

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

UNAUDITED QUARTERLY REPORT FOR THE QUARTER ENDED 30 JUNE 2020

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 – 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 2019.

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 2019 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 2020. 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 2019 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

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

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 2020

	Hygiene RM'000	Insulation RM'000	Investment holdings RM'000	Elimination RM'000	Total RM'000
Revenue					
External revenue	27,562	10,196	13	-	37,771
Intersegment revenue	-	-	-	-	-
Total revenue	27,562	10,196	13	-	37,771
Results					
Interest income					108
Finance costs					(176)
Depreciation					<u>(2,524)</u>
Segment profit	1,128	981	(37)	30	2,102
Taxation	69	(268)	-		(199)
Net profit	<u>1,197</u>	<u>713</u>	<u>(37)</u>	30	<u>1,903</u>
Assets					
Segment assets	74,984	52,368	3,725	(7,051)	124,026
Addition to non-current assets other than financial instruments and deferred tax assets	9,876	3,290	-	-	13,166
Liabilities					
Segment liabilities	24,420	5,495	159	(7,088)	22,986
Major customers	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>

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	2	-	-	-	2
Geographical Information					
				Revenue RM'000	Non-current assets RM'000
At 30 June 2020					
Malaysia				15,534	56,271
Indonesia				3,819	16,842
Japan				11,998	-
Thailand				3,854	8,193
Others				2,566	-
				<u>37,771</u>	<u>81,306</u>
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>

A9. Revaluation of Property, Plant and Equipment

During the quarter under review, the Group had revalued its landed properties based on a valuation carried out by a registered valuer with an independent firm of professional valuers, using the 'Comparison Method of Valuation'. The revaluation surplus of RM8.79 million has been recognised as revaluation surplus in the Balance Sheet during the current quarter under review. (how do you reconcile this figure of RM8.79 million with RM6.971 million in the Statement of Equity changes?)

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

	Quarter Ended 30.06.2020 RM'000	Year-to-date Ended 30.06.2020 RM'000
Approved and contracted for:		
Property, plant and equipment	500	500

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 2019.

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	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	17,121	23,087	37,771	44,304
Net profit	259	2,170	1,903	3,514

The Group's revenue decreased by 25.84% and 14.75% on quarter-on-quarter and year-on-year basis respectively. This was due mainly to the insulation division not being in operation for two (2) months when the Movement Control Order ("MCO") was imposed resulting in lower sales and higher operating costs. Fortunately, insulation division in Malaysia had resumed production operations since June 2020 and new car sales in Malaysia market had increased since July. However, in the hygiene division, the sales to China, Thailand, Indonesia and Australia increased during the quarter-on-quarter and year-on-year under review.

The Group recorded a reduction in net profit of RM1.91 million and RM1.61 million quarter-on-quarter and year-on-year respectively due to the abovementioned reasons. During the lockdown, hygiene division manpower supply was disrupted which resulted in higher production expenses and lower efficiency.

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

	Quarter ended	
	30.06.2020	31.03.2020
	RM'000	RM'000
Revenue	17,121	20,651
Profit before taxation	108	1,993

The Group recorded a decrease of 17.1% in revenue due mainly to the reasons mentioned in Para B1 above. During the quarter under review, hygiene division sales to China, Australia, Thailand and Indonesia market had increased. The Group recorded a reduction of RM1.89 million net profit before tax as a result of the constraints imposed and lower demand arising from the Covid 19 pandemic.

B3. Prospect for Year 2020

Barring unforeseen circumstances and assuming global pandemic of Covid-19 does not worsen, the Directors anticipate the Group's performance for the financial year 2020 to perform fairly under these circumstances.

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	Year-to-date ended
	30.06.2020	30.06.2020
	RM'000	RM'000
Estimated current tax payable	10	(246)
Overprovision/(underprovision)	-	-
Deferred tax	141	47
Taxation expense	<u>151</u>	<u>(199)</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 2020 are shown below:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term Borrowings			
Term Loan	1,231	-	1,231
Trade Line	7,946	2,146	10,092
Bank Overdraft	-	-	-
Lease liabilities	772	-	772
	<u>9,949</u>	<u>2,146</u>	<u>12,095</u>
Long Term Borrowings			
Term Loan	4,336	-	4,336
Lease liabilities	371	-	371
	<u>4,707</u>	<u>-</u>	<u>4,707</u>
Total	<u>14,656</u>	<u>2,146</u>	<u>16,802</u>

Group borrowings as at 30 June 2020 denominated in United States Dollars are as follows:-

	USD'000¹
Short Term Borrowings	287
Long Term Borrowings	1,013
Total	<u>1,300</u>

Note:

1 These borrowings have been converted into Ringgit Malaysia using the translation rate prevailing as at 30 June 2020.

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 Sept 2020, 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 2020 (31 June 2019: 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 30.06.2020	Preceding Year Corresponding Quarter 30.06.2019	Current Year-To- Date 30.06.2020	Preceding Year Corresponding Period 30.06.2019
Net Profit (RM'000)	259	2,170	1,903	3,514
Weighted average number of ordinary shares ('000)	245,300	245,300	245,300	245,300
Basic earnings / (loss) per share (sen)	0.11	0.88	0.78	1.43

▪ Diluted earnings per share

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