

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

UNAUDITED QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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

Save as disclosed below, there was no other corporate proposal announced but not completed as at the date of this report:

On 1 September 2020, the Company proposed to undertake the placement of up to 24,500,000 new ordinary shares in Oceancash (“**Placement Shares**”), representing approximately 10% of the total number of issued shares of the Company (“**Proposed Placement**”) pursuant to Sections 75 and 76 of the Companies Act 2016.

As at the date of this report, the Company has placed 15,500,000 new Placement Shares raising RM10,953,750.

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 2020

	Hygiene RM’000	Insulation RM’000	Investment holdings RM’000	Elimination RM’000	Total RM’000
Revenue					
External revenue	42,962	15,898	19	-	58,879
Intersegment revenue	-	-	-	-	-
Total revenue	42,962	15,898	19	-	58,879
Results					
Interest income					159
Finance costs					(287)
Depreciation					<u>(3,837)</u>
Segment profit	1,814	1,504	(262)	40	3,096
Taxation	49	(330)	-		(281)
Net profit	<u>1,863</u>	<u>1,174</u>	<u>(262)</u>	40	<u>2,815</u>

Assets					
Segment assets	74,232	51,690	4,840	(6,223)	124,539
Addition to non-current assets other than financial instruments and deferred tax assets	10,536	4,083	-	-	14,619
Liabilities					
Segment liabilities	22,844	6,834	204	(6,129)	23,753
Major customers	2	-	-	-	2

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	2	-	-	-	2

Geographical Information

	Revenue	Non-current assets
	RM'000	RM'000
At 30 September 2020		
Malaysia	24,436	56,403
Indonesia	4,966	15,136
Japan	18,761	-
Thailand	5,905	8,529
Others	4,811	-
	<u>58,879</u>	<u>80,068</u>
At 30 September 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>

A9. Revaluation of Property, Plant and Equipment

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.

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 30.09.2020 RM'000	Year-to-date Ended 30.09.2020 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	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	21,107	22,831	58,879	67,135
Net profit	912	2,155	2,815	5,669

The Group's revenue decreased by 7.55% and 12.30% 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. Fortunately, insulation division in Malaysia had resumed production operations since June 2020 and new car sales in Malaysia market had increased since July. However, hygiene division recorded an increase in sales to Thailand, China and Australia market during the quarter-on-quarter and year-on-year under review.

The Group recorded a reduction in net profit of RM1.24 million and RM2.85 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. The decrease in net profit was also mainly due to increase in production expenses at hygiene division and decrease in revenue at felts division.

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

	Quarter ended	
	30.09.2020	30.06.2020
	RM'000	RM'000
Revenue	21,107	17,121
Profit before taxation	994	108

The Group recorded an increase of 23.28% in revenue due mainly to higher revenue for all divisions especially felts division in Malaysia where the production volume is back to pre-pandemic level. The felts division in Indonesia registered a loss as the new motor vehicles sales was still affected by 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 30.09.2020 RM'000	Year-to-date ended 30.09.2020 RM'000
Estimated current tax payable	(78)	(324)
Overprovision/(underprovision)	-	-
Deferred tax	(4)	43
Taxation expense	<u>(82)</u>	<u>(281)</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

Save as disclosed below, there was no other corporate proposal announced but not completed as at the date of this report:

On 1 September 2020, the Company proposed to undertake the placement of up to 24,500,000 new ordinary shares in Oceancash (“**Placement Shares**”), representing approximately 10% of the total number of issued shares of the Company (“**Proposed Placement**”) pursuant to Sections 75 and 76 of the Companies Act 2016.

On 4 September 2020, Bursa Malaysia Securities Berhad had approved the listing and quotation of the Placement Shares.

As at the date of this report, the Company has placed 15,500,000 new Placement Shares raising RM10,953,750. The status of the utilisation of proceeds raised is as follows:

	Proceeds raised RM'000	Proceeds utilised RM'000	Estimated timeframe for utilisation upon listing
Purchase of machinery	10,654	Nil	Within 18 months
Working capital	Nil	Nil	Within 12 months
Estimated expenses	300	119	Within 12 month

B8. Group Borrowings and Debt Securities

The Group's borrowings as at 30 September 2020 are shown below:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term Borrowings			
Term Loan	1,287	-	1,287
Trade Line	7,088	2,429	9,517
Lease liabilities	1,008	-	1,008
	<u>9,383</u>	<u>2,429</u>	<u>11,812</u>
Long Term Borrowings			
Term Loan	3,826	-	3,826
Lease liabilities	151	-	151
	<u>3,977</u>	<u>-</u>	<u>3,977</u>
Total	<u>13,360</u>	<u>2,429</u>	<u>15,789</u>

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

	USD'000¹
Short Term Borrowings	309
Long Term Borrowings	921
Total	<u>1,230</u>

Note:

1 These borrowings have been converted into Ringgit Malaysia using the translation rate prevailing as at 30 September 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 1 December 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 September 2020 (30 September 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 30.09.2020	Preceding Year Corresponding Quarter 30.09.2019	Current Year-To- Date 30.09.2020	Preceding Year Corresponding Period 30.09.2019
Net Profit (RM'000)	912	2,155	2,815	5,669
Weighted average number of ordinary shares ('000)	245,539	245,300	245,380	245,300
Basic earnings / (loss) per share (sen)	<u>0.37</u>	<u>0.88</u>	<u>1.15</u>	<u>2.31</u>

▪ Diluted earnings per share

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