

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

UNAUDITED QUARTERLY REPORT FOR THE QUARTER ENDED 30 JUNE 2019

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

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the MFRS 134 ó 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 Main Market of Bursa Securities and should be read in conjunction with the audited statutory financial statements presented for the financial year ended 31 December 2018.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2018 except for the adoption of the new MFRSs, Amendments/Improvements to MFRS and New IC Interpretations that are applicable to the Group effective 1 January 2019. The adoption of these MFRSs and IC Interpretations do 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 2018 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

On 7 January 2019, the Company announced to undertake a proposed bonus issue of 22,300,000 new ordinary shares in the Company on the basis of one (1) bonus share for every ten (10) existing ordinary shares of the Company and it was completed on 23 January 2019.

A7. Dividend Paid

No dividend was recommended, declared and paid during the financial quarter under review and financial year-to-date.

A8. Operating Segments

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

Segment profit or loss is measured based on segment profit before tax, after 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 refer to customers whose purchases amount to ten percent (10%) or more of the Group's revenue.

Period Ended 30 June 2019

	Hygiene RM'000	Insulation RM'000	Investment holdings RM'000	Elimination RM'000	Total RM'000
Revenue					
External revenue	27,822	16,442	40	-	44,304
Intersegment revenue	-	-	-	-	-
Total revenue	27,822	16,442	40	-	44,304
Results					
Interest income					77
Finance costs					(495)
Depreciation					<u>(2,046)</u>
Segment profit	1,638	2,728	(88)	-	4,278
Taxation	(26)	(738)	-	-	(764)
Net profit	<u>1,612</u>	<u>1,990</u>	<u>(88)</u>	-	<u>3,514</u>
Assets					
Segment assets	57,410	48,877	3,693	(4,101)	105,879
Addition to non-current assets other than financial instruments and deferred tax assets	1,752	377	-	-	2,129
Liabilities					
Segment liabilities	17,363	3,898	174	(4,101)	17,334
Major customers	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>

Period Ended 30 June 2018

	Hygiene RMø000	Insulation RMø000	Investment holdings RMø000	Elimination RMø000	Total RMø000
Revenue					
External revenue	27,002	15,462	29	-	42,493
Intersegment revenue	-	-	240	(240)	-
Total revenue	27,002	15,462	269	(240)	42,493
Results					
Interest income					37
Finance costs					(246)
Depreciation					<u>(1,869)</u>
Segment profit	1,555	2,844	(349)	-	4,050
Taxation	268	(503)	(5)		(240)
Net profit	<u>1,823</u>	<u>2,341</u>	<u>(354)</u>		<u>3,810</u>
Assets					
Segment assets	56,987	45,051	3,298	(5,496)	99,840
Addition to non-current assets other than financial instruments and deferred tax assets	1,047	111	-	-	1,158
Liabilities					
Segment liabilities	18,442	3,782	182	(5,496)	16,910
Major customer	2	-	-	-	2
Geographical Information					
				Revenue	Non-current assets
				RMø000	RMø000
At 30 June 2019					
Malaysia				18,874	34,844
Indonesia				5,781	18,397
Japan				15,150	-
Thailand				3,580	-
Others				919	-
				<u>44,304</u>	<u>53,241</u>
At 30 June 2018					
Malaysia				16,181	34,054
Indonesia				5,522	18,644
Japan				12,257	-
Thailand				7,593	-
Others				940	-
				<u>42,493</u>	<u>52,698</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

On 7 January 2019, Oceancash Pacific Berhad acquired 30,000 ordinary shares, representing 100% equity interest in the issued and paid-up share capital of Oceancash (Thailand) Co. Ltd for a total cash consideration of THB2,724,907, equivalent to RM0.35 million.

A12. Capital Commitment

	Quarter Ended 30.06.2019 RM'000	Year-to-date Ended 31.12.2019 RM'000
Approved and contracted for:		
Property, plant and equipment	2,462	2,462

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 2018.

B. Additional Information Required by the Listing Requirements of Bursa Securities for the Main Market of Bursa Securities**B1. Review of Performance for the Current Financial Quarter and Financial Year-to-date**

	Quarter ended		Year-to-date	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	23,087	20,231	44,304	42,493
Net profit	2,170	1,317	3,514	3,810

The Group's revenue increased by 14.1% on quarter-on-quarter basis and increased by 4.2% year-on-year due mainly to higher sales in all divisions. The Group recorded higher sales to Japan, Indonesia and Malaysia markets.

The Group recorded an increase of RM0.85 million in net profit quarter-on-quarter mainly attributed to higher revenue, reduced production expenses in hygiene division, write back of provision for doubtful debts of RM0.139 million and transfer listing expense of RM0.342 million incurred during the second quarter (Q2) 2018 .

On year-on-year basis, the Group profit before tax was higher by RM0.228 million. The increase in profit before tax was also due mainly to all the reasons stated above. However, the Group recorded a reduction of

RM 0.296 million in net profit on a year on year basis due to the subsidiary in Indonesia which had no taxable income during the first half of 2018.

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

	Quarter ended	
	30.06.2019 RM'000	31.03.2019 RM'000
Revenue	23,087	21,217
Profit before taxation	2,661	1,617

The Group recorded an increase of 8.8% in revenue and an increase of RM1.04 million in profit before taxation. The improved profit before tax was due to increase in sales in both hygiene and insulation divisions for automotive market, gain from foreign exchange and write back of provision for doubtful debts of RM0.139 million..

B3. Prospect for Year 2019

Barring unforeseen circumstances, the Directors anticipate the Group's performance for the financial year 2019 to be better than the financial year 2018.

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 30.06.2019 RM'000	Year-to-date ended 30.06.2019 RM'000
Estimated current tax payable	(502)	(764)
Overprovision/(underprovision)	-	-
Deferred tax	11	-
Taxation expense	<u>(491)</u>	<u>(764)</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 the current year taxable profit being set off against unabsorbed tax losses brought forward 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 30 June 2019 are shown below:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term Borrowings			
Term Loan	819	-	819
Trade Line	7,396	3,949	11,345
Bank Overdraft	-	-	-
Hire Purchase Payables	72	-	72
	<u>8,287</u>	<u>3,949</u>	<u>12,236</u>
Long Term Borrowings			
Term Loan	-	-	-
Hire Purchase Payables	146	-	146
	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>8,433</u>	<u>3,949</u>	<u>12,382</u>

Group borrowings as at 30 June 2019 denominated in United States Dollars are as follows:-

	USD'000¹
Short Term Borrowings	34
Long Term Borrowings	-
Total	<u>34</u>

Note:

1 These borrowings have been converted into Ringgit Malaysia using the translation rate prevailing as at 30 June 2019.

B9. Off Balance Sheet Financial Instruments

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

B10. 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 29 August 2019, being a date not more than seven (7) days from the date of this report.

B11. Dividends

No dividend was recommended, declared and paid for the financial period ended 30 June 2019 (30 June 2018: Nil)

B12. Earnings per Share

▪ Basic earnings per share

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

	Current Year Quarter 30.06.2019	Preceding Year Corresponding Quarter 30.06.2018	Current Year-To- Date 30.06.2019	Preceding Year Corresponding Period 30.06.2018
Net Profit (RM'000)	2,170	1,317	3,514	3,810
Weighted average number of ordinary shares (-'000)	245,300	245,300	245,300	245,300
Basic earnings / (loss) per share (sen)	<u>0.88</u>	<u>0.54</u>	<u>1.43</u>	<u>1.55</u>

▪ Diluted earnings per share

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