

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

UNAUDITED QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2017

A. Explanatory Notes in Accordance to Financial Reporting Standards (FRS) 134

A1. Basis of Preparation

The interim financial statements are unaudited and had been prepared in accordance with the MFRS 134 – Interim Financial Reporting issued by Malaysian Accounting Standards Board (MASB) and Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) for the ACE Market and should be read in conjunction with the audited statutory financial statements presented for the financial year ended 31 December 2016.

The accounting policies and methods of computation adopted by Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2016 except for the adoption of the Amendments/Improvements to MFRS and New IC Interpretations that are applicable to the Group effective 1 January 2017. The adoption of these MFRS and IC Interpretations does not have any material impact on the Group's results and financial position.

A2. Audit Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2016 was not subjected to any qualification.

A3. Seasonal or Cyclical Factors

There were no seasonal or cyclical factors affecting the results of the Group for the current financial quarter under review and financial year-to-date.

A4. Unusual Items

There were no items which are unusual because of their nature, size or incidence that have affected the assets, liabilities, equity, net income or cashflow of the Group for the financial quarter under review and financial year-to-date.

A5. Material Changes in Estimates

There were no changes in estimates that may have a material effect in the current financial quarter under review and financial year-to-date.

A6. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the current financial quarter under review and financial year-to-date.

A7. Dividend Paid

A first and interim single tier dividend of 8% of 223,000,000 ordinary shares amounting to RM1,784,000.00 was recommended and paid on 29 December 2016.

A8. Operating Segments

Segment information is presented in respect of the Group's business segments which is based on the internal reports that are regularly reviewed by the Group's chief operating decision makers in order to allocate resources to the segments and assess their performance.

Segment profit or loss is measured based on segment profit before tax, interest, depreciation and other non-cash expenses that are regularly reviewed by the Group's chief operating decision maker.

Revenue and non-current assets information on the basis of geographical segments are based on the geographical location of customers and assets respectively. The amount of non-current assets do not include financial instruments and deferred tax assets.

Major customers' information are revenues from transactions with a single external customer, the amount of which is ten percent or more of the Group revenue.

Period Ended 31 December 2017

| | Hygiene RM'000 | Insulation RM'000 | Investment holdings RM'000 | Elimination RM'000 | Total RM'000 |
|---|-------------------|----------------------|----------------------------------|-----------------------|-----------------|
| Revenue | | | | | |
| External revenue | 59,275 | 30,436 | 25 | - | 89,736 |
| Intersegment revenue | - | 1 | 2,511 | (2,512) | - |
| Total revenue | 59,275 | 30,437 | 2,536 | (2,512) | 89,736 |
| Results | | | | | |
| Interest income | | | | | 114 |
| Finance costs | | | | | (778) |
| Depreciation | | | | | (3,840) |
| Segment profit | 6,615 | 4,436 | 1,814 | (2,031) | 10,834 |
| Taxation | (150) | (844) | (11) | | (1,005) |
| Profit net of tax | <u>6,465</u> | <u>3,592</u> | <u>1,803</u> | (2,031) | <u>9,829</u> |
| Assets | | | | | |
| Segment assets | 58,161 | 44,961 | 3,639 | (6,014) | 100,747 |
| Addition to non-current assets other than financial instruments and deferred tax assets | 831 | 415 | - | - | 1,246 |
| Liabilities | | | | | |
| Segment liabilities | 21,169 | 4,888 | 167 | (6,014) | 20,210 |
| Major customer | <u>2</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2</u> |

Period Ended 31 December 2016

| | Hygiene RM'000 | Insulation RM'000 | Investment holdings RM'000 | Elimination RM'000 | Total RM'000 |
|---|-------------------|----------------------|----------------------------------|-----------------------|---------------------------------|
| Revenue | | | | | |
| External revenue | 53,092 | 30,579 | 15 | - | 83,686 |
| Intersegment revenue | 4 | - | 2,211 | (2,215) | - |
| Total revenue | 53,096 | 30,579 | 2,226 | (2,215) | 83,686 |
| Results | | | | | |
| Interest income | | | | | 20 |
| Finance costs | | | | | (1,048) |
| Depreciation | | | | | <u>(3,596)</u> |
| Segment profit | 6,322 | 4,180 | 1,662 | (1,731) | 10,434 |
| Taxation | 485 | (722) | (9) | | <u>(246)</u> |
| Profit net of tax | <u>6,808</u> | <u>3,458</u> | <u>1,653</u> | <u>(1,731)</u> | <u>10,188</u> |
| Assets | | | | | |
| Segment assets | 55,089 | 48,224 | 3,626 | (8,279) | 98,660 |
| Addition to non-current assets other than financial instruments and deferred tax assets | 4,215 | 382 | - | - | 4,597 |
| Liabilities | | | | | |
| Segment liabilities | 24,408 | 8,836 | 169 | (8,279) | 25,134 |
| Major customer | 1 | - | - | - | 1 |
| Geographical Information | | | | | |
| | | | | Revenue RM'000 | Non-current assets RM'000 |
| At 31 December 2017 | | | | | |
| Malaysia | | | | 31,978 | 33,973 |
| Indonesia | | | | 11,588 | 20,674 |
| Japan | | | | 29,209 | - |
| Thailand | | | | 13,766 | - |
| Others | | | | 3,195 | - |
| | | | | <u>89,736</u> | <u>54,647</u> |
| At 31 December 2016 | | | | | |
| Malaysia | | | | 27,898 | 35,291 |
| Indonesia | | | | 12,273 | 24,462 |
| Japan | | | | 26,591 | - |
| Thailand | | | | 13,952 | - |
| Others | | | | 2,971 | - |
| | | | | <u>83,686</u> | <u>59,753</u> |

A9. Revaluation of Property, Plant and Equipment

The Group did not undertake any revaluation of its property, plant and equipment for the current financial quarter under review and financial year-to-date.

A10. Material Events Subsequent to the End of the Current Financial Quarter

There was no material event subsequent to the end of the current financial quarter that has not been reflected in the interim financial statements for the current financial quarter under review.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter under review and financial year-to-date.

A12. Capital Commitment

| | Financial Period Ended 31.12.2017 RM'000 | Financial Year Ended 31.12.2016 RM'000 |
|-------------------------------|---|---|
| Approved and contracted for : | | |
| Property, plant and equipment | Nil | Nil |

A13. Contingent Liabilities and Contingent Assets

There were no changes in the contingent liabilities or contingent assets since the last financial year ended 31 December 2016.

A14. Amounts Due to Directors

The amounts due to directors of RM120,000 are directors' fee.

B. Additional Information Required by the Listing Requirements of Bursa Securities for the ACE Market

B1. Review of Performance for the Current Financial Quarter and Financial Year-to-date

| | Quarter ended | | Year-to-date | |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| | 31.12.2017 RM'000 | 31.12.2016 RM'000 | 31.12.2017 RM'000 | 31.12.2016 RM'000 |
| Revenue | 22,393 | 23,433 | 89,736 | 83,686 |
| Profit for the period attributable to owners of the parent | 2,315 | 3,217 | 9,829 | 10,188 |

The Group's revenue decreased by 4.4% on quarter-on-quarter basis was mainly due to decrease in sales in hygiene and felts divisions. On year-on-year basis, the Group's revenue increased by 7.2%, mainly due to increase in sales in hygiene division in Malaysia and Japan, and increase in sales in felts division in Philippines and Thailand underpinned the decrease in sales in Malaysia.

The Group recorded a decrease of RM0.902 million in net profit on quarter-on-quarter basis, mainly attributed to lower revenue, transfer listing expenses and increase in operations expenses. On year-on-year basis, the Group recorded a decrease of RM0.359 million in net profit, mainly due transfer listing expenses and increase in operations expenses.

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

| | Quarter ended | |
|---------------------------------|---------------|------------|
| | 31.12.2017 | 30.09.2017 |
| | RM'000 | RM'000 |
| Revenue | 22,393 | 23,299 |
| Profit / (Loss) before taxation | 2,492 | 3,228 |

The Group recorded a decrease of 3.9% in revenue and a decrease of RM0.736 million in profit before taxation. The decrease in profit before tax was mainly due to lower revenue in felts and hygiene division, increase repair and maintenance expenses and transfer listing expenses.

B3. Prospect for Year 2018

Barring unforeseen circumstances, the Directors anticipate the Group's performance for the financial year 2018 to be better than the financial year 2017.

B4. Variance of Profit Forecast or Profit Guarantee

Not applicable as OPB has not provided any profit forecast or profit guarantee in a public document.

B5. Taxation

The taxation charges for the current financial quarter and financial year-to-date include the following:

| | Current Quarter 31.12.2017 RM'000 | Year-to-date period ended 31.12.2017 RM'000 |
|--------------------------------|---|---|
| Estimated current tax payable | (151) | (854) |
| Overprovision/(underprovision) | (109) | (148) |
| Deferred tax | 83 | (3) |
| Taxation expense | <u>(177)</u> | <u>(1,005)</u> |

The effective tax rate is disproportionate to the statutory tax rate for the Group for the current financial quarter and financial year-to-date mainly due to unabsorbed tax losses being set off against the current year taxable profit and timing difference of unrealised foreign exchange

B6. Purchase and Disposal of Quoted Securities

There were no purchases or disposals of quoted securities during the current financial quarter and financial year-to-date.

B7. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of issue of this report.

B8. Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2017 are shown below:

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|------------------------------|---------------------------|-----------------------------|-------------------------|
| Short Term Borrowings | | | |
| Term Loan | 2,103 | - | 2,103 |
| Trade Line | 6,285 | 3,801 | 10,086 |
| Bank Overdraft | 273 | - | 273 |
| Hire Purchase Payables | 219 | - | 219 |
| | <u>8,880</u> | <u>3,801</u> | <u>12,681</u> |
| Long Term Borrowings | | | |
| Term Loan | 1,786 | - | 1,786 |
| Hire Purchase Payables | 82 | - | 82 |
| | <u>1,868</u> | <u>-</u> | <u>1,868</u> |
| Total | <u>10,748</u> | <u>3,801</u> | <u>14,549</u> |

Group borrowings as at 31 December 2017 denominated in United States Dollars are as follows:-

| | USD'000¹ |
|----------------------|----------------------------|
| Short Term Borrowing | 204 |
| Long Term Borrowing | 131 |
| Total | <u>335</u> |

Note:

1 These borrowings have been converted into Ringgit Malaysia using the translation rate prevailing as at 31 December 2017.

B9. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of issue of this report.

B10. Disclosure of Realised and Unrealised Profits

| | Period ended 31.12.2017 RM'000 | As at 31.12.2016 RM'000 |
|---|---|--|
| Total retained profits of the Company and its subsidiaries: | | |
| - Realised | 8,569 | 46,185 |
| - Unrealised | (1,471) | 2,454 |
| | <u>7,098</u> | <u>48,639</u> |
| Add: Consolidation adjustments | 8 | (8,706) |
| Total group retained profits as per consolidated accounts | <u>7,106</u> | <u>39,933</u> |

B11. Material Litigation

The Group is not engaged in any material litigation either as plaintiff or defendant and the directors do not have any knowledge of any proceedings pending or threatened against the Group as at 26 February 2017, being a date not more than seven (7) days from the date of this report.

B12. Dividends

A single tier dividend of 8% on 223,000,000 ordinary shares amounting to RM1,784,000.00 was recommended, declared and paid on 29 December 2017 (30 December 2016: RM1,561,000.00).

B13. Earnings / (loss) per Share**▪ Basic earnings / (loss) per share**

The basic earnings / (loss) per share of the Group is calculated by dividing the Net Profit / (Loss) by the weighted average number of ordinary shares in issue during the period.

| | Current Year Quarter 31.12.2017 | Preceding Year Corresponding Quarter 31.12.2016 | Current Year-To- Date 31.12.2017 | Preceding Year Corresponding Period 31.12.2016 |
|---|--|--|---|---|
| Net Profit / (Loss) (RM'000) | 2,315 | 3,217 | 9,829 | 10,188 |
| Weighted average number of ordinary shares ('000) | 223,000 | 223,000 | 223,000 | 223,000 |
| Basic earnings / (loss) per share (sen) | 1.04 | 1.44 | 4.41 | 4.57 |

▪ Diluted earnings / (loss) per share

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