 0228

REGISTRAR

Sectrars Services Sdn Bhd (92781-X)
No. 28-1 Jalan Tun Sambanthan 3
50470 Kuala Lumpur
Tel No.: 03-2274 6133
Fax No.: 03-2274 1016

AUDITORS

Monteiro & Heng (AF 0117)
Monteiro & Heng Chambers
22-1 Jalan Tun Sambanthan 3
50470 Kuala Lumpur
Tel No.: 03-2274 8988
Fax No.: 03-2260 1708

Tan Siew Chin

Aged 55, Malaysian

Executive Chairman and Chief Executive Officer

Mr. Tan Siew Chin was appointed to the Board of Oceancash Pacific Berhad ("OPB") on 29 March 2004. He is a member of the Chartered Institute of Management Accountants of United Kingdom and a registered member of the Malaysian Institute of Accountants.

Mr. Tan joined Supreme Finance (M) Bhd in 1979. In 1982, he moved to a group of property development companies known as Mepro Holdings Bhd as an Accountant and was later appointed as Executive Director. He was formerly an Executive Director of Emtex Corporation Bhd (now known as PJ Development Bhd) in 1985, which had a core business in the planting of oil palm, coconut, rubber, cocoa and operating oil palm mills. In 1988, he bought over a manufacturing company, which was later known as Paragon Union Bhd. Paragon Union Bhd's core business was in the manufacturing of car components and commercial wall-to-wall carpets. He ventured into the nonwoven business through Oceancash Felts Sdn Bhd ("OFSB") after he sold his shareholdings in Paragon Union Bhd. He is also a substantial shareholder in Oceancash Holdings Sdn Bhd which is a property investment company.

Mr. Tan is the husband of Madam Chen Lee Chew, a Non-Independent Non-Executive Director and major shareholder of the Company and the brother of Mr. Tan Siew Tyan, a Non-Independent Non-Executive Director of the Company. He has no conflict of interest with the Company nor any convictions for offences within the past ten years other than traffic offences. He has fully attended all the five (5) Board of Director's meeting held during the financial year of the Company.

Chen Lee Chew

Aged 53, Malaysian

Non-Independent Non-Executive Director

Madam Chen Lee Chew was appointed to the Board on 19 August 2004. She was trained as a staff nurse and midwife in England in 1976. She is a director and substantial shareholder in Oceancash Holdings Sdn Bhd which is a property investment company.

Madam Chen is the wife of Mr. Tan Siew Chin, a major shareholder, Chief Executive Officer and Executive Chairman of the Company as well as the sister in-law of Mr. Tan Siew Tyan, a Non-Independent Non-Executive Director. She has no conflict of interest with the Company nor any convictions for offences within the past ten years other than traffic offences. She has attended four (4) out of the five (5) Board of Director's meeting held during the financial year of the Company.

Lo Pong Kiat @ Lor Hong Ling

Aged 69, Malaysian

Executive Director

Mr. Lo Pong Kiat @ Lor Hong Ling was appointed to the Board on 29 March 2004. He spent the early part of his career in sales and marketing for various car companies including Wearne's Brothers, Fiat and Tan Chong Motors. With his experience in the automotive industry, he joined Coco Industry Sdn Bhd in 1980, a Japanese company involved in the production of mattresses using coconut fibres in Malaysia. He was responsible for the company's venture into the manufacture of car seat paddings using coconut fibres in the early 1980's. As a result of this breakthrough and under the guidance of the parent company in Japan, Ikeda Busan, he was instrumental in the subsequent establishment of Ikeda Malaysia Sdn Bhd, one of the largest automotive interior trim companies in Malaysia. In 1989, recognizing the potential of nonwoven felt applications in the automotive industry, he left to set up his trading company, Jugaya Sdn Bhd, importing and dealing in all kinds of nonwoven felts. In 1997, he was involved in the commencement of operations in OFSB.

He has no conflict of interest with the Company nor any convictions for offences within the past ten years other than traffic offences, neither does he have any family relationship with any other director and/or major shareholder of the Company. He has fully attended all the five (5) Board of Director's meeting held during the financial year of the Company.

Chan Soo Wah

Aged 55, Malaysian

Independent Non-Executive Director

Madam Chan Soo Wah was appointed to the Board on 29 March 2004. She is a fellow member of the Institute of Chartered Accountants of England and Wales and a registered member of the Malaysian Institute of Accountants.

Madam Chan started her professional career with international accounting firms in England and Malaysia. She has had experience in investment companies with diversified interests in Malaysia and Singapore and had held senior positions in the Corporate Finance Division of a local merchant banking group. Her latest position was with the largest industrial gas company in Malaysia with international links, as Senior Manager in charge of Finance and Company Secretarial functions. She has also served as an Alternate Director in one of its affiliated companies.

Madam Chan is also an Independent Non-Executive Director of Plenitude Berhad, a company which is listed on the Bursa Malaysia Securities Berhad.

She has no family relationship with any other director and/or major shareholder nor has any conflict of interest with the Company. She has not been convicted for any offences within the past ten years other than traffic offences. She has fully attended all the five (5) Board of Director's meeting held during the financial year of the Company.

Han Swan Kwong @ Adrian Han

Aged 50, Malaysian

Independent Non-Executive Director

Dr. Han Swan Kwong @ Adrian Han was appointed to the Board on 29 March 2004. He has been practicing law since 1987. He is a graduate of the University of London and qualified with a Certificate in Legal Practice in 1986. He also qualified for associateship in the Chartered Institute of Arbitrators in 1998.

He was previously a tax accountant with two (2) major international public accounting firms. He is a fellow of the Institute of Taxation and holds a post-graduate Certified Diploma in Accounting and Finance. He also completed his Master of Business Administration (Finance) from the University of Hull. He was recently conferred the Doctor of Business Administration qualification by the Atlantic International University, USA.

He has no family relationship with any other director and/or major shareholder nor has any conflict of interest with the Company. He has not been convicted for any offences within the past ten years other than traffic offences. He has fully attended all the five (5) Board of Director's meeting held during the financial year of the Company.

Tan Siew Tyan

Aged 44, Malaysian

Non-Independent Non-Executive Director

Mr. Tan Siew Tyan was appointed to the Board on 29 March 2004. He graduated with a Bachelor of Civil and Structural Engineer from Carleton University in Ottawa, Canada, 1985. He is a member of the Board of Engineers Malaysia, as well as a member of the Institute of Engineers, Malaysia since 1986.

Between 1985 and 1990, he worked as a Project Engineer in Anti Hydro Care Sdn Bhd, a specialist in waterproofing. From 1991 to present, he works as a General Sales Manager in Forsoc Sdn Bhd, a subsidiary of Fosroc International Limited in the UK. Apart from this, he was a Company Director of Paragon Union Bhd, a company listed on Second Board of Bursa Malaysia Securities Berhad, from March 1995 to June 1997.

Mr. Tan is the brother of Mr. Tan Siew Chin, a major shareholder, Chief Executive Officer as well as Executive Chairman of the Company. He is also the brother in-law of Madam Chen Lee Chew, a Non-Independent Non-Executive Director of the Company. He has no conflict of interest with the Company nor any convictions for offences within the past ten years other than traffic offences. He has attended all the five (5) Board of Director's meeting held during the financial year of the Company.

The Board of Directors (the Board) recognizes the importance of corporate governance as set out in the Malaysian Code of Corporate Governance (the Code). The Board is committed to adopting the principles outlined in the Code.

BOARD OF DIRECTORS

Board Responsibilities

The Board has overall responsibilities for the business direction and overseeing the conduct of business, review and adopt strategic plan and succession planning. The Board also acknowledges the responsibility and regularly review the adequacy and the integrity of the Group's internal control system and management information systems to ensure compliance with the applicable laws, regulations, rules, directives and guidelines.

The Board Composition and Balance

The Board consists of one (1) Executive Chairman, one (1) Executive Director, two (2) Non-Independent Non-Executive Directors and two (2) Independent Non-Executive Directors. The Chairman is responsible for the day to day management of the business and the implementation of the Board's decision and policies.

The Independent Non-Executive Directors are free of any relationship which could interfere with the exercise of their independent judgement.

The Board comprising individuals with different qualification and diverse background, collectively provide a wide range of skills and expertise required to discharge the Board's duties and responsibilities.

The executive directors are responsible for the implementation of the Board's policies and decision and keep the Board informed of the overall operations of the Group. The non-executive directors, who have the skill and experience, provide independent views, advice and judgment in the decision process of the Board as well as to safeguard the interest of the public shareholders.

Board Meetings and Supply of Information

The Board meets every quarter with additional meetings convened as and when neccessary. During the year ended 31 December 2006, the Directors' attendances are as follows:-

Name of Director	Attendance
Tan Siew Chin	5/5
Chen Lee Chew	4/5
Lo Pong Kiat @ Lor Hong Ling	5/5
Chan Soo Wah	5/5
Dr. Han Swan Kwong @ Adrian Han	5/5
Tan Siew Tyan	5/5

All Board members are provided with documents and relevant information for them to review the agenda items prior to Board meetings. Senior management staff are invited to attend Board meetings when necessary to provide further clarifications on matters being tabled. The Board has access to information with regard to the activities within the Group and to the advice and services of the Company Secretary, who is responsible for ensuring the Board meeting procedures are adhered to. As and when necessary, the Board may seek independent advice, at the Company's expense.

Re-election of Directors

In accordance with the Company's Articles of Association, all directors who are appointed by the Board are subject to re-election by the shareholders at the Annual General Meeting subsequent to their appointment and one third of the remaining directors are subject to re-election by rotation at each Annual General Meetings at least once in every three (3) years.

Directors' Remuneration

The details of directors' remuneration for the financial year ended 31 December 2006 are as follows:-

(a) Aggregate remuneration categorized into appropriate components:-

	Executive Directors RM	Non-Executive Directors RM
Salaries	166,800	42,000
Bonuses	18,200	-
Fees	24,000	48,000
Benefits-In-Kind	23,300	-
Total	232,300	90,000

(b) The number of directors whose remuneration falls into respective band is as follows:-

	Number of Directors	
Range of Remuneration	**Executive**	**Non-Executive**
Less than RM50,000	-	3
RM50,001 to RM100,000	1	1
RM100,001 to RM200,00	1	-

RELATIONSHIP WITH SHAREHOLDERS

Relationship with Shareholders and Investors

The Company recognizes the importance of effective communication to its shareholders, investors and the general public. The Annual General Meetings (AGM) and Extraordinary General Meetings (EGM) provide a forum for dialogue for the public shareholders. The shareholders are given the opportunity to seek clarification on any matter pertaining the business activities and financial performance. The investors and shareholders are kept informed of the Group's financial results and corporate developments through public announcements made to Bursa Malaysia Securities Berhad, Circulars and Annual Report.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a balanced and comprehensive assessment of the Group's financial performance and prospects primarily through the Annual Report and the Quarterly Results announced to Bursa Malaysia. The Audit Committee reviews the financial results before recommending to the Board for approval.

Internal Control

The Board recognizes the responsibilities to maintain an effective system of internal control to safeguard the shareholders' interest and the Group's assets. The Group has in place a system of internal control designed to meet the Group's needs to manage rather than to eliminate the risk to which the Group is exposed to. The Audit Committee assists the Board in discharging the duties in relation to internal control.

Relationship with Auditors

The Board ensures that there are formal and transparent arrangements for the achievement of objectives and maintenance of professional relationship with the external auditors. The external auditors have full access to the books and records of the Group at all times. They participate in the annual stock counts of the Group.

The Audit Committee meets the External Auditors at least once a year to discuss their audit plan, audit findings and the financial statements. The Audit Committee also meets the External Auditors without the presence of the Executive Directors and any member of the management whenever deemed necessary.

The roles of both the External and Internal Auditors are further described in the Audit Committee Report which is set out on pages 12 to 13 of this Annual Report.

Statement of Directors' Responsibilities in Financial Reporting

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year. In preparing the financial statements, the Board has ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Board has adopted and applied consistently suitable accounting policies, and made judgments and estimates that are reasonable and prudent.

The Board also has a general responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect other irregularities.

Directors' Training

All the Directors of the Company have attended the Mandatory Accreditation Programme as prescribed by the listing requirements. The Board have assessed the training needs of the Directors and encourages the Directors to attend any relevant training programme to further enhance their knowledge to enable them to discharge their responsibilities more effectively.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENT OF BURSA

Utilisation of Proceeds

There were no proceeds raised from any corporate proposal during the financial year ended 31 December 2006

Share Buy-Back

The Company did not buy-back any of its shares during the financial year ended 31 December 2006

Non-Audit Fees

There were no non-audit fees incurred for services rendered to the Group for the financial year ended 31 December 2006 by the external auditors, or a firm or company affiliated to the auditors' firm.

Amount of Options, Warrants or Convertible Securities Exercised During the Financial year

There were no options, warrants or convertibles securities exercised during the financial year ended 31 December 2006.

American Depository Receipt ("ADR") or Global Depository Receipt (GDR")

The Company did not sponsor any ADR and GDR.

Sanction and/or Penalties

There were no sanction and/or penalties imposed on the Company and its subsidiaries, directors or management by the regulatory bodies during the financial year 31 December 2006.

Variation of Results

The Company did not issue any profit estimate, forecast or projection for the financial year ended 31 December 2006

There were no variances of 10% or more between the audited results for the financial year ended 31 December 2006 and the unaudited results previously announced.

Profit Guarantee

There were no profit guarantee given by the Company in respect of the financial year ended 31 December 2006

Material Contracts

There were no material contracts entered into by the Group involving directors' and substantial shareholders interest, either still subsisting, or entered into since the end of the previous financial year.

Revaluation of Landed Properties

The Group does not adopt a policy of regular revaluation of its landed properties.

Corporate Social Responsibility Activities or Practices

The Group did not undertake any corporate social responsibilty activities or practices during the financial year ended 31 December 2006.

Deviation from Best Practices

The Executive Chairman, Mr. Tan Siew Chin has also assumed the role of Chief Executive Officer. However, the strong independent element on the Board has ensured a balance of power and authority of the combined roles.

COMPOSITION

The members of the Committee shall be determined by the Board of Directors and shall be composed by no fewer than 3 members with the majority of whom are independent directors. The Chairman of the Committee shall be an Independent Director. The members of the Committee shall also possess the requisite qualification and experience that meet the prescribed requirements of Bursa Malaysia Securities Berhad for Mesdaq Market from time to time in force. No Alternate Director or Chief Executive Officer shall be appointed as a member of the Audit Committee.

The Audit Committee comprises three (3) members as follows:-

Chairman	:	Chan Soo Wah - Independent Non-Executive Director
Member	:	Dr. Han Swan Kwong @ Adrian Han - Independent Non-Executive Director
Member	:	Tan Siew Tyan - Non-Independent Non-Executive Director

TERMS OF REFERENCE OF AUDIT COMMITTEE

Meeting

The Committee shall meet at least 4 times a year with 2 members in attendance to form a quorum and will normally be attended by the senior management.

The External Auditors are normally invited to attend meetings as and when neccessary. Written notice of the meeting together with Agenda will be given to the members of the committee.

The Company Secretary shall be the secretary of the committee.

Authority

The Committee is authorised by the Board to investigate any matter within its terms of reference.

The Committee shall have the resources and shall be allowed to obtain independent professional or other advice necessary to assist the Committee in fulfilling its responsibilities at the cost of the Company.

The Committee shall have full and unrestricted access to the Chief Executive Officer, Chief Finance Officer and any other officers and any information pertaining to the Company. The Committee shall also have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity. Whenever necessary, the Committee may also convene meetings with the external auditors and to invite outsiders with relevant experience to attend its meetings, with or without the attendance of the executive members of the Committee.

Duties

The duties of the Audit Committee are :-

(1) To review the following and report the same to the board of directors of the Company:-
- with the external auditor, the audit plan;
- with the external auditor, his evaluation of the system of internal controls;
- with the external auditor, his audit report;
- the assistance given by the employees of the Company to the external auditor;
- the quarterly results and year end financial statements, prior to the approval by the board of directors, focusing particularly on:-
  - a) changes in or implementation of major accounting policy changes;
  - b) significant and unusual events;
  - c) significant adjustments arising from the audit;
  - d) the going concern assumption; and
  - e) compliance with accounting standards and other legal requirements;
- any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
- any letter of resignation from the external auditors of the Company;
- whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment;

(2) To consider the major findings of internal investigations and management's response;
(3) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);
(4) To review the external auditor's management letter and management's response;
(5) To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
(6) To recommend the nomination of a person or persons as external auditors;
(7) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved; and
(8) To consider other topics as defined by the board.

SUMMARY OF ACTIVITIES

The Audit Committee has met five (5) times during the financial year ended 31 December 2006. Details of the number of meetings attended by each member are as follows:

Members	Number of meetings attended
Chan Soo Wah (Chairman)	5/5
Dr. Han Swan Kwong @ Adrian Han	5/5
Tan Siew Tyan	5/5

The following activities were undertaken by the Audit Committee during the financial year ended 31 December 2006:-

- Reviewed the quarterly unaudited financial results announcements and the audited accounts for the year ended 31 December 2006 before recommending them for the Board's approval
- Reviewed the Company's compliance with the listing requirements and other relevant legal and regulatory requirements
- Reviewed pertinent issues of the Group
- Reviewed with the External Auditors the results of their audit, the Auditor's Report and recommendations
- Reviewed with the External Auditors scope of work of the Group for the financial year ended 31 December 2006

INTERNAL AUDIT FUNCTION

Presently, the Group does not have an internal audit department. In view of the size and operations of the Group, the Board is of the opinion that the current mechanism of internal control is sufficient. The Executive Directors monitor the Company' policies and procedures through their daily involvement in the business operations, attendance at operational and management level meetings and continuous improvement on the system of controls.

MATERIAL CONTRACTS INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

There were no material contracts entered into by the Company or its subsidiaries, which involved the interest of the Directors and Substantial Shareholders during the financial year.

VARIATION IN RESULT

There were no significant variations between the audited results for the financial year and the audited results previously announced.

EMPLOYEES SHARE OPTION SCHEME

No allocation of options pursuant to an employees share option scheme were made during the financial year.

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31st December 2006.

PRINCIPAL ACTIVITY

The Company is principally engaged in investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
(Loss)/profit after taxation	(502,730)	70,532
Minority interests	-	-
(Loss)/profit for the year	(502,730)	70,532

DIVIDEND

No dividend was paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividend in respect of the financial year ended 31st December 2006.

RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the financial year have been disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company, had been written down to an amount that they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or

(ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company, that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the changes in accounting policies due to the adoption of the new and revised FRSs and the effects arising from changes in estimates following the revision of the residual values of certain property, plant and equipment as disclosed in Note 3 to the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any shares or debentures during the financial year.

DIRECTORS

The directors in office since the date of the last report are:-

Chen Lee Chew
Chan Soo Wah
Dr. Han Swan Kwong @ Adrian Han
Lo Pong Kiat @ Lor Hong Ling
Tan Siew Chin
Tan Siew Tyan

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of those directors in office at the end of the financial year in shares in the Company during the financial year are as follows:-

	Number of ordinary shares of RM0.10 each			
	At 1.1.2006	Bought	Sold	At 31.12.2006
The Company				
Direct interest				
Chen Lee Chew	28,115,540	-	-	28,115,540
Chan Soo Wah	30,000	-	-	30,000
Dr. Han Swan Kwong @ Adrian Han	30,000	-	-	30,000
Lo Pong Kiat @ Lor Hong Ling	9,180,050	-	-	9,180,050
Tan Siew Chin	112,118,140	-	-	112,118,140
Tan Siew Tyan	1,352,420	-	-	1,352,420

	Number of ordinary shares of RM0.10 each			
	At 1.1.2006	Bought	Sold	At 31.12.2006
The Company				
Indirect interest				
Chen Lee Chew	115,809,600	-	-	115,809,600
Lo Pong Kiat @ Lor Hong Ling	5,135,040	-	-	5,135,040
Tan Siew Chin	32,257,810	-	-	32,257,810
Tan Siew Tyan	143,023,530	-	-	143,023,530

By virtue of their interests in the shares of the Company, the directors are also deemed interested in the shares of the subsidiaries to the extent the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a Company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs Monteiro & Heng, have expressed their willingness to continue in office.

TAN SIEW CHIN
Director

LO PONG KIAT @ LOR HONG LING
Director

Kuala Lumpur

Date: 17th April 2007

BALANCE SHEETS

As at 31st December 2006

	Note	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	32,688,027	34,768,106	47,704	52,786
Prepaid lease payments	5	6,253,245	6,320,543	-	-
Investment in subsidiaries	6	-	-	18,802,753	18,802,753
Total non-current assets		38,941,272	41,088,649	18,850,457	18,855,539
Current assets					
Inventories	7	6,024,739	4,907,442	-	-
Trade receivables	8	8,860,729	7,458,273	-	-
Other receivables	9	612,067	513,800	1,622	4,553
Amounts owing by subsidiaries	10	-	-	8,349,308	8,315,808
Short term investment	11	129,869	245,090	129,869	245,090
Tax recoverable		740,608	848,760	15,305	-
Cash and bank balances		2,061,555	1,041,950	267,267	44,361
Total current assets		18,429,567	15,015,315	8,763,371	8,609,812
TOTAL ASSETS		57,370,839	56,103,964	27,613,828	27,465,351
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	12	22,300,000	22,300,000	22,300,000	22,300,000
Share premium	13	3,948,670	3,948,670	3,948,670	3,948,670
Reserve on consolidation	14	-	4,292,114	-	-
Retained earnings/(accumulated losses)		6,822,119	3,032,735	(262,592)	(333,124)
Total equity		33,070,789	33,573,519	25,986,078	25,915,546

	Note	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Non-current liabilities					
Long term borrowings	15	6,941,371	9,513,917	5,000	20,000
Deferred taxation	17	385,705	1,787,008	-	-
Total non-current liabilities		7,327,076	11,300,925	5,000	20,000
Current liabilities					
Trade payables	18	2,111,071	515,813	-	-
Other payables	19	913,864	1,360,447	26,044	20,805
Amounts owing to directors	20	3,253,097	1,494,000	1,581,706	1,494,000
Short term borrowings	21	9,590,956	7,859,260	15,000	15,000
Bank overdrafts - secured	22	1,103,986	-	-	-
Total current liabilities		16,972,974	11,229,520	1,622,750	1,529,805
Total liabilities		24,300,050	22,530,445	1,627,750	1,549,805
TOTAL EQUITY AND LIABILITIES		57,370,839	56,103,964	27,613,828	27,465,351

The accompanying notes form an integral part of these financial statements.

INCOME STATEMENTS

For the Year Ended 31st December 2006

	Note	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Continuing operations					
Revenue	23	33,359,518	33,767,491	480,000	138,000
Cost of sales		(30,767,231)	(28,392,126)	-	-
Gross profit		2,592,287	5,375,365	480,000	138,000
Other operating income		302,180	594,232	122,363	15,217
Administrative expenses		(3,405,873)	(3,504,158)	(425,145)	(359,931)
Opearting (loss)/profit	24	(511,406)	2,465,439	177,218	(206,714)
Finance costs	25	(1,132,909)	(638,420)	(89,686)	(59,866)
(Loss)/profit before taxation		(1,644,315)	1,827,019	87,532	(266,580)
Taxation	26	1,141,585	(576,519)	(17,000)	-
(Loss)/profit for the year		(502,730)	1,250,500	70,532	(266,580)
Attributable to:					
Equity holders of the Company		(502,730)	1,118,892	70,532	(266,580)
Minority interests		-	131,608	-	-
		(502,730)	1,250,500	70,532	(266,580)
(Loss)/earnings per share from continuing operations attributable to equity holders of the Company (sen):	27				
- basic		(0.22)	0.50		
- fully diluted		(0.22)	0.50		

The accompanying notes form an integral part of these financial statements.

	← Attributable to equity holders of the Company				→		
	Non-distributable			Distributable			
	Share Capital RM	Share Premium RM	Reserves on Consolidation RM	Retained Earnings/ (Accumulated Losses) RM	Total RM	Minority Interest RM	Total Equity RM
Group							
Balance at 1st January 2005	22,300,000	3,948,670	4,408,662	1,913,843	32,571,175	1,834,730	34,405,905
Acquisition of minority interest	-	-	-	-	-	(1,966,338)	(1,966,338)
Reserve on consolidation	-	-	385,783	-	385,783	-	385,783
Amortisation	-	-	(502,331)	-	(502,331)	-	(502,331)
Profit for the year	-	-	-	1,118,892	1,118,892	131,608	1,250,500
Balance at 31st December 2005	22,300,000	3,948,670	4,292,114	3,032,735	33,573,519	-	33,573,519
Effect of adopting FRS 3	-	-	(4,292,114)	4,292,114	-	-	-
Loss for the year	-	-	-	(502,730)	(502,730)	-	(502,730)
Balance at 31st December 2006	22,300,000	3,948,670	-	6,822,119	33,070,789	-	33,070,789
Company							
Balance at 1st January 2005	22,300,000	3,948,670	-	(66,544)	26,182,126		
Loss for the year	-	-	-	(266,580)	(266,580)		
Balance at 31st December 2005	22,300,000	3,948,670	-	(333,124)	25,915,546		
Profit for the year	-	-	-	70,532	70,532		
Balance at 31st December 2006	22,300,000	3,948,670	-	(262,592)	25,986,078		

The accompanying notes form an integral part of these financial statements.

CASH FLOW STATEMENTS

For the Year Ended 31st December 2006

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
CASH FLOWS FROM OPERATING ACTIVITIES:				
(Loss)/profit before taxation				
- continued operations	(1,644,315)	1,827,019	87,532	(266,580)
Adjustments for:				
Depreciation				
- current year	3,487,973	2,516,867	5,082	15,836
- prior year	(566)	-	-	-
Amortisation of consolidated reserve	-	(502,331)	-	-
Interest expense	1,142,590	648,778	89,686	59,866
Interest income	(9,681)	(10,358)	-	-
Dividend income	(26,326)	(47,994)	(122,363)	(15,217)
(Gain)/loss on disposal on property, plant and equipment	(21,000)	137,296	-	-
Operating lease expenses on leased land	67,298	-	-	-
Property, plant and equipment written off	-	726	-	-
Unrealised gain on foreign exchange	(185,261)	(18,097)	-	-
	2,810,712	4,551,906	59,937	(206,095)
Net Change In Working Capital:				
Inventories	(1,117,297)	(238,988)	-	-
Receivables	(1,500,723)	1,169,265	2,931	155,137
Payables	1,148,675	239,678	5,239	(42,830)
Bills payable	2,975,084	2,028,766	-	-
	4,316,451	7,750,627	68,107	(93,788)
Interest received	9,681	10,358	-	-
Interest paid	(380,215)	(127,722)	-	-
Tax paid	(222,160)	(916,597)	(32,305)	-
Tax refund	70,594	105,312	-	-
Net Operating Cash Flow	3,794,351	6,821,978	35,802	(93,788)

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property, plant and equipment *	(1,367,328)	(19,020,558)	-	-
Proceeds from disposal of property, plant and equipment	21,000	105,450	-	-
Compensation received from loss on property, plant and equipment	-	1,733	-	-
Withdrawal of investment	115,221	5,006,899	115,221	2,989,745
Investment in subsidiaries	-	(1,580,555)	-	(1,580,555)
Dividend received	26,326	47,994	122,363	15,217
Net Investing Cash Flow	(1,204,781)	(15,439,037)	237,584	1,424,407
CASH FLOWS FROM FINANCING ACTIVITIES:				
Interest paid	(762,375)	(521,056)	(89,686)	(59,866)
Amounts owing by subsidiaries	-	-	(33,500)	(2,725,000)
Amounts owing to directors	1,759,097	826,352	87,706	1,444,500
Repayment of hire purchase liabilities	(109,519)	(116,252)	(15,000)	(15,000)
Drawdown of term loans	-	11,442,902	-	-
Repayment of term loans	(3,561,154)	(3,359,603)	-	-
Net Financing Cash Flow	(2,673,951)	8,272,343	(50,480)	(1,355,366)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(84,381)	(344,716)	222,906	(24,747)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	1,041,950	1,386,666	44,361	69,108
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	957,569	1,041,950	267,267	44,361
ANALYSIS OF CASH AND CASH EQUIVALENTS:				
Cash and bank balances	2,061,555	1,041,950	267,267	44,361
Bank overdrafts	(1,103,986)	-	-	-
	957,569	1,041,950	267,267	44,361

* During the year, the Group acquired property, plant and equipment amounting to RM1,407,328/- (2005: RM19,296,558/-) of which RM64,266/- (2005: RM276,000/-) was acquired under hire purchase instalment plan. Cash payment amounting to RM24,266/- (2005: RM7,475/-) was made towards the hire purchase.

The accompanying notes form an integral part of these financial statements.

1. GENERAL INFORMATION

The Company is principally engaged in investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the MESDAQ Market of the Bursa Malaysia Securities Berhad.

The registered office and the principal place of business of the Company is located at Lot 73, Jalan P10/21, Taman Industri Selaman, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.

The financial statements are expressed in Ringgit Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 17th April 2007.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and the Company have been prepared under the historical cost basis, unless stated otherwise in the individual policy statements set out below.

The financial statements of the Group and of the Company comply with the provisions of the Companies Act, 1965 and applicable MASB approved accounting standards in Malaysia for entities other than private entities.

At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are effective for the Group's first annual reporting date, 31st December 2006, as described fully in Note 2.2.

The preparation of financial statements in conformity with the MASB approved accounting standards in Malaysia for entities other than private entities requires the use of certain accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the reported financial year. It also requires directors to exercise their judgments in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgments are based on the directors' best knowledge of current events and actions, actual results may differ.

2.2 Effects Arising from Adoption of New and Revised FRSs

On 1st January 2006, the Group and the Company adopted the following FRSs mandatory for financial year beginning on or after 1st January 2006:-

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Effects Arising from Adoption of New and Revised FRSs (Cont'd)

FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

In addition, the Group has decided for the early adoption of FRS 117 : Leases and FRS 124 : Related Party Disclosures (effective for annual accounting periods beginning on or after 1st October 2006) from 1st January 2006.

The Group applied the above FRSs retrospectively or prospectively as allowed by the respective FRSs. Certain comparative figures have been restated or reclassified to reflect the relevant adjustments under retrospective application and are disclosed in Note 33.

The adoption of all FRSs mentioned above does not have significant financial impact on the Group. With the adoption of the new applicable FRSs, the Group has effected the necessary changes to the accounting policies and disclosures as follows:-

(a) FRS 3: Business Combinations, FRS 136 : Impairment of Assets and FRS 138 : Intangible Assets

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138. The Group has applied the transitional provisions provided by FRS 3 to apply this FRS prospectively. Accordingly, business combinations entered into prior to the effective date have not been restated to comply with this FRS. There is no new business combination for which the agreement date is on or after 1st January 2006.

For business combination entered into prior to 1st January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities of the subsidiary.

With the adoption of FRS 3 beginning 1st January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary.

Prior to 1st January 2006, any excess of the net fair value of the identifiable assets and liabilities of the subsidiaries over cost of acquisition at the date of acquisition is referred to as reserve on consolidation and was either credited to the income statement as they arise or retained in the balance sheet and credited to the income statement over a period of 10 years, depending on the particular circumstances which gave rise to it. Under FRS 3, reserve on consolidation is now recognised immediately in the income statement. With the adoption of FRS 3 in accordance with the transitional provisions of FRS 3, the reserve on consolidation as at 1st January of RM4,292,114/- was derecognised with a corresponding adjustment to the opening balance of retained earnings.

(b) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest and other disclosures. Minority interest is now presented within total equity in the consolidated balance sheet and as an allocation from net profit or loss of the period in the consolidated income statement. The movement of minority interest is now presented in the consolidated statement of changes in equity.

The comparative figures have been reclassified to conform to the current year's presentation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Effects Arising from Adoption of New and Revised FRSs (Cont'd)

(c) FRS 117: Leases

The early adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the reclassification of leasehold land from property, plant and equipment to operating leases. Prior to 1st January 2006, leasehold land was classified as property, plant and equipment and was stated at valuation less accumulated depreciation and impairment cost. The leasehold land was last revalued in year 2002.

In accordance with the transitional provisions of FRS 117, this change in accounting policy is applied retrospectively and the comparative figures have been reclassified to conform to the current financial year's presentation. With the adoption of the revised FRS 117 at 1st January 2006, leasehold land was reclassified as prepaid lease payments.

The new and relevant standards that have been issued but not effective for the Group's current financial year where the Group has not early adopted, are as follows:-

(a) FRS 139 : Financial Instruments : Recognition and measurement (effective date yet to be determined by MASB)

This FRS establishes the principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group will apply this FRS when effective.

(b) FRS 6 : Exploration for and Evaluation of Mineral Resources

This FRS is not relevant to the Group's operations. Hence, no further disclosure is warranted.

2.3 Significant Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year.

The financial statements of the parent and its subsidiaries are all drawn up to the same reporting date.

Subsidiaries are those corporations in which the Group has the power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

Subsidiaries are consolidated using the purchase method of accounting. Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date control ceases.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition, irrespective of the extent of any minority interest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(a) Basis of Consolidation (Cont'd)

The excess of the cost of the acquisition over the net fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the net fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

Intra-group transactions, balances and resulting unrealised gains on transactions within the Group are eliminated in full on consolidation. Unrealised losses resulting from intra-group transactions are also eliminated on consolidation unless costs cannot be recovered. When necessary, adjustments are made to the financial statements of the subsidiaries to ensure consistency of accounting policies with those adopted by the Group.

Minority interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Company, directly or indirectly through subsidiary. It is measured at the minorities' share of the fair values of the subsidiary's identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiary's equity since that date.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profit until the minority's share of losses previously absorbed by the Group has been recovered.

(b) Property, Plant and Equipment

All property, plant and equipment were initially stated at cost. Certain buildings were subsequently shown at market value, based on valuations of external independent valuers, less subsequent accumulated depreciation and impairment losses, if any. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p).

Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(b) Property, Plant and Equipment (Cont'd)

Depreciation is charged on a straight line basis to write off the costs of the assets to their residual values over the term of their estimated useful lives. The annual rates used for this purpose are as follows:-

Long leasehold buildings	2%
Plant and machinery	10 - 15%
Factory and office equipment	10 - 20%
Furniture and fittings	10 - 33 1/3%
Motor vehicles	20%

The residual values, useful life and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

(c) Leasehold Land/ Prepaid Lease Payments

Lease of land where significant risks and rewards of ownership are retained by the lessor are classified as operating leases. The up-front payment represents prepaid lease payments and are amortised on a straight line basis over the period of the lease.

The Group had previously revalued its leasehold land and has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provisions of FRS 117. Such prepaid lease payments is amortised over the period of the lease.

(d) Revaluation of Assets

Land and buildings at valuation are revalued at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued land and buildings materially differ from the market values.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any surplus or deficit arising from the revaluations will be dealt with in the Revaluation Reserve Account. Any deficit is set-off against the Revaluation Reserve Account only to the extent of surplus credited from the previous revaluation of the land and buildings and the excess of the deficit is charged to the income statement. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

(e) Goodwill and Reserve on Consolidation

Goodwill arising on acquisition represents the excess of cost of business combination over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p).

Goodwill is not amortised but is reviewed for impairment, annually or more frequently for impairment in value and is written down where it is considered necessary. Reserve on consolidation is recognised immediately in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(f) Investments

Investments in subsidiaries and short term investments are stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p).

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on the first-in first-out basis. The cost of finished goods and work-in-progress comprises raw material, direct labour, other direct costs and appropriate proportion of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

(h) Receivables

Receivables are carried at anticipated realisable values. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date. Bad debts are written off when identified.

(i) Payables

Payables are stated at cost which is the fair value of consideration to be paid in the future, whether or not billed to the Group.

(j) Foreign Currency Translation

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (" the functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Group's functional currency and presentation currency.

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the rate of exchange ruling on that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rates at the date the fair value was determined. Exchange differences arising from the settlement of foreign currency transactions and from the retranslation of foreign currency monetary assets and liabilities are included in the income statement.

(k) Hire Purchase

Assets financed by hire purchase arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised as property, plant and equipment, and the corresponding obligations are treated as liabilities. The assets so capitalised are depreciated in accordance with the accounting policy on property, plant and equipment. Finance charges are charged to the income statements over the periods of the respective agreements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(l) Borrowing Costs

Borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

(m) Taxation

The tax expense in the income statement represents the aggregate amount of current tax and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not accounted for if it arises from initial recognition on an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(n) Revenue Recognition

(i) Sale of Goods

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyers.

(ii) Management Fees

Management fees are recognised when services are rendered.

(o) Financial Instruments

Financial instruments are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instrument. The particular recognition method adopted is disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(p) Impairment of Assets

The carrying amounts of assets, other than inventories, deferred tax assets and non-current assets held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment.

If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment loss is also recognised in the income statement.

(q) Employee Benefits

(i) Short term employee benefits

Wages, salaries, social security contribution, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by the employees.

(ii) Post-employment benefits

The Group contributes to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to the income statement in the period to which they are related. Once the contributions have been paid, the Group has no further payment obligations.

(r) Cash and Cash Equivalents

For the purpose of cash flow statements, cash and cash equivalents comprise cash in hand, bank balances and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated net of bank overdrafts which are repayable on demand.

3. CHANGE ON ACCOUNTING ESTIMATES

(a) Depreciation of property, plant and equipment

The revised FRS 116: Property, Plant and Equipment required the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group revised the residual values of certain buildings and plant and machineries with effect from 1st January 2006. The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charges of the Group for the current financial year have been reduced by RM253,000/-. Changes in the expected level of usage and technological developments could impact the residual values of the property, plant and equipment. Therefore the future depreciation charge could be revised.

(b) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses and capital allowances of the Group was RM3,158,773/- (2005: RM156,046/-).

4. PROPERTY, PLANT AND EQUIPMENT

Group	Long Leasehold Buildings RM	Plant and Machinery RM	Factory and Office Equipment RM	Furniture and Fittings RM	Motor Vehicles RM	Total RM
2006						
Cost/Valuation						
At 1st January 2006	7,847,526	33,702,112	1,059,346	239,307	1,329,044	44,177,335
Additions	8,930	1,242,273	91,859	-	64,266	1,407,328
Disposals	-	-	-	-	(213,094)	(213,094)
At 31st December 2006	7,856,456	34,944,385	1,151,205	239,307	1,180,216	45,371,569
Representing:						
- cost	5,366,456	34,944,385	1,151,205	239,307	1,180,216	42,881,569
- valuation	2,490,000	-	-	-	-	2,490,000
	7,856,456	34,944,385	1,151,205	239,307	1,180,216	45,371,569
Accumulated Depreciation						
At 1st January 2006	310,030	8,020,138	364,262	57,509	657,290	9,409,229
Charge for the year	235,873	2,964,914	121,389	22,757	142,474	3,487,407
Disposals	-	-	-	-	(213,094)	(213,094)
At 31st December 2006	545,903	10,985,052	485,651	80,266	586,670	12,683,542
Net Book Value at 31st December 2006	7,310,553	23,959,333	665,554	159,041	593,546	32,688,027
Representing:						
- cost	5,034,880	23,959,333	665,554	159,041	593,546	30,412,354
- valuation	2,275,673	-	-	-	-	2,275,673
	7,310,553	23,959,333	665,554	159,041	593,546	32,688,027

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Long Leasehold Buildings RM	Plant and Machinery RM	Factory and Office Equipment RM	Furniture and Fittings RM	Motor Vehicles RM	Total RM
2005						
Cost/Valuation						
At 1st January 2005	5,305,270	17,983,303	776,839	145,906	1,108,515	25,319,833
Additions	2,542,256	16,008,292	293,987	94,281	357,742	19,296,558
Disposals/write-off	-	(289,483)	(11,480)	(880)	(137,213)	(439,056)
At 31st December 2005	7,847,526	33,702,112	1,059,346	239,307	1,329,044	44,177,335
Representing:						
- cost	5,357,526	33,702,112	1,059,346	239,307	1,329,044	41,687,335
- valuation	2,490,000	-	-	-	-	2,490,000
	7,847,526	33,702,112	1,059,346	239,307	1,329,044	44,177,335
Accumulated Depreciation						
At 1st January 2005	196,832	6,017,589	264,890	40,452	633,748	7,153,511
Charge for the year	113,198	2,075,996	105,277	17,211	137,887	2,449,569
Disposals/write-off	-	(73,447)	(5,905)	(154)	(114,345)	(193,851)
At 31st December 2005	310,030	8,020,138	364,262	57,509	657,290	9,409,229
Net Book Value at 31st December 2005	7,537,496	25,681,974	695,084	181,798	671,754	34,768,106
Representing:						
- cost	5,209,347	25,681,974	695,084	181,798	671,754	32,439,957
- valuation	2,328,149	-	-	-	-	2,328,149
	7,537,496	25,681,974	695,084	181,798	671,754	34,768,106

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Motor Vehicle RM
2006	
Cost	
At 1st January 2006	79,179
Additions	-
Disposals	-
At 31st December 2006	79,179
Accumulated Depreciation	
At 1st January 2006	26,393
Charge for the year	5,082
Disposals	-
At 31st December 2006	31,475
Net Book Value at 31st December 2006	47,704
2005	
Cost	
At 1st January 2005	79,179
Additions	-
Disposals	-
At 31st December 2005	79,179
Accumulated Depreciation	
At 1st January 2005	10,557
Charge for the year	15,836
Disposals	-
At 31st December 2005	26,393
Net Book Value at 31st December 2005	52,786

Group

Long leasehold buildings of a subsidiary with net book value of RM4,344,743/- (2005 : RM4,731,972/-) have been charged to licensed banks to secure the banking facilities as stated in Notes 15 and 22 to the financial statements.

The leasehold buildings at valuation are stated at directors' valuation based on the valuation conducted by a firm of professional valuers in year 2002 using the open market value basis.

Had the revalued leasehold buildings been carried at historical cost less accumulated depreciation, the total net book value of the said buildings that would have been included in the financial statements of the Group is RM2,896,690/- (2005 : RM2,735,247/-).

Group and Company

Motor vehicles of the Group and of the Company with total net book values of RM593,546/- (2005 : RM671,754/-) and RM47,704/- (2005 : RM52,786/-) respectively are acquired under hire purchase instalment plans.

5. PREPAID LEASE PAYMENTS

	Group	
	2006 RM	2005 RM
Long Leasehold Land		
At 1st January	6,320,543	6,387,841
Additions	-	-
Amortisation for the year	(67,298)	(67,298)
At 31st December	6,253,245	6,320,543
Represented by:		
Current		
- due within one year	67,298	67,298
Non-current		
- due after one year and not later than five years	269,192	269,192
- due after five years	5,916,755	5,984,053
	6,253,245	6,320,543

Group

Long leasehold land with a total net book values of RM6,253,245/- (2005: RM6,320,543/-) has been charged to licensed banks to secure the banking facilities as stated in Notes 15 and 22 to the financial statements.

The long leasehold land is registered in the name of a company in which certain directors have interests.

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2006 RM	2005 RM
Unquoted shares - at cost	18,802,753	18,802,753

The following information relates to the subsidiaries which are incorporated in Malaysia:-

Name of Company	Effective Equity Interest 2006 %	Effective Equity Interest 2005 %	Principal Activities
Oceancash Nonwoven Sdn. Bhd.	100	100	Manufacturing and trading of non-woven products
Oceancash Felts Sdn. Bhd.	100	100	Manufacturing and distribution of felts

7. INVENTORIES

	Group	
	2006 RM	2005 RM
At Cost		
Machinery parts	415,325	432,673
Raw materials and packing materials	4,733,672	3,524,196
Work-in-progress	58,247	36,913
Finished goods	817,495	913,660
	6,024,739	4,907,442

8. TRADE RECEIVABLES

	Group	
	2006 RM	2005 RM
Trade receivables	8,880,729	7,478,273
Less: Allowance for doubtful debts	(20,000)	(20,000)
	8,860,729	7,458,273

Group

The group's normal trade credit term ranges from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

The currency exposure profile of trade receivables are as follows:-

	Group	
	2006 RM	2005 RM
Ringgit Malaysia	7,278,086	6,079,673
United States Dollar	1,345,085	1,378,600
Japanese Yen	237,558	-
	8,860,729	7,458,273

9. OTHER RECEIVABLES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Other receivables	183,777	31,109	-	-
Deposits	149,650	261,450	1,000	1,000
Prepayments	278,640	221,241	622	3,553
	612,067	513,800	1,622	4,553

10. AMOUNTS OWING BY SUBSIDIARIES

Company

The amounts owing by subsidiaries are unsecured, interest free and have no fixed terms of repayment.

11. SHORT TERM INVESTMENT

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
At cost				
Investment in Am Al-Amin fund	129,869	245,090	129,869	245,090

12. SHARE CAPITAL

	Group and Company			
	2006 RM	2005 RM	2006 RM	2005 RM
	Number of ordinary shares		Amount	
	Units	Units	RM	RM
Ordinary shares of RM0.10 each				
Authorised:				
At 1st January/31st December	250,000,000	250,000,000	25,000,000	25,000,000
Issued and fully paid:				
At 1st January/31st December	223,000,000	223,000,000	22,300,000	22,300,000

13. SHARE PREMIUM

	Group and Company	
	2006 RM	2005 RM
At 1st January/31st December	3,948,670	3,948,670

14. RESERVE ON CONSOLIDATION

	Group	
	2006 RM	2005 RM
At 1st January	4,292,114	4,408,662
Acquisition of subsidiaries	-	385,783
Less: Amortisation	-	(502,331)
Less: Effect of adopting FRS 3	(4,292,114)	-
At 31st December	-	4,292,114

15. LONG TERM LIABILITIES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Outstanding term loans principal	10,466,806	14,213,221	-	-
Less: Portion due within one year (Note 21)	(3,717,470)	(4,937,303)	-	-
	6,749,336	9,275,918	-	-
Hire purchase liabilities				
- due after one year and not later than five years (Note 16)	192,035	237,999	5,000	20,000
	6,941,371	9,513,917	5,000	20,000

Group

The term loans are secured by:-

(i) First fixed legal charges over certain leasehold land and buildings of the subsidiaries. The leasehold land is registered in the name of a company in which certain directors have interests.

(ii) Specific debenture of the plant and machineries of a subsidiary.

(iii) Guarantee by a director of a subsidiary.

(iv) Corporate guarantee by the Company and a company in which certain directors have interests.

15. LONG TERM LIABILITIES (CONT'D)

The said loans are repayable by fixed equal monthly installments and bear interest at rates ranging from 4.00% to 7.50% (2005 : 3.48% to 7.00%) per annum.

The terms of repayment of the loans are as follows:-

	Group	
	2006 RM	2005 RM
Within the next twelve months (Note 21)	3,717,470	4,937,303
After the next twelve months		
- due after two years	2,461,071	2,843,361
- due after two years and not later than five years	3,686,724	5,428,681
- due after five years	601,541	1,003,876
	6,749,336	9,275,918
	10,466,806	14,213,221

16. HIRE PURCHASE LIABILITIES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Minimum hire purchase payments:				
- not later than one year	89,928	81,644	16,980	16,980
- later than one year and not later than five years	204,718	293,228	5,660	22,640
	294,646	374,872	22,640	39,620
Future finance charges	(24,917)	(35,624)	(2,640)	(4,620)
Present value of hire purchase liabilities	269,729	339,248	20,000	35,000
Represented by:				
Current				
- due within one year (Note 21)	77,694	101,249	15,000	15,000
Non-current				
- due after one year and not later than five years (Note 15)	192,035	237,999	5,000	20,000
	269,729	339,248	20,000	35,000

17. DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

The following amounts, determined after appropriate offsetting, are shown in the balance sheet:-

	Group	
	2006 RM	2005 RM
Deferred tax assets	-	-
Deferred tax liabilities		
- subject to income tax	322,202	1,722,783
- subject to capital gains tax	63,503	64,225
	385,705	1,787,008

The deferred tax assets and liabilities are made up of temporary differences arising from:-

	Group	
	2006 RM	2005 RM
Subject to income tax		
Deferred tax assets (before offsetting)		
- property, plant and equipment	(73,641)	-
- tax losses	(747,640)	(43,693)
	(821,281)	(43,693)
Offsetting	821,281	43,693
Deferred tax assets (after offsetting)	-	-
Deferred tax liabilities (before offsetting)		
- property, plant and equipment	1,143,483	1,766,476
Offsetting	(821,281)	(43,693)
Deferred tax liabilities (after offsetting)	322,202	1,722,783
Subject to capital gains tax		
Deferred tax liabilities		
- property, plant and equipment	63,503	64,225

17. DEFERRED TAXATION (CONT'D)

The net movements in deferred taxation credited and charged to the income statement are as follows:-

	Group	
	2006 RM	2005 RM
At 1st January	1,787,008	1,379,010
Transfer to income statement (Note 26)		
Property, plant and equipment	(697,356)	451,691
Tax losses	(703,947)	(43,693)
	(1,401,303)	407,998
At 31st December	385,705	1,787,008

Deferred tax assets have not been recognised for the following items:-

	Group and Company	
	2006 RM	2005 RM
Unutilised tax losses	65,455	163,458
Deductible temporary differences	-	41,923
	65,455	205,381
Potential deferred tax assets not recognised at 26% (2005 : 28%)	17,018	57,506

The unutilised tax losses and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

18. TRADE PAYABLES

Group

The normal credit term granted to the group ranges from 30 to 120 days (2005 : 30 to 90 days).

19. OTHER PAYABLES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Other payables	761,896	1,165,101	-	-
Accruals	151,968	195,346	26,044	20,805
	913,864	1,360,447	26,044	20,805

20. AMOUNTS OWING TO DIRECTORS

Group

The amounts owing to directors comprise non-trade balances which are unsecured, have no fixed terms of repayment and are interest free, except for the advance from a director of RM3,022,000/- (2005: RM1,422,000/-) which bears interest at the rate of 6% (2005: 6%) per annum.

Company

The amounts owing to directors comprise non-trade balances which are unsecured, have no fixed terms of repayment and are interest free, except for the advance from a director of RM1,422,000/- (2005: RM1,422,000/-) which bears interest at the rate of 6% (2005: 6%) per annum.

21. SHORT TERM BORROWINGS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Bills payable	5,795,792	2,820,708	-	-
Hire purchase liabilities due within one year (Note 16)	77,694	101,249	15,000	15,000
Term loan portion due within one year (Note 15)	3,717,470	4,937,303	-	-
	9,590,956	7,859,260	15,000	15,000

Group

The bills payable are secured by corporate guarantee of the Company.

The bills payable bear interest at rates ranging from 3.75% to 7.95% (2005: 3.05% to 7.75%) per annum.

22. BANK OVERDRAFTS - SECURED

Group

The bank overdrafts are secured by:-

(i) First fixed legal charge over the leasehold land and buildings of the subsidiaries. The leasehold land is registered in the name of a company in which certain directors have interests.

(ii) Corporate guarantee by the Company and a company in which certain directors have interests.

The bank overdraft bears interest at rates ranging from 6.25% to 8.00% (2005: Nil) per annum.

23. REVENUE

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Sales of non-woven products	19,725,357	18,461,845	-	-
Sales of resinated felt for heat and sound insulation	13,634,161	15,305,646	-	-
Management fees	-	-	480,000	138,000
	33,359,518	33,767,491	480,000	138,000

24. OPERATING (LOSS)/PROFIT

Operating (loss)/profit has been arrived at:-

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
After charging:-				
Audit fees	23,000	23,000	4,500	4,500
Depreciation				
- current year	3,487,973	2,449,569	5,082	15,836
- prior year	(566)	-	-	-
Directors' remuneration :				
- fee	72,000	72,000	72,000	72,000
- salaries, bonuses and allowances	227,000	303,500	21,000	-
Hire of machinery	12,000	-	-	-
Loss on disposal of property, plant and equipment	-	137,796	-	-
Realised loss on foreign exchange	50,289	-	-	-
Operating lease expenses on leased land	67,298	67,298	-	-
Property, plant and equipment written off	-	726	-	-
Rental of premises	80,000	47,400	-	-
Personnel expenses (including key management personnel)				
- salaries, allowances and bonuses	2,821,204	2,593,158	155,200	90,500
- Employees' Provident Fund	268,797	247,023	21,216	10,860
- SOCSO	34,503	32,997	1,033	550
- other staff related expenses	138,536	110,333	-	-

24. OPERATING (LOSS)/PROFIT (CONT'D)

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
And crediting:-				
Amortisation of consolidated reserve	4,292,114	502,331	-	-
Dividend income	26,326	47,994	122,363	15,217
Gain on foreign exchange				
- realised	-	9,584	-	-
- unrealised	185,261	18,097	-	-
Gain on disposal of property, plant and equipment	21,000	500	-	-

Group

Directors' salaries, bonuses and allowances of the Group exclude estimated monetary value of benefits-in-kind of RM23,300/- (2005 : RM35,800/-).

25. FINANCE COSTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Interest income				
- fixed deposits	-	9,497	-	-
- licensed bank	9,681	861	-	-
	9,681	10,358	-	-
Interest expenses				
- bank overdrafts	(136,647)	(39,809)	-	-
- hire purchase	(15,907)	(36,243)	(1,980)	(1,980)
- term loan	(746,468)	(449,572)	(87,706)	(57,886)
- bills payable	(243,568)	(123,154)	-	-
	(1,142,590)	(648,778)	(89,686)	(59,866)
	(1,132,909)	(638,420)	(89,686)	(59,866)

26. TAXATION

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Income tax				
- current year	(257,694)	(167,823)	(17,000)	-
- prior years	(2,024)	(698)	-	-
Deferred taxation (Note 17)				
- current year	1,354,555	61,971	-	-
- prior years	46,748	(469,969)	-	-
	1,401,303	(407,998)	-	-
	1,141,585	(576,519)	(17,000)	-

Group and Company

The income tax is calculated at Malaysian statutory rate of 28% (2005: 28%) of the estimated assessable profit for the year. The statutory tax rate will be reduced to 27% and 26% from the current year's rate of 28% for the years of assessment 2007 and 2008 respectively. The computation of deferred tax as at 31st December 2006 has been reflected with these changes accordingly.

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
(Loss)/profit before taxation	(1,644,315)	1,827,019	87,532	(266,580)
Taxation at applicable tax rate of 28%	460,408	(511,565)	(24,509)	74,642
Tax effects arising from:				
- non-taxable income	55,235	171,016	1,957	4,261
- non-deductible expenses	(96,755)	(123,028)	(33,627)	(45,042)
- reversal/(origination) of deferred tax assets not recognised in the financial statements	37,870	(37,371)	39,179	(37,371)
- deferred tax recognised at different tax rate	1,309	-	-	-
- utilisation of tax allowance during the year	-	3,510	-	3,510
- reinvestment allowance claimed and utilised under Schedule 7A of the Income Tax Act, 1967	638,794	391,586	-	-
- over/(under) accrual in prior years	44,724	(470,667)	-	-
	1,141,585	(576,519)	(17,000)	-

27. (LOSS)/EARNINGS PER SHARE

Basic (Loss)/Earnings Per Share

The basic earnings per share for the year has been calculated based on the Group's (loss)/profit for the year of (RM502,730/-) (2005 : RM1,118,892/-) and on the number of 223,000,000 (2005 : 223,000,000) ordinary shares in issue during the financial year.

Diluted (Loss)/Earnings Per Share

For the diluted earnings per share calculation, the number of ordinary shares in issue is adjusted to assume conversion of all potential ordinary shares.

The Group has no dilutive potential ordinary shares. As such, there is no dilutive effect on the earnings per share of the Group.

28. CONTINGENT LIABILITIES - UNSECURED

	Group	
	2006 RM	2005 RM
Unsecured		
Corporate guarantees given to a licensed bank to secure banking facilities granted to subsidiaries	16,262,597	17,033,929

29. RELATED PARTY DISCLOSURES

(a) Related parties transactions

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Management fee received from subsidiaries	-	-	480,000	138,000
Rental paid to a company in which certain directors of the Company are controlling shareholders *	32,000	-	-	-

* Oceancash Felts Sdn. Bhd., a wholly-owned subsidiary of the Company, has entered into a lease agreement with Oceancash Holdings Sdn. Bhd., a company in which certain directors of the Company are controlling shareholders, for the lease of a vacant land at a monthly rental of RM4,000/- for a period of three years with the option to renew the tenancy for a further period of two years. The lease is to facilitate the production expansion of the said subsidiary.

The directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and the terms are no less favourable than those arranged with third parties.

29. RELATED PARTY DISCLOSURES (CONT'D)

(b) Compensation of key management personnel

The key management personnel compensation is as follows:-

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Directors' remuneration(including estimated monetary value of benefits-in-kind) (Note 24)	322,300	411,300	93,000	72,000
Other key management personnel * - short term employee benefits	254,900	217,150	160,000	98,550
	577,200	628,450	253,000	170,550

* Other key management personnel comprises persons other than the directors of the Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

30. FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The Group seeks to manage effectively various risks, namely credit, liquidity and interest rate risks, to which the Group is exposed to in its daily operations.

(i) Credit Risk

The management has a credit policy in place to monitor and minimise the exposure of default. Trade receivables are monitored on an ongoing basis.

As at balance sheet date, there was no significant exposure to a single customer or significant concentrations of credit risk in the Group. The maximum exposure to credit risk for the Group is represented by the carrying amount of each financial instrument.

(ii) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all financing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash equivalents to meet its working capital requirement.

30. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management (Cont'd)

(iii) Interest Rate Risk

The Company's primary interest rate risk relates to interest-bearing debt as at 31st December 2006. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes.

The Group actively reviews its debt portfolio, taking into account the nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

Effective interest rates

	Effective interest rate %	Within 1 year RM	1-5 years RM	More than 5 years RM	Total RM
Group					
As at 31st December 2006					
Financial Asset					
Short term investment	3.24	129,869	-	-	129,869
Financial Liabilities					
Hire purchase liabilities	3.36 - 5.28	77,694	192,035	-	269,729
Bills payable	3.75 - 7.95	5,795,792	-	-	5,795,792
Term loans	4.00 - 7.50	3,717,470	6,147,795	601,541	10,466,806
Bank overdraft	6.25 - 8.00	1,103,986	-	-	1,103,986
Amounts owing to directors	6.00	3,022,000	-	-	3,022,000
Group					
As at 31st December 2005					
Financial Asset					
Short term investment	3.24	245,090	-	-	245,090
Financial Liabilities					
Hire purchase liabilities	3.36 - 6.57	101,249	237,999	-	339,248
Bills payable	3.05 - 7.75	2,820,708	-	-	2,820,708
Term loans	3.48 - 7.00	4,937,303	8,272,042	1,003,876	14,213,221
Amounts owing to directors	6.00	1,422,000	-	-	1,422,000

30. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management (Cont'd)

(iii) Interest Rate Risk (Cont'd)

Effective interest rates (Cont'd)

	Effective interest rate %	Within 1 year RM	1-5 years RM	More than 5 years RM	Total RM
Company					
As at 31st December 2006					
Financial Asset					
Short term investment	3.24	129,869	-	-	129,869
Financial Liabilities					
Amounts owing to directors	6.00	1,422,000	-	-	1,422,000
Hire purchase liabilities	5.28	15,000	5,000	-	20,000
As at 31st December 2005					
Financial Asset					
Short term investment	3.24	245,090	-	-	245,090
Financial Liabilities					
Amounts owing to directors	6.00	1,422,000	-	-	1,422,000
Hire purchase liabilities	5.28	15,000	20,000	-	35,000

(b) Fair Values

(i) Recognised financial instruments

The fair values of financial assets and financial liabilities approximate their respective carrying values on the balance sheets of the Group and of the Company, except for amounts owing by subsidiaries.

It is not practical to estimate the fair value of the amounts owing by subsidiaries, due principally to the inability to estimate the settlement date without incurring excessive costs as these amounts lack a fixed repayment term. However, the Group and the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would be eventually received or settled.

(ii) Unrecognised financial instruments

There are no fair values for other financial instruments not recognised in the balance sheets as at 31st December 2006 that are required to be disclosed other than as stated above.

31. CAPITAL COMMITMENTS

	Group 2006 RM	Group 2005 RM
Capital expenditure approved and contracted for but not provided in the financial statements	-	954,000

32. SEGMENTAL INFORMATION

Group

Segmental information for the financial year is not presented as the Group's turnover and losses are derived solely from the manufacturing and trading of nonwoven products and felts in Malaysia.

33. RESTATEMENT OF COMPARATIVES

The following comparative amounts have been reclassified following the adoption of new and revised FRSs. The effects of changes in accounting policy are as follows:-

	Group As previously reported RM	Group Change in accounting policy Note 2.3(c) RM	Group As restated RM
Balance Sheet			
As at 31st December 2005			
Property, plant and equipment	41,088,649	(6,320,543)	34,768,106
Prepaid lease payments	-	6,320,543	6,320,543
Income Statement			
For the financial year ended 31st December 2005			
- depreciation on property, plant and equipment	2,516,867	(67,298)	2,449,569
- operating lease expenses on leased land	-	67,298	67,298

STATEMENT BY DIRECTORS

We, **TAN SIEW CHIN** and **LO PONG KIAT @ LOR HONG LING**, being two of the directors of Oceancash Pacific Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements as set out in page 18 to 50 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31st December 2006 and of the results and cash flows of the Group and the Company for the year ended on that date in accordance with the provisions of the Companies Act, 1965 and applicable MASB approved accounting standards in Malaysia for entities other than private entities.

On behalf of the Board,

TAN SIEW CHIN
Director

LO PONG KIAT @ LOR HONG LING
Director

Kuala Lumpur

Date: 17th April 2007

STATUTORY DECLARATION

I, **TAN SIEW CHIN**, being the director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements as set out in page 18 to 50 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, l960.

TAN SIEW CHIN

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 17th April 2007.

Before me,

Commissioner for Oaths

REPORT OF THE AUDITORS

To the member of Oceancash Pacific Berhad (Incorporated in Malaysia)

We have audited the financial statements set out on pages 18 to 50.

These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB approved accounting standards in Malaysia for entities other than private entities so as to give a true and fair view of:

  (i) the state of affairs of the Group and the Company as at 31st December 2006 and of the results and cash flows of the Group and of the Company for the year ended on that date; and

  (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company;

  and

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purpose of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' report on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Companies Act, 1965.

Monteiro & Heng
No. AF 0117
Chartered Accountants

Heng Ji Keng
No. 578/05/08 (J/PH)
Partner

Kuala Lumpur

Date: 17th April 2007

SHARE CAPITAL

Authorised	:	RM25,000,000
Issued and fully paid out	:	RM22,300,000
Type of shares	:	Ordinary share of RM0.10 each
Voting rights	:	One vote per shareholder on a show of hands One vote per ordinary share on a poll
No. of shareholdings	:	1,348

ANALYSIS OF SHAREHOLDINGS

Size of shareholdings	No. of holders	Holdings	Total holdings %
less than 100	2	100	0.00
100 - 1,000	671	660,800	0.30
1,001 - 10,000	382	1,997,300	0.90
10,001 - 100,000	219	8,502,200	3.81
100,001 - less than 5% of issued shares	72	71,605,920	32.11
5% and above of issued shares	2	140,233,680	62.89
Total	1,348	223,000,000	100.00

LIST OF SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

	No. of Shares held			
	Direct	%	Indirect	%
Tan Siew Chin	112,118,140	50.28	32,377,810 [1]	14.52 [1]
Chen Lee Chew	28,115,540	12.61	115,929,600 [2]	51.99 [2]
Tan Chin Ming	2,459,040	1.10	142,036,910 [3]	63.69 [3]
Tan Siew Tyan	1,352,420	0.61	143,143,530 [4]	64.19 [4]
Lim Siok Eng	450,810	0.20	115,929,600 [5]	51.99 [5]
Lo Pong Kiat @ Lor Hong Ling	9,180,050	4.12	5,135,040 [6]	2.30 [6]

Notes:

1. Deemed interested as per Section 6A of the Act, by virtue of his wife's Chen Lee Chew, his brother's, Tan Siew Tyan, his sister's, Tan Chin Ming, and his sister-in-law's, Lim Siok Eng, shareholdings.

2. Deemed interested as per Section 6A of the Act, by virtue of her husband's Tan Siew Chin, her brother-in-law's, Tan Siew Tyan, her sister-in-law's, Tan Chin Ming, shareholdings.

3. Deemed interested as per Section 6A of the Act, by virtue of her brothers', Tan Siew Chin and Tan Siew Tyan, and sisters-in-law's, Chen Lee Chew and Lim Siok Eng, shareholdings.

4. Deemed interested as per Section 6A of the Act, by virtue of his brother's Tan Siew Chin, his sister's, Tan Chin Ming, and sister-in-law's, Chen Lee Chew and Lim Siok Eng, shareholdings

5. Deemed interested as per Section 6A of the Act, by virtue of her brother-in-law's, Tan Siew Chin and Tan Siew Tyan, and her sister-in-law's, Tan Ching Ming, shareholdings.

6. Deemed interested as per Section 6A of the Act, by virtue of his son's Lor Seng Thee's shareholdings.

LIST OF DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' HOLDINGS

	No. of shares held			
	Direct	%	Indirect	%
Tan Siew Chin	112,118,140	50.28	32,377,810 [1]	14.52 [1]
Chen Lee Chew	28,115,540	12.61	115,929,600 [2]	51.99 [2]
Tan Siew Tyan	1,352,420	0.61	143,143,530 [3]	64.19 [3]
Lo Pong Kiat @ Lor Hong Ling	9,180,050	4.12	5,135,040 [4]	2.30 [4]
Chan Soo Wah	30,000	0.01	0	0.00
Dr Han Swan Kwong @ Adrian Han	30,000	0.01	0	0.00

Notes:

1. Deemed interested as per Section 6A of the Act, by virtue of his wife's Chen Lee Chew, his brother's, Tan Siew Tyan, his sister's, Tan Chin Ming, and his sister-in-law's, Lim Siok Eng, shareholdings.
2. Deemed interested as per Section 6A of the Act, by virtue of her husband 's Tan Siew Chin, her brother-in-law's, Tan Siew Tyan, her sister-in-law's, Tan Chin Ming, shareholdings.
3. Deemed interested as per Section 6A of the Act, by virtue of his brother's Tan Siew Chin, his sister's, Tan Chin Ming, and sister-in-law's, Chen Lee Chew and Lim Siok Eng, shareholdings
4. Deemed interested as per Section 6A of the Act, by virtue of his son's Lor Seng Thee's shareholdings.

LIST OF 30 LARGEST HOLDERS OF SHARES

No.	Name	No. of shares	Percentage
1	Tan Siew Chin	112,118,140	50.28
2	Chen Lee Chew	28,115,540	12.61
3	Lo Pong Kiat @ Lor Hong Ling	9,180,050	4.12
4	Lor Seng Thee	5,135,040	2.30
5	M. Azlan Bin Mohd Noh	4,100,000	1.83
6	Kwan Suk Yee	3,612,700	1.62
7	MERCSEC Nominees (Tempatan) Sdn. Bhd. pledged securities account for Chew Beow Soon	3,522,900	1.57
8	Lor Moong Thing	3,339,500	1.49
9	Lau Kok Han @ Lau Sea Huan	3,217,540	1.44
10	Lor Moong Sih	3,000,000	1.34
11	MERCSEC Nominees (Tempatan) Sdn. Bhd. pledged securities account for Kee Chit Huei	2,636,700	1.18
12	Lee Seong Kar	2,622,030	1.17
13	Mohamed Nizam Bin Abdul Razak	2,501,900	1.12
14	Tan Chin Ming	2,459,040	1.10
15	Chen Hean Tin	1,980,000	0.88
16	Tan May Yee	1,854,900	0.83
17	Yong Yuen Ling	1,718,600	0.77
18	Chen Lee Li	1,520,000	0.68
19	Tan Siew Tyan	1,352,420	0.61
20	Chew Leng Ee	1,303,190	0.58
21	MERCSEC Nominees (Tempatan) Sdn. Bhd. pledged securities account for Yong Chong Hee	1,243,000	0.55
22	Peng Bek Chew	1,080,000	0.48
23	Chew Beow Soon	945,000	0.42
24	Premier Vantage Sdn. Bhd.	800,000	0.35
25	Teh Teong Keng	700,790	0.31
26	Colin Chuah Chin Yu	700,000	0.31
27	Chiew Har Cheong	672,000	0.30
28	Hu Yoon Kong	650,000	0.29
29	Wong Yeng Mun	471,900	0.21
30	Lim Siok Eng	450,810	0.20

LIST OF PROPERTIES

Registered Owner	Beneficial Owner	Title No./ Location	Description and existing use	Tenure/ Date of Expiry of Leasehold Land	Approximate Age of Building (Years)	Land Area (Sq.ft)	NBV As at 31 December 2006 RM	Date Of Last Revaluation
Oceancash Holdings Sdn Bhd (OHSB)	Oceancash Felts Sdn Bhd (OFSB)	H.S. (D) 52918 P.T. No. 41067 Town of Bandar Baru Bangi, District of Ulu Langat, State of Selangor/ Lot 73 Jalan P10/21, Taman Industri Selaman, Seksyen 10 43650 Bandar Baru Bangi, Selangor	Single-storey factory separated into two (2) sections by a metal road[1]	Leasehold 99 years/ 19 August 2098	4	105,790	6,032,792	1 November 2002
Oceancash Holdings Sdn Bhd	Oceancash Nonwoven Sdn Bhd (ONW)	H.S. (D) 52918 P.T. No. 41067 Town of Bandar Baru Bangi, District of Ulu Langat, State of Selangor/ Lot 73 Jalan P10/21, Taman Industri Selaman, Seksyen 10 43650 Bandar Baru Bangi, Selangor	Two-storey office block and two single-storey factory building[1]	Leasehold 99 years/ 19 August 2098	4	108,930	7,531,004	1 November 2002

Note: Under the Trust Deed dated 9 October 2002 entered into between OHSB and ONW and OFSB, both as beneficiaries, wherein OHSB who is registered owner of the Bangi Land declared a trust over the Bangi Land for the benefit of ONW and OFSB. Pursuant thereto, OHSB acknowledge that ONW is the absolute beneficial owner of 50.73% interest in the Bangi Land and OFSB is the absolute beneficial owner of 49.72% interest in the Bangi Land.

LIST OF SUBSIDIARY COMPANIES

Name of Company	**2005**	**2006**	**Principal Activities**
Oceancash Nonwoven Sdn Bhd (501722-K)	100%	100%	Manufacturing and trading of nonwoven products.
Oceancash Felts Sdn Bhd (383427-W)	100%	100%	Manufacturing and distribution of felts.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Rule 8.36(2) of the Listing Requirements of Bursa Malaysia Securities Berhad for MESDAQ Market

Further details of the individuals who are standing for re-election as Directors

The Directors retiring pursuant to Article 84 of the Articles of Association of the Company and seeking re-election are:

- Mr Tan Siew Tyan
- Dr Han Swan Kwong @ Adrian Han

Their details are set out in the Directors' Profile which appear on page 7 of this Annual Report, while their securities holding in the Company and its subsidiaries (if any) are disclosed in page 16 of this Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourth Annual General Meeting of the Company will be held at Perak Room, Level I, Putrajaya Marriott Hotel, IOI Resort, 62502 Putrajaya, on Tuesday, 29 May 2007 at 10.00 a.m. for the following purposes:-

AGENDA

As ordinary business

1.	To table the Audited Financial Statements for the financial year ended 31 December 2006 together with the Reports of the Directors and Auditors thereon.	**Resolution 1**
2.	To approve the Directors' Fees for the financial year ended 31 December 2006.	**Resolution 2**
3.	To consider and if thought fit, to re-elect the following directors pursuant to Article 84 of the Company's Articles of Association:-	
	3.1. Mr Tan Siew Tyan	**Resolution 3**
	3.2. Dr Han Swan Kwong @ Adrian Han	**Resolution 4**
4.	To re-appoint Messrs. Monteiro & Heng as Auditors of the Company and to authorise the Directors to fix their remuneration.	**Resolution 5**

As special business

5.	To consider and, if thought fit, pass with or without modifications the following resolution as an ordinary resolution:-	**Resolution 6**
	"THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and approvals of the relevant governmental and/or regulatory authorities, approval be and is hereby given for the Directors to exercise, pursuant to Section 132D of the Companies Act, 1965, the power to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued share capital of the Company and that such approval shall continue in force until the conclusion of the next Annual General Meeting of the Company."	
6.	To consider and, if thought fit, pass with or without modifications the following resolution as a special resolution:-	**Resolution 7**
	"THAT the alteration, modifications and/or additions to the Articles of Association of the Company as set out in Appendix I of the 2006 Annual Report be and are hereby approved"	
7.	To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.	

By order of the Board

Mary Margret A/P V. Pelly (LS04402)
Ng Chong Teck (LS 0008866)
Company Secretaries

Kuala Lumpur
Dated : 7 May 2007

Notes:-

i. A proxy may but need not be a member of the Company and the provisions of section 149(1)(a) and (b) of the Act shall not apply to the Company.

ii. To be valid this form duly completed must be deposited at the registered office of the Company at No 22-2 Jalan Tun Sambanthan 3, 50470 Kuala Lumpur not less that forty-eight (48) hours before the time for holding the meeting or any adjournment thereof or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

iii. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

iv. Where a member is an Authorised Nominee as defined under the Rules, he may appoint at least one (1) proxy in respect of each Securities Account it holds with securities standing to the credit of the said Securities Account.

v. If the appointer is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

vi. Unless otherwise instructed, the proxy may vote as he thinks fit.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. *Resolution pursuant to Section 132D of the Companies Act, 1965.*

   The proposed Ordinary Resolution, under item (5) if passed, will empower the Directors to issue shares in the Company up to an amount not exceeding 10% of the total issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval.

2. *Resolution to amend the Articles of Association*

   The proposed Special Resolution, under item (6) if passed, is to amend the Articles of Association of the Company in line with the revamped Listing Requirements of the Bursa Malaysia Securities Berhad for the MESDAQ Market. The details of the Proposed Amendments to the Articles of Association are set out in Appendix I of the 2006 Annual Report.

Resolution 7

Details to the Proposed Amendments to the Articles of Association of the Company

(Insertions are highlighted in italics and deletions are highlighted by underline)

Article No.	Existing Article	Proposed Article
2	[New]	*"Approved Market Place" - A stock exchange which is specified to be an approved market place pursuant to an Exemption Order made under Section 62A of the Securities Industry (Central Depositories) Act 1991.*
2	[New]	*"Market day" – A day on which the MESDAQ Market is open for trading of securities.*
2	"Central Depository" – Malaysia Central Depository Sdn Bhd	"Central Depository" – *Bursa Malaysia Depository Sdn Bhd*
2	"the Exchange" – The Malaysia Securities Exchange Berhad or such other name which to which it may be changed from time to time.	"the Exchange" – *Bursa Malaysia Securities* Berhad or such other name which may be changed from time *to* time.
2	"Member" - Any person or persons for the time being holding securities in the Company and whose names appear in the Register of Members (except Malaysian Central Depository Nominees Sdn Bhd) and includes a Depositor, whose names appears on the Record of Depositors.	"Member" - Any person or persons for the time being holding securities in the Company and whose names appear in the Register of Members (except *Bursa Malaysia Depository Nominees Sdn Bhd*) and includes a Depositor, whose names appear on the Record of Depositors.
17	The Company shall have a first and paramount lien on every security (not being fully paid) such lien to be restricted to unpaid calls and installments upon the specific securities in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay and has paid in respect of the securities of the Member or deceased Member. The Company's lien, if any, on securities shall extend to all dividends and other moneys payable thereon or in respect thereof. In each case, the lien extends to reasonable interest and expenses incurred because the amount is not paid. The board of Directors may at any time declare any security to be wholly or in part exempt from the provisions of this Article.	*The company's lien on shares and dividends from time to time declared in respect of such shares shall be restricted to:* *(a) unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid;* *(b) if the shares were acquired under an employee share option scheme, amounts which are owed to the company for acquiring them; and* *(c) such amounts as the company is required by law to pay, and has paid, in respect of the shares of a holder or deceased former holder.* In each case, the lien extends to reasonable interest and expenses incurred because the amount is not paid. The board of Directors may at any time declare any security to be wholly or in part exempt from the provisions of this Article.

Resolution 7

Details to the Proposed Amendments to the Articles of Association of the Company

(Insertions are highlighted in italics and deletions are highlighted by underline)

Article No.	Existing Article	Proposed Article
34A	[New Article]	*(1) Where:* *(a) the securities of a company are listed on an Approved Market Place ; and* *(b) such company is exempted from compliance with section 14 of the Securities Industry (Central Depositories) Act 1991 or section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of the Depository in respect of such securities,* *such company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the registrar of the company in Malaysia (hereinafter referred to as "the Malaysian Register") provided that there shall be no change in the ownership of such securities.* *(2) For the avoidance of doubt, no company which fulfils the requirements of sub-Rules (1)(a) and (b) above shall allow any transmission of securities from the Malaysian Register into the Foreign Register.*
61	Every notice convening general meetings shall specify the place, day and hour of the general meeting, and shall be given to all members at least fourteen (14) days before the general meeting or at least twenty-one (21) days before the general meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a general meeting called to consider special business shall specify the general nature of such business and shall also be accompanied by a statement regarding to the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such general meeting shall be given by advertisement in the daily press and in writing to the Exchange and each stock exchange, if any, upon which the Company is listed.	Every notice convening general meetings shall specify the place, day and hour of the general meeting, and shall be given to all members at least fourteen (14) days before the general meeting or at least twenty-one (21) days before the general meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a general meeting called to consider special business shall specify the general nature of such business and shall also be accompanied by a statement regarding to the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such general meeting shall be given by advertisement in at least one nationally circulated Bahasa Malaysia or English daily newspaper and in writing to the Exchange and each stock exchange, if any, upon which the Company is listed.

Resolution 7

Details to the Proposed Amendments to the Articles of Association of the Company

(Insertions are highlighted in italics and deletions are highlighted by underline)

Article No.	Existing Article	Proposed Article
62 (2)	The Company shall also request the Central Depository in accordance with the Rules, to issue a Record of Depositors, as at a date not less than three (3) market days before the general meeting (hereinafter referred to as "the general meeting Record of Depositors").	The Company shall also request the Central Depository in accordance with the Rules, to issue a Record of Depositors, as at *the latest date which is reasonably practicable which shall in any event* be not less than three (3) market days before the general meeting (hereinafter referred to as "the general meeting Record of Depositors").
78A	[New Article]	Where a member of the company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account.
84	At the first annual general meeting of the Company all the Directors shall retire from office, and at the annual general meeting in every subsequent year an election of directors shall take place and one-third of the Directors for the time being, or, if their number is not three (3), or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election Provided Always that all Directors except a Managing Director shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring director shall retain office until the close of the general meeting at which he retires.	At the first annual general meeting of the Company all the Directors shall retire from office, and at the annual general meeting in every subsequent year an election of directors shall take place and one-third of the Directors for the time being, or, if their number is not three (3), or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election Provided Always that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring director shall retain office until the close of the general meeting at which he retires.
120	A Managing Director is while he continues to hold that office, not subject to retirement by rotation and shall not be taken into account in determining the rotation or retirement of Directors or in fixing the number of Directors to retire but he shall , subject to provisions of any contract between him and the Company, be subject to the same provisions as to resignation and removal as the other Directors of the Company, and if he ceases to hold the office of Director he shall ipso facto and immediately cease to be a Managing Director.	A Managing Director is subject to retirement by rotation and shall be taken into account in determining the rotation or retirement of Directors or in fixing the number of Directors to retire. *He is also* subject to the same provisions as to resignation and removal as the other Directors of the Company, and if he ceases to hold the office of Director he shall ipso facto and immediately cease to be a Managing Director.
134A	[New Article]	*The Company may issue its annual report in CD-ROM form PROVIDED ALWAYS that the Company complies with the procedures relating to issuance of annual reports in CD-ROM format as set out by the Exchange.*
160	The Company shall not delete, amend or add to any of its existing Articles of Association which have been previously approved by the Exchange, unless prior written approval has been sought and obtained from the Exchange for such deletion, amendment or addition.	[Deleted]
161(7)	[New Article]	*For the purpose of this article, unless the context otherwise requires, "Listing Requirements" means the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market including any amendments to the Listing Requirements that may be made from time to time.*

PROXY FORM

I/We, ____

of ____

being a member/ members of the abovenamed Company, hereby appoint ______________________

______________________ of ______________________

or failing him, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Perak Room, Level I, Putrajaya Marriott Hotel, IOI Resort, 62502 Putrajaya, on Tuesday, 29 May 2007 at 10.00am and at any adjournment thereof in the manner indicated below:-

Resolutions	Number	For	Against
Adoption of Financial Statements and Reports	1		
Directors' fees	2		
Re-election of Directors of the Company:-			
> Mr Tan Siew Tyan	3		
> Dr Han Swan Kwong @ Adrian Han	4		
Re-appointment of Auditors	5		
Authority to issue shares pursuant to Section 132D	6		
Amendment to Articles of Association	7		

Please indicate with an "X" in the appropriate box against the resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote at his/her discretion.

Number of Shares	

______________________ ______________________

Date: Signature

Notes:-

i. A proxy may but need not be a member of the Company and the provisions of section 149(1)(a) and (b) of the Act shall not apply to the Company.

ii. To be valid this form duly completed must be deposited at the registered office of the Company not less that forty-eight (48) hours before the time for holding the meeting or any adjournment thereof or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

iii. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

iv. Where a member is an Authorised Nominee as defined under the Rules, he may appoint at least one (1) proxy in respect of each Securities Account it holds with securities standing to the credit of the said Securities Account.

v. If the appointer is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

vi. Unless otherwise instructed, the proxy may vote as he thinks fit.

Fold this line for sending

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Affix
Stamp

OCEANCASH PACIFIC BERHAD

(Company No : 590636-M)

No 22-2 Jalan Tun Sambanthan 3

50470 Kuala Lumpur

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