

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

UNAUDITED QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 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

A first and interim single tier dividend of 10% of 245,300,000 ordinary shares amounting to RM2,453,000.00 was recommended and paid on 27 December 2019.

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.

Year Ended 31 December 2019

	Hygiene RM'000	Insulation RM'000	Investment holdings RM'000	Elimination RM'000	Total RM'000
Revenue					
External revenue	55,690	33,577	2,907	(2,830)	89,344
Intersegment revenue	-	-	-	-	-
Total revenue	55,690	33,577	2,907	(2,830)	89,344
Results					
Interest income					179
Finance costs					(458)
Depreciation					<u>(4,293)</u>
Segment profit	3,341	5,977	2,534	(2,824)	9,028
Taxation	(595)	(1,328)	-		(1,923)
Net profit	<u>2,746</u>	<u>4,649</u>	<u>2,534</u>	<u>(2,824)</u>	<u>7,105</u>
Assets					
Segment assets	56,539	52,132	3,782	(6,084)	106,369
Addition to non-current assets other than financial instruments and deferred tax assets	5,199	5,255	-	-	10,454
Liabilities					
Segment liabilities	15,888	5,955	179	(6,090)	15,932
Major customers	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>

Year Ended 31 December 2018

	Hygiene RMø000	Insulation RMø000	Investment holdings RMø000	Elimination RMø000	Total RMø000
Revenue					
External revenue	53,096	32,022	60	-	85,178
Intersegment revenue	-	-	3,511	(3,511)	-
Total revenue	53,096	32,022	3,571	(3,511)	85,178
Results					
Interest income					99
Finance costs					(522)
Depreciation					(3,848)
Segment profit	2,730	5,519	2,390	(3,031)	7,608
Taxation	(371)	(1,062)	(97)		(1,530)
Profit net of tax	<u>2,359</u>	<u>4,457</u>	<u>2,293</u>	(3,031)	<u>6,078</u>
Assets					
Segment assets	54,684	46,450	26,638	(27,537)	100,235
Addition to non-current assets other than financial instruments and deferred tax assets	2,247	412	-	-	2,658
Liabilities					
Segment liabilities	16,269	4,353	232	(4,747)	16,107
Major customer	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
Geographical Information					
				Revenue RMø000	Non-current assets RMø000
At 31 December 2019					
Malaysia				38,883	39,038
Indonesia				12,833	17,389
Japan				28,191	-
Thailand				7,087	4,712
Others				2,350	-
				<u>89,344</u>	<u>61,139</u>
At 31 December 2018					
Malaysia				33,483	34,087
Indonesia				11,791	18,446
Japan				26,487	-
Thailand				11,788	-
Others				1,629	-
				<u>85,178</u>	<u>52,533</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 31.12.2019 RM'000	Year-to-date Ended 31.12.2019 RM'000
Approved and contracted for:		
Property, plant and equipment	12,000	12,000

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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	22,209	19,893	89,344	85,178
Net profit	1,435	33	7,105	6,078

The Group's revenue increased by 11.6% quarter-on-quarter and increased by 4.9% year-on-year basis due mainly to higher sales in Indonesia and Malaysia at insulation division and higher sales in Malaysia and Japan at hygiene division.

The Group recorded an increase in net profit of RM1.40 million quarter-on-quarter due mainly to increase in sales. In addition, during the fourth quarter of 2019 (Q4 2019), the Group had reversed the provision for doubtful debt amounting to RM0.15 million, had a lower reversal of deferred tax assets as compared to preceding year's quarter and a reduction of provision for employees benefits by RM0.07 million as compared to preceding year's quarter.

On year-on-year basis, the Group's profit before tax was higher by RM1.42 million and the net profit was more by RM1.03. The increase in net profit was due mainly to all the reasons mentioned above and the transfer listing expenses which were incurred during the preceding year.

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

	Quarter ended	
	31.12.2019	30.09.2019
	RM'000	RM'000
Revenue	22,209	22,831
Profit before taxation	1,828	2,922

The Group recorded a decrease of 2.7% in revenue and a decrease of RM1.1 million in profit before taxation. The decrease in sales was from insulation division. The lower profit before tax was due mainly to change in the sales product mix..

B3. Prospect for Year 2019

Barring unforeseen circumstances, the Directors anticipate the Group's performance for the financial year 2020 to be better than the financial year 2019.

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 31.12.2019 RM'000	Year-to-date ended 31.12.2019 RM'000
Estimated current tax payable	(109)	(1,384)
Overprovision/(underprovision)	-	(58)
Deferred tax	(284)	(481)
Taxation expense	(393)	(1,923)

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 31 December 2019 are shown below:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term Borrowings			
Term Loan	101	-	101
Trade Line	6,370	1,482	7,852
Bank Overdraft	759	-	759
Hire Purchase Payables	63	-	62
	<u>7,293</u>	<u>1,482</u>	<u>8,775</u>
Long Term Borrowings			
Term Loan	-	-	-
Hire Purchase Payables	121	-	121
	<u>121</u>	<u>-</u>	<u>121</u>
Total	<u>7,414</u>	<u>1,482</u>	<u>8,896</u>

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 5 March 2020, being a date not more than seven (7) days from the date of this report.

B11. Dividends

A single tier dividend of 10% on 245,300,000 ordinary shares amounting to RM2,453,000.00 was recommended, declared and paid on 27 December 2019 (29 December 2018: RM2,230,000.00).

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 31.12.2019	Preceding Year Corresponding Quarter 31.12.2018	Current Year-To- Date 31.12.2019	Preceding Year Corresponding Period 31.12.2018
Net Profit (RM000)	1,435	33	7,105	6,078
Weighted average number of ordinary shares (-000)	245,300	245,300	245,300	245,300
Basic earnings / (loss) per share (sen)	0.58	0.01	2.90	2.48

▪ Diluted earnings per share

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