



No. OCMSET-6311-002

November 12, 2020

Subject: Management Discussion and Analysis for the third quarter of 2020

To: Director and Manager
 The Stock Exchange of Thailand

Ocean Commerce Public Company Limited (OCEAN) would like to clarify operating results for the third quarter of 2020.

The main reasons are as follows:

	Consolidated financial statements Q3'2020	Consolidated financial statements Q3'2019	Increase (decrease)	
	Million Baht	Million Baht	Million Baht	%
Continuing operations				
Revenues	12.64	406.76	(394.12)	(96.89)
Costs	(11.80)	(393.93)	(382.13)	(97.00)
Gross (loss) profit	0.84	12.83	(11.99)	(93.45)
Distribution costs	(6.01)	(7.34)	(1.33)	(18.12)
Administrative expenses				
- Recurring administrative expenses	(10.29)	(5.00)	5.29	105.80
- Reversal estimated loss from cost over income	(9.08)	-	9.08	100.00
Finance costs	(1.01)	0.12	1.13	941.67
Profit (loss) before income tax from continuing operations	(25.55)	0.61	(26.16)	(4,288.52)
Tax income	3.13	0.72	2.41	334.72
Profit for the period from continuing operations	(22.42)	1.33	(23.75)	(1,785.71)
Discontinued operation*				
Profit for the period from discontinued operation	-	10.27	(10.27)	(100.00)
Profit for the period	(22.42)	11.60	(34.02)	(293.28)

*Cessation of the faucets business since 1 November 2019

Revenues

	Consolidated financial statements Q3'2020	Consolidated financial statements Q3'2019	Increase (decrease)	
	Million Baht	Million Baht	Million Baht	%
Revenues from main business				
Faucets business*	-	93.32	(93.32)	(100.00)
Palm oil trading business	11.96	405.10	(393.14)	(97.05)
Consulting and property development business	0.02	1.40	(1.38)	(98.57)
Total revenues from main business	11.98	499.82	(487.84)	(97.60)
Other income	0.66	1.69	(1.03)	(60.95)
Total revenues	12.64	501.51	(488.87)	(97.48)

*Cessation of the faucets business since 1 November 2019

Gross profit and gross profit margin

	Consolidated financial statements Q3'2020	Consolidated financial statements Q3'2019	Increase (decrease)	
	Million Baht	Million Baht	Million Baht	%
Faucets business**	-	34.48	(34.48)	(100.00)
Palm oil trading business	0.16	12.20	(12.04)	(98.69)
Consulting and property development business	0.02	0.37	(0.35)	(94.59)
Total gross profit	0.18	47.05	(46.87)	(99.62)

*Cessation of the faucets business since 1 November 2019

The total revenues for this period was Baht 12.64 million, decreasing from the same period of the previous year by Baht 488.87 million or 97.48%, being the decrease in revenues from palm oil trading business and the Covid-19 pandemic situation is still the main factor which effects to all over the world, resulting in an economic slowdown.

Distribution costs

The cost of distribution for this period was Baht 6.01 million, decreasing from the same period of the previous year by Baht 1.33 million or 18.12%, being the decrease in transportation expenses from palm oil trading business that related to decreasing from revenue's palm oil trading business. Most of the distribution costs for this period was distribution costs of V Sukhumvit 81 Co., Ltd., a real estate development company. IKON77 is the first real estate development project and completed and transferred in October 2020.

Administrative expenses

The administrative expenses for this period was Baht 10.29 million, increasing from the same period of the previous year by Baht 5.29 million or 105.80%, being the increasing in administrative expenses of V Sukhumvit 81 Co., Ltd. The non-recurring administrative expenses increase of Baht 9.08 million from estimated loss from cost over income. It is due to the increase in selling price of CPOA from the 2nd quarter of 2020, resulting in the administrative expenses increase from the 3rd quarter of 2019.

Profit (loss) after adjustments

	Consolidated	Consolidated	Increase (decrease)	
	financial statements	financial statements		
	Q3'2020	Q3'2019		
	Million Baht	Million Baht	Million Baht	%
Net Profit (loss) from financial statements	(22.42)	11.60	(34.02)	(293.28)
Adjustments:				
(1) Reversal estimated loss from cost over income	9.08	-	9.08	100.00
Net profit (loss) after adjustments	(13.34)	11.60	(24.94)	(215.00)

The Group has net loss after adjustments for the 3rd quarter of 2020 amounted Baht 13.34 million and, a decrease of Baht 24.94 million or 215.00% compared to the net profit after adjustments of Baht 11.60 million for the 3rd quarter of 2019.

Factors affecting the operation and financial statement of the Company's in the future.

Palm oil trading business

In the 4th quarter of 2020, it is expected that domestic supply trends will be dropped due to the decreasing of fresh fruit bunch. Meanwhile the demand of consumption and energy are expected to extension from the approaching festivals of the season. Therefore, the supply may not be enough for the demand, causes the overall of palm oil stock trends to be decreasing continuously, and the price of palm oil can be higher.

Property development business

In the 4th quarter of 2020, the Group expected that revenue recognition from the property development segment. The subsidiary operates in property development business, IKON77 is the first project of the group. The construction has been completed and transferred in October 2020.

Please be informed accordingly

Yours sincerely,



(Mr. Yossatat Nitisarun)

Managing Director (Acting)