

No. OCMSET-6308-001

11 August 2020

Subject: Management Discussion and Analysis for the second 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 second quarter of 2020.

The main reasons are as follows:

	Consolidated	Consolidated	Increase (decrease)	
	financial statements	financial statements		
	Q2'2020	Q2'2019		
	Million Baht	Million Baht	Million Baht	%
<b>Continuing operations</b>				
Revenues	54.09	676.69	(622.60)	(92.01)
Costs	(52.43)	(642.66)	(590.23)	(91.84)
<b>Gross (loss) profit</b>	<b>1.66</b>	<b>34.03</b>	<b>(32.37)</b>	<b>(95.12)</b>
Distribution costs	(3.72)	(11.82)	(8.10)	(68.53)
Administrative expenses				
- Recurring administrative expenses	(7.98)	(2.16)	5.82	269.44
- Reversal estimated loss from cost over income	9.66	-	9.66	100.00
Finance costs	(0.05)	-	0.05	100.00
<b>Profit (loss) before income tax from continuing operations</b>	<b>(0.43)</b>	<b>20.05</b>	<b>(20.48)</b>	<b>(102.14)</b>
Tax income	1.74	-	1.74	100.00
<b>Profit for the period from continuing operations</b>	<b>1.31</b>	<b>20.05</b>	<b>(18.74)</b>	<b>(93.47)</b>
<b>Discontinued operation*</b>				
Profit for the period from discontinued operation	-	0.55	(0.55)	(100.00)
<b>Profit for the period</b>	<b>1.31</b>	<b>20.60</b>	<b>(19.29)</b>	<b>(93.64)</b>

\*Cessation of the faucets business since 1 November 2019

#### Revenues

	Consolidated	Consolidated	Increase (decrease)	
	financial statements	financial statements		
	Q2'2020	Q2'2019		
	Million Baht	Million Baht	Million Baht	%
<b>Revenues from main business</b>				
Faucets business*	-	89.50	(89.50)	(100.00)
Palm oil trading business	52.93	676.44	(623.51)	(92.18)
Consulting and property development business	-	-	-	-
<b>Total revenues from main business</b>	<b>52.93</b>	<b>765.94</b>	<b>(713.01)</b>	<b>(93.09)</b>
Other income	1.16	1.48	(0.32)	(21.62)
<b>Total revenues</b>	<b>54.09</b>	<b>767.42</b>	<b>(713.33)</b>	<b>(92.95)</b>

\*Cessation of the faucets business since 1 November 2019

#### Gross profit and gross profit margin

	Consolidated	Consolidated	Increase (decrease)	
	financial statements	financial statements		
	Q2'2020	Q2'2019		
	Million Baht	Million Baht	Million Baht	%
Faucets business**	-	26.78	(26.78)	(100.00)
Palm oil trading business	0.78	33.77	(32.99)	(97.69)
Consulting and property development business	(0.28)	-	(0.28)	(100.00)
<b>Total gross profit</b>	<b>0.50</b>	<b>60.55</b>	<b>(60.05)</b>	<b>(99.17)</b>

\*Cessation of the faucets business since 1 November 2019

The Group has total revenues for the 2nd quarter of 2020 amounted Baht 54.09 million, a decrease of Baht 713.33 million or 92.95% compared to the total revenues of Baht 767.42 million for the 2nd quarter of 2019. It is due to the decrease in revenues from the business palm oil trading. In May 2020, the high season of fresh fruit bunch, but oil demand is fall from the Coronavirus disease 2019 pandemic, resulting in an economic slowdown and adversely impacting most businesses and industries.

#### Distribution costs

The Group has the distribution costs for the 2nd quarter of 2020 amounted Baht 3.72 million, a decrease of Baht 8.10 million or 68.53% compared to the distribution costs of Baht 11.82 million for the 2nd quarter of 2019. It is due to the decrease in transportation expenses from palm oil trading business. It is in line with decreased revenues. Most of the distribution costs for the 2nd quarter of 2020 is distribution costs of V Sukhumvit 81 Co., Ltd., a real estate development company. V81 is the first real estate development project and expects to completed and transferred by the 4th quarter of 2020.

**Administrative expenses**

The Group has the recurring administrative expenses for the 2nd quarter of 2020 amounted Baht 7.98 million, an increase of Baht 5.82 million or 269.44% compared to the recurring administrative expenses of Baht 2.16 million for the 2nd quarter of 2019. Most of the recurring administrative expenses for the 2nd quarter of 2020 is administrative expenses of V Sukhumvit 81 Co., Ltd. The non-recurring administrative expenses decrease of Baht 9.66 million from reversal of estimated loss from cost over income. It is due to the decrease in selling price of CPOA from YE2019, resulting in the administrative expenses increase from the 2nd quarter of 2019.

**Profit (loss) after adjustments**

	Consolidated financial statements Q2'2020	Consolidated financial statements Q2'2019	Increase (decrease)	
	Million Baht	Million Baht	Million Baht	%
Net Profit (loss) from financial statements	1.31	20.60	(19.29)	(93.64)
<b>Adjustments:</b>				
(1) Reversal estimated loss from cost over income	(9.66)	-	(9.66)	(100.00)
<b>Net profit (loss) after adjustments</b>	<b>(8.35)</b>	<b>20.60</b>	<b>(28.95)</b>	<b>(140.53)</b>

The Group has net loss after adjustments for the 2nd quarter of 2020 amounted Baht 8.35 million and, a decrease of Baht 28.95 million or 140.53% compared to the net profit after adjustments of Baht 20.60 million for the 2nd quarter of 2019.

Please be informed accordingly

Yours sincerely,



(Mr. Yossatit Nitisarun)

Managing Director (Acting)