

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

UNAUDITED QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2021

A. Explanatory Notes in Accordance to Malaysian 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 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 2020.

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 2020 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 2021. 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 2020 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.

The Placement has been completed on 17 September 2021 following the expiry of the Subscription Agreement on even date, being 12 months from the Proposed Placement fulfilment date.

A7. Dividend Paid

A first and interim single tier dividend of RM0.008 of 260,800,000 ordinary shares amounting to RM2,086,400.00 was recommended and paid on 30 December 2021.

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 2021

	Hygiene RM'000	Insulation RM'000	Investment holdings RM'000	Elimination RM'000	Total RM'000
Revenue					
External revenue	46,944	27,321	230	-	74,495
Intersegment revenue	-	-	2,386	(2,386)	
Total revenue	46,944	27,321	2,616	(2,386)	74,495
Results					
Interest income					157
Finance costs					(408)
Depreciation					<u>(6,335)</u>
Segment profit	1,607	5,228	2,165	(2,388)	6,612
Taxation	(234)	(1,132)	-	-	(1,366)
Net profit	<u>1,373</u>	<u>4,096</u>	<u>2,165</u>	<u>(2,388)</u>	<u>5,246</u>
Assets					
Segment assets	72,981	49,818	14,829	(3,140)	134,488
Addition to non-current assets other than financial instruments and deferred tax assets	186	130	-	-	316
Liabilities					

Segment liabilities	19,825	3,431	261	(3,054)	20,463
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Major customers	2	-	-	-	2
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Year Ended 31 December 2020

	Hygiene RM'000	Insulation RM'000	Investment holdings RM'000	Elimination RM'000	Total RM'000
Revenue					
External revenue	57,126	22,975	68	-	80,169
Intersegment revenue	1	-	2,623	(2,624)	-
Total revenue	57,127	22,975	2,691	(2,624)	80,169
Results					
Interest income					211
Finance costs					(408)
Depreciation					(5,187)
Segment profit	3,099	2,102	2,217	(2,575)	4,843
Taxation	(49)	(480)	-	-	(529)
Net profit	<u>3,050</u>	<u>1,622</u>	<u>2,217</u>	<u>(2,575)</u>	<u>4,314</u>
Assets					
Segment assets	72,911	50,661	14,853	(6,798)	131,627
Addition to non-current assets other than financial instruments and deferred tax assets	11,625	4,548	-	-	16,173
Liabilities					
Segment liabilities	21,115	6,173	360	(6,715)	20,933
Major customers	2	-	-	-	2

Geographical Information

	Revenue	Non-current assets
	RM'000	RM'000
At 31 December 2021		
Malaysia	31,674	53,906
Indonesia	10,104	14,137
Japan	19,344	-
Thailand	8,109	8,332
Others	5,264	-
	<u>74,495</u>	<u>76,375</u>
At 31 December 2020		
Malaysia	33,855	57,709
Indonesia	6,952	15,168
Japan	24,688	-
Thailand	8,117	9,112
Others	6,557	-
	<u>80,169</u>	<u>81,989</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 RM0.196 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 31.12.2021 RM'000	Year-to-date Ended 31.12.2021 RM'000
Approved and contracted for:		
Property, plant and equipment	Nil	Nil

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 2020.

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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	19,262	21,290	74,495	80,169
Net profit	1,591	1,500	5,246	4,314

The Group's revenue decreased by 9.5% on quarter-on-quarter basis was due mainly to drop in sales to the Philippines, Japan and Thailand market at hygiene division. On year-on-year basis, the Group's revenue reduced by 7.1% was due mainly to decrease in export and local sales by 17.8% at hygiene division. At insulation division, the Group recorded an increase in sales to new motor vehicles to Malaysia, Thailand and Indonesia market. The decrease in export sales at hygiene division was also due to increase in freight charges and global logistic problems.

The Group recorded an increase in net profit of RM0.091 million on quarter-on-quarter due to reduction in deferred tax asset expense off incurred during Q1 2021. The Group recorded an increase of RM0.932 million on year-on-year basis was due mainly to better product mix and ongoing cost reduction exercise.

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

	Quarter ended	
	31.12.2021	30.09.2021
	RM'000	RM'000
Revenue	19,262	17,269
Profit before taxation	1,340	1,535

The Group's revenue increase by 11.5% compared to the preceding quarter was due mainly to the increase sales in new motor vehicles and air-conditioner sector in Malaysia. The reduction in profit before tax of RM0.195 million was due mainly to higher expenditure to meet the increase sales orders compared to preceding quarter which was under further restriction of Movement Control Order ("MCO").

B3. Prospect for Year 2022

Barring unforeseen circumstances and assuming global pandemic of Covid-19 does not worsen, the Directors anticipate the Group's performance for the financial year 2022 to perform better.

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 31.12.2021 RM'000	Year-to-date ended 31.12.2021 RM'000
Estimated current tax payable	(61)	(1,098)
Overprovision/(underprovision)	-	-
Deferred tax	312	(268)
Taxation expense	251	(1,366)

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, reversal of deferred tax asset 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	195	Within 12 month

The Placement has been completed on 17 September 2021 following the expiry of the Subscription Agreement on even date, being 12 months from the Proposed Placement fulfilment date.

B8. Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2021 are shown below:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term Borrowings			
Term Loan	3,626	-	3,626
Trade Line	4,800	2,645	7,445
Lease liabilities	804	-	804
	<u>9,230</u>	<u>2,645</u>	<u>11,875</u>
Long Term Borrowings			
Term Loan	1,615	-	1,615
Lease liabilities	947	-	947
	<u>2,562</u>	<u>-</u>	<u>2,562</u>
Total	<u>11,792</u>	<u>2,645</u>	<u>14,437</u>

Group borrowings as at 31 December 2021 denominated in United States Dollars are as follows:-

	USD'000¹
Short Term Borrowings	870
Long Term Borrowings	388
Total	<u>1,258</u>

Note:

1 These borrowings have been converted into Ringgit Malaysia using the translation rate prevailing as at 31 December 2021.

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.

B11. Dividends

A single tier dividend of RM0.008 on 260,800,000 ordinary shares amounting to RM2,086,400.00 was recommended, declared and paid on 30 December 2021 (31 December 2020: RM2,086,400.00).

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 31.12.2021	Preceding Year Corresponding Quarter 31.12.2020	Current Year-To- Date 31.12.2021	Preceding Year Corresponding Period 31.12.2020
Net Profit (RM'000)	1,591	1,500	5,246	4,314
Weighted average number of ordinary shares ('000)	260,800	258,770	260,800	248,746
Basic earnings / (loss) per share (sen)	0.61	0.58	2.01	1.73

▪ Diluted earnings per share

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