

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

UNAUDITED QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2019

A. Explanatory Notes in Accordance to Malaysia Financial Reporting Standards (“MFRS”) 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 6 Interim Financial Reporting issued by Malaysian Accounting Standards Board (MASB) and paragraph Rule 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (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 cash flow 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 September 2019

	Hygiene RM'000	Insulation RM'000	Investment holdings RM'000	Elimination RM'000	Total RM'000
Revenue					
External revenue	41,611	25,467	56	-	67,135
Intersegment revenue	-	-	-	-	-
Total revenue	41,611	25,467	56	-	67,135
Results					
Interest income					121
Finance costs					(339)
Depreciation					<u>(3,138)</u>
Segment profit	2,532	4,752	(84)	-	7,200
Taxation	(205)	(1,326)	-	-	(1,531)
Net profit	<u>2,327</u>	<u>3,426</u>	<u>(84)</u>	-	<u>5,669</u>
Assets					
Segment assets	56,259	51,292	3,443	(3,722)	107,272
Addition to non-current assets other than financial instruments and deferred tax assets	2,155	5,089	-	-	7,244
Liabilities					
Segment liabilities	15,319	4,371	5	(3,722)	15,973
Major customers	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>

Period Ended 30 September 2018

	Hygiene RMø000	Insulation RMø000	Investment holdings RMø000	Elimination RMø000	Total RMø000
Revenue					
External revenue	41,168	24,074	43	-	65,285
Intersegment revenue	-	-	360	(360)	-
Total revenue	41,168	24,074	403	(360)	65,285
Results					
Interest income					75
Finance costs					(391)
Depreciation					<u>(2,866)</u>
Segment profit	2,311	4,733	(276)	-	6,768
Taxation	232	(936)	(19)		(723)
Profit net of tax	<u>2,543</u>	<u>3,797</u>	<u>(295)</u>		<u>6,045</u>
Assets					
Segment assets	56,896	46,242	3,193	(5,063)	101,268
Addition to non-current assets other than financial instruments and deferred tax assets	1,123	396	-	-	1,519
Liabilities					
Segment liabilities	17,595	3,583	9	(5,063)	16,124
Major customer	2	-	-	-	2
Geographical Information					
				Revenue RMø000	Non-current assets RMø000
At 30 June 2019					
Malaysia				28,780	34,985
Indonesia				9,556	17,799
Japan				21,792	-
Thailand				5,424	4,720
Others				1,583	-
				<u>67,135</u>	<u>57,504</u>
At 30 September 2018					
Malaysia				25,051	33,578
Indonesia				8,735	18,258
Japan				20,204	-
Thailand				9,893	-
Others				1,402	-
				<u>65,285</u>	<u>51,836</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 30.09.2019 RM'000	Year-to-date Ended 30.09.2019 RM'000
Approved and contracted for:		
Property, plant and equipment	7,000	8,282

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	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	22,831	22,792	67,135	65,285
Net profit	2,155	2,235	5,669	6,045

The Group's revenue increased by 0.2% on quarter-on-quarter basis due mainly to higher sales in Indonesia and increased by 2.8% year-on-year due mainly to higher sales to Japan, Indonesia and Malaysia markets.

The Group recorded an increase in profit before tax of RM0.204 million but a decrease of RM0.08 million in net profit quarter-on-quarter. The decrease in net profit was mainly attributed to reversal of deferred tax asset of RM0.200 million at hygiene division.

On year-on-year basis, the Group profit before tax was higher by RM0.432 million. The increase in profit before tax was also due mainly to higher sales for all divisions and reduction in production expenses. However, the Group recorded a reduction of RM 0.376 million in net profit on a year on year basis due

mainly to the subsidiary in Indonesia which had no taxable income during the first half of 2018 and the reversal of deferred tax of RM0.200 million at hygiene division .

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

	Quarter ended	
	30.09.2019 RM'000	30.06.2019 RM'000
Revenue	22,831	23,087
Profit before taxation	2,922	2,661

The Group recorded a decrease of 1.1% in revenue and an increase of RM0.260 million in profit before taxation. The improved profit before tax was due to increase in sales in Indonesia for automotive market..

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 30.09.2019 RM'000	Year-to-date ended 30.09.2019 RM'000
Estimated current tax payable	(511)	(1,276)
Overprovision/(underprovision)	(58)	(58)
Deferred tax	(198)	(197)
Taxation expense	<u>(767)</u>	<u>(1,531)</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 September 2019 are shown below:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term Borrowings			
Term Loan	398	-	398
Trade Line	5,018	4,299	9,317
Bank Overdraft	-	-	-
Hire Purchase Payables	55	-	54
	<u>5,471</u>	<u>4,299</u>	<u>9,770</u>
Long Term Borrowings			
Term Loan	-	-	-
Hire Purchase Payables	146	-	146
	<u>146</u>	<u>-</u>	<u>-</u>
Total	<u>5,617</u>	<u>4,299</u>	<u>9,916</u>

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

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

Note:

1 These borrowings have been converted into Ringgit Malaysia using the translation rate prevailing as at 30 September 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 3 December 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 September 2019 (30 September 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 30.09.2019	Preceding Year Corresponding Quarter 30.09.2018	Current Year-To- Date 30.09.2019	Preceding Year Corresponding Period 30.09.2018
Net Profit (RM000)	2,155	2,235	5,669	6,045
Weighted average number of ordinary shares (-000)	245,300	245,300	245,300	245,300
Basic earnings / (loss) per share (sen)	0.88	0.91	2.31	2.46

▪ Diluted earnings per share

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