

No. OCMSET-6302-001

26 February 2020

Subject: Clarification of the operating results for the year ended 31 December 2019, change of rate more than 20 percent

To: Director and Manager
The Stock Exchange of Thailand

Ocean Commerce Public Company Limited (OCEAN) would like to inform the operating results of the Company for the year ended 31 December 2019 as follows:

| | Consolidated financial statements* 2019 | | Separate financial statements 2018 | | Increase (decrease) | |
|--|---|--------------|------------------------------------|---------------|---------------------|--------------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Continuing operations | | | | | | |
| Revenues | 1,808.5 | 100.0 | 303.4 | 100.0 | 1,505.1 | 496.1 |
| Costs | (1,737.4) | (96.1) | (315.5) | (104.0) | 1,421.9 | 450.7 |
| Gross (loss) profit | 71.1 | 3.9 | (12.1) | (4.0) | 83.2 | 687.6 |
| Selling expenses | (37.9) | (2.1) | (9.5) | (3.1) | 28.4 | 298.9 |
| Administrative expenses | (62.2) | (3.4) | (9.7) | (3.2) | 52.5 | 541.2 |
| Finance costs | 0.3 | 0.0 | - | - | 0.3 | 100.0 |
| Loss before income tax from continuing operations | (28.7) | (1.6) | (31.3) | (10.3) | 2.6 | 8.3 |
| Tax income | 3.0 | 0.2 | - | - | 3.0 | 100.0 |
| Loss for the year from continuing operations | (25.7) | (1.4) | (31.3) | (10.3) | 5.6 | 17.9 |
| Discontinued operation** | | | | | | |
| Profit (loss) for the year from discontinued operation | 20.4 | 1.1 | (115.0) | (37.9) | 135.4 | 117.7 |
| Loss for the year | (5.3) | (0.3) | (146.3) | (48.2) | 141.0 | 96.4 |

*Financial statements for the year ended 31 December 2019 presented as consolidated financial statements

**Cessation of the faucets business since 1 November 2019

Revenues

| | Consolidated financial statements* 2019 | | Separate financial statements 2018 | | Increase (decrease) | |
|--|---|--------------|------------------------------------|--------------|---------------------|--------------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Revenues from main business | | | | | | |
| Faucets business** | 378.5 | 17.3 | 308.1 | 50.2 | 70.4 | 22.8 |
| Palm oil trading business | 1,804.3 | 82.3 | 303.3 | 49.4 | 1,501.0 | 494.9 |
| Consulting and property development business | 2.1 | 0.1 | - | - | 2.1 | 100.0 |
| Total revenues from main business | 2,184.9 | 99.7 | 611.4 | 99.6 | 1,573.5 | 257.4 |
| Other income | 6.0 | 0.3 | 2.3 | 0.4 | 3.7 | 160.9 |
| Total revenues | 2,190.9 | 100.0 | 613.7 | 100.0 | 1,577.2 | 257.0 |

*Financial statements for the year ended 31 December 2019 presented as consolidated financial statements

**Cessation of the faucets business since 1 November 2019

In 2019, the Group has total revenues of Baht 2,190.9 million and increased by Baht 1,577.2 million or 257.0% compared to the total revenues of Baht 613.7 million for 2018. The increase was mainly due to higher revenue from palm oil trading business, which started operations from 1 October 2018.

Gross profit and gross profit margin

| | Consolidated financial statements* 2019 | | Separate financial statements 2018 | | Increase (decrease) | |
|--|---|------------|------------------------------------|------------|---------------------|--------------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Faucets business** | 104.6 | 4.8 | 32.8 | 5.4 | 71.8 | 218.9 |
| Palm oil trading business | 69.2 | 3.1 | (12.1) | (2.0) | 81.3 | 671.9 |
| Consulting and property development business | (0.2) | (0.0) | - | - | (0.2) | - |
| Total gross profit | 173.6 | 7.9 | 20.7 | 3.4 | 152.9 | 738.6 |

*Financial statements for the year ended 31 December 2019 presented as consolidated financial statements

**Cessation of the faucets business since 1 November 2019

In 2019, the Group has the gross profit of Baht 173.6 million and increased by Baht 152.9 million or 738.6% compared to the gross profit of Baht 20.7 million for 2018. The increase was mainly due to higher revenue from palm oil trading business, which started operations from 1 October 2018.

Faucets business

In 2019, the Group has the gross profit of Baht 104.6 million and increased by Baht 71.8 million or 218.9% compared to the gross profit of Baht 32.8 million for 2018. It is due to the allowance for diminution in value of obsolete and slow-moving inventories amounting Baht 37.5 million in 2018, resulting in higher costs and lower gross profit. In 2019, the Company ceased the faucet and plumbing business on 1 November 2019 and sold all faucet and plumbing products, resulting the reversal of the reversal of allowance for diminution in value of obsolete and slow-moving inventories allowance for diminution in value of obsolete and slow-moving inventories amounting Baht 19.1 million in 2019, resulting in lower costs and higher gross profit.

Palm oil trading business

In 2019, the Group has the gross profit of Baht 69.2 million and increased by Baht 81.3 million or 671.9% compared to the loss of Baht 12.1 million for 2018. In 2018, the Company had prevented conflicts of interest by purchasing crude palm oil (CPOA) from related persons or juristic persons. The buying price is not higher than 30-days historical average price according to the announcement of the Department of Internal Trade, Ministry of Commerce. The Company purchased crude palm oil (CPOA) as at 1 October 2018, the buying average price is higher than the average price from the Department of Internal Trade, Ministry of Commerce, resulting in gross profit in 2019 increased from 2018.

Consulting and property development business

The Company has invested in the real estate business in August 2019, which is the beginning period of the business operations, resulting in operating losses. The company expects to recognising revenues and costs in the 3rd quarter of 2020.

Selling expenses

In 2019, the Group has the selling expenses of Baht 97.8 million and increased by Baht 21.5 million or 28.2% compared to the selling expenses of Baht 76.3 million for 2018. It is due to the increase in transportation expenses from palm oil trading business. It is in line with the increased revenues.

Administrative expenses

In 2019, the Group has the administrative expenses of Baht 87.7 million and increased by Baht 7.5 million or 9.4% compared to the administrative expenses of Baht 80.2 million for 2018. The recurring administrative expenses decrease of Baht 5.8 million due to the Company ceased the faucet and plumbing business on 1 November 2019. The non-recurring administrative expenses increase of Baht 13.3 million.

In 2019, the Company has been considered the conservative basis therefore set estimated loss from cost over income and allowance for advance payments palm oil total amount of Baht 45.4 million. In 2018, the Company discontinued the business of manufacturing faucet products and disposal of assets not used in operations, which was lower than net book value but higher than the valuations appraised by valuers. Resulting in loss from impairment of assets in the amount of 32.1 million baht, resulting in the administrative expenses for the year 2019 increased from 2018.

Profit (loss) from adjustments

| | Consolidated financial statements* 2019 | | Separate financial statements 2018 | | Increase (decrease) | |
|---|---|------------|------------------------------------|---------------|---------------------|--------------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Net loss (Audited financial statements) | (5.3) | (0.3) | (146.3) | (48.2) | 141.0 | 96.4 |
| Adjustments: | | | | | | |
| (1) Estimated loss from cost over income | 28.4 | 1.6 | - | - | 28.4 | 100.0 |
| (2) Allowance for advance payments palm oil | 16.9 | 0.9 | - | - | 16.9 | 100.0 |
| Profit (loss) after adjustments | 40.0 | 2.2 | (146.3) | (48.2) | 186.3 | 127.3 |

*Financial statements for the year ended 31 December 2019 presented as consolidated financial statements

In 2019, the Group has the net profit from adjustments of Baht 40.0 million and increased by Baht 186.3 million or 127.3% compared to the loss profit of Baht 146.3 million for 2018.

Please be informed accordingly

Yours sincerely,

(Mr. Yossatat Nitisarun)

Managing Director (Acting)