

OSK VENTURES INTERNATIONAL BERHAD 200301033696 (636117-K)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020

		(Audited)
	Note	As at 31.12.2019
		As at 31.03.2020
		RM'000
		RM'000
ASSETS		
Equipment		481
Intangible assets		3
Investment in joint venture		1,094
Investment securities		121,365
Investment in fund		-
Notes receivables		9,575
Trade and other receivables		4,161
Prepayments		517
Tax recoverable		21
Right-of-use asset		130
Cash, bank balances and cash management fund	A8	27,747
TOTAL ASSETS		165,094
LIABILITIES		
Deferred tax liability		1,411
Trade and sundry payables		969
Tax payable		11
Lease liability		130
TOTAL LIABILITIES		2,521
EQUITY		
Contributed share capital		186,267
Treasury shares, at cost	A5	(647)
		185,620
Reserves		(23,047)
TOTAL EQUITY		162,573
TOTAL LIABILITIES AND EQUITY		165,094
Net assets per share (RM)		0.83
		0.92

(The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2020

	Note	Quarter and Year-To-Date ended	
		31.03.2020 RM'000	31.03.2019 RM'000
Income			
Net fair value (loss)/gain on financial assets	B6	(19,146)	1,770
Interest income		636	491
Dividend income		492	88
Other income		1	1
		<u>(18,017)</u>	<u>2,350</u>
Expense			
Staff expenses		(766)	(603)
Net foreign exchange gain/(loss)		686	(144)
Administrative expenses		(290)	(341)
		<u>(370)</u>	<u>(1,088)</u>
Operating (loss)/profit		(18,387)	1,262
Finance cost		(1)	(9)
Share of result of a joint venture		152	128
(Loss)/profit before tax	B7	(18,236)	1,381
Income tax benefit/(expense)	B8	578	(40)
(Loss)/profit after tax for the period		(17,658)	1,341
(Loss)/profit attributable to:			
Owners of the Company		<u>(17,658)</u>	<u>1,341</u>
(Loss)/earnings per share attributable to owners of the Company (sen):			
Basic	B13	<u>(8.99)</u>	<u>0.68</u>

(The above condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2020

	Quarter and Year-To-Date ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
(Loss)/profit after tax for the period, representing total comprehensive (loss)/income for the period	(17,658)	1,341

(The above condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2020

	<u>Attributable to owners of the Company</u>			
	<u>Contributed</u>			
	<u>share capital</u>	<u>Treasury shares</u>	<u>Accumulated losses</u>	<u>Total equity</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
As at 01.01.2020	186,267	(647)	(5,389)	180,231
Total comprehensive loss	-	-	(17,658)	(17,658)
As at 31.03.2020	186,267	(647)	(23,047)	162,573
As at 01.01.2019	186,267	(647)	(11,512)	174,108
Total comprehensive income	-	-	1,341	1,341
Winding up of subsidiaries	-	-	11	11
Total transactions with owners	-	-	11	11
As at 31.03.2019	186,267	(647)	(10,160)	175,460

(The above condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE QUARTER ENDED 31 MARCH 2020**

	Year-To-Date ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(18,236)	1,381
Adjustments for:		
Amortisation of intangible assets	1	1
Depreciation of equipment	24	25
Depreciation of right-of-use asset	43	41
Loss from winding up of subsidiary	-	11
Net fair value loss/(gain) on financial assets	19,146	(1,770)
Effect on exchange rate changes	(560)	87
Interest income	(636)	(491)
Dividend income	(492)	(88)
Finance cost	1	9
Share of result of a joint venture	(152)	(128)
Operating loss before changes in working capital	(861)	(922)
Changes in working capital:		
Net changes in receivables	(3,982)	(425)
Net changes in payables	(195)	(5,524)
Proceeds from disposal of investment securities	38,604	15,223
Additions in investment securities	(36,510)	(21,316)
Additions in notes receivable	-	(533)
Net cash used in operations	(2,944)	(13,497)
Dividends received	183	153
Interest received	164	161
Income tax paid	(174)	(97)
Net cash used in operating activities	(2,771)	(13,280)
CASH FLOWS FROM INVESTING ACTIVITY		
(Addition in)/withdrawal from cash management fund, representing net cash (used in)/generated from investing activity	(4,528)	11,742
CASH FLOWS FROM FINANCING ACTIVITY		
Payment of lease liability, representing net cash used in financing activity	(44)	(44)
Net decrease in cash and cash equivalents	(7,343)	(1,582)
Effect of exchange rate changes	176	(51)
Cash and cash equivalents at beginning of period	13,356	14,691
Cash and cash equivalents at end of period	6,189	13,058

A8

(The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") Interim Financial Reporting

1. Basis of preparation

These condensed consolidated interim financial statements ("Condensed Report"), have been prepared in accordance with MFRS 134: *Interim Financial Reporting* and paragraph 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. This Condensed Report also complies with IAS 34: *Interim Financial Reporting* issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2019, the Group prepared its financial statements in accordance with Malaysian Financial Reporting Standards ("MFRS").

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes. These explanatory notes provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

The significant accounting policies and methods of computation adopted by the Group in preparing this Condensed Report are consistent with those of the audited financial statements for the year ended 31 December 2019, except for the adoption of the Amendments and Annual Improvements to Standards effective as of 1 January 2020.

Effective for annual periods commencing on or after 1 January 2020

The Group has adopted the following Amendments to MFRSs and Issue Committee ("IC Interpretation") effective as of 1 January 2020.

Amendments to MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Interpretation 12, IC Interpretation 19, IC Interpretation 20, IC Interpretation 22 and IC Interpretation 132	Amendments to Reference to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3 Amendments to MFRS 7 MFRS 9 and MFRS 139	Business Combinations: Definition of a Business Financial Instruments: Interest Rate Benchmark Reform
Amendments to MFRS 101 Amendments to MFRS 108	Presentation of Financial Statements: Definition of Material Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material

The adoption of the above Amendments to MFRSs and IC Interpretation did not have any material impact on the financial statements of the Group.

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") Interim Financial Reporting

1. Basis of preparation (cont'd.)

MFRS and Amendments to MFRSs issued but not yet effective

MFRSs, Amendments to MFRSs and IC Interpretation	Effective for annual periods beginning on or after
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 101 Presentation of Financial Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 10, MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above MFRS and Amendments to MFRSs will have no material impact on the financial performance or position of the Group in the period of initial application.

2. Seasonal or cyclical factors

There were no significant seasonal or cyclical factors that will materially affect the business of the Group in the current period. However, the Group's results are largely influenced by, amongst others, the market prices of quoted investments.

3. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting the financial statements for the current period.

4. Significant estimates and changes estimates

There were no significant changes in estimates that have a material effect to the Group in the financial year to date results.

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020**PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") Interim Financial Reporting****5. Changes in debt and equity securities****Share buybacks / Treasury shares of the Company**

There were no share buybacks during the quarter ended 31 March 2020. The shares repurchased previously are being held as treasury shares and treated in accordance with the requirements of Section 127 of the Companies Act 2016. A summary of the share buybacks is as follows:

	Number of Treasury shares	Highest price RM	Lowest price RM	Average cost (including transaction costs) RM	Total amount paid RM
As at 01.01.2020/31.03.2020	1,151,800	-	-	0.56	646,527

6. Dividend Paid

No dividend was paid for the current quarter and year to date ended 31 March 2020.

7. Segmental information

The segment information has been prepared in accordance with the disclosure requirements of MFRS 8: Operating Segments. For management purposes, the Group is organised into the following major business segments based services, which are regularly provided to and reviewed by the management team:

1. Venture Capital and Private Equity - Investment in high growth entities, management of private funds and holding of long term investments.
2. Holding Entity - Investment holding.

Segment revenue and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The inter-segment transactions have been entered into in the ordinary course of business at terms mutually agreed between the companies concerned and are not more favourable than those arranged with independent third parties. These transactions have been eliminated to arrive at the Group's results.

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020
**PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134")
Interim Financial Reporting**
7. Segmental information (cont'd.)
Business Segments

	Venture capital and private equity businesses	Holding entity	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000
Current year to date ended 31 March 2020				
Income				
External income	(17,940)	(77)	-	(18,017)
Inter-segment income	10	643	(653)	-
Total	<u>(17,930)</u>	<u>566</u>	<u>(653)</u>	<u>(18,017)</u>
Results				
Loss from operations with external parties	(18,176)	(211)	-	(18,387)
Add : Inter-segment income	10	643	(653)	-
Less : Inter-segment expenses	(648)	(5)	653	-
Segment results	<u>(18,814)</u>	<u>427</u>	<u>-</u>	<u>(18,387)</u>
Finance cost				(1)
Share of result of a joint venture				<u>152</u>
Loss before tax				(18,236)
Tax benefit				<u>578</u>
Loss for the period attributable to the owners of the Company				<u><u>(17,658)</u></u>

Preceding year to date ended 31 March 2019

Income				
External income	2,200	150	-	2,350
Inter-segment income	15	743	(758)	-
Total	<u>2,215</u>	<u>893</u>	<u>(758)</u>	<u>2,350</u>
Results				
Profit/(loss) from operations with external parties	1,271	(7)	(2)	1,262
Add : Inter-segment income	15	743	(758)	-
Less : Inter-segment expenses	(748)	(10)	758	-
Segment results	<u>538</u>	<u>726</u>	<u>(2)</u>	<u>1,262</u>
Finance cost				(9)
Share of result of a joint venture				<u>128</u>
Profit before tax				1,381
Tax expense				<u>(40)</u>
Profit for the period attributable to the owners of the Company				<u><u>1,341</u></u>

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020**PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") Interim Financial Reporting****7. Segmental information (cont'd.)****Geographical Segments**

All of the Group's investments are managed in Malaysia, although it has investments in other geographical locations. Hence, the Group considers that it does not have separate geographical reporting segments.

8. Cash, bank balances and cash management fund

	As at <u>31.03.2020</u> RM'000	As at <u>31.12.2019</u> RM'000	As at <u>31.03.2019</u> RM'000
Cash and cash equivalents	6,189	13,356	13,058
Cash Management Fund	21,558	17,030	10,297
	<u>27,747</u>	<u>30,386</u>	<u>23,355</u>

9. Event subsequent to reporting period

There was no material event subsequent to the end of the current quarter.

10. Changes in the composition of the Group

There were no changes in the composition of the Group during the reporting period.

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

PART B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for ACE Market

1. Review of the performance of the Company and its subsidiaries

Financial review

	Current quarter ended 31.03.2020 RM'000	Comparative quarter ended 31.03.2019 RM'000	Changes %
Income	(18,017)	2,350	(867)
(Loss)/profit before tax	(18,236)	1,381	(1,420)
(Loss)/profit after tax	(17,658)	1,341	(1,417)
(Loss)profit/ attributable to Owners of the Company	(17,658)	1,341	(1,417)

The Group registered a loss after tax of RM17.66 million for the three months ended 31 March 2020 as compared to a profit after tax of RM1.34 million for the preceding three months ended 31 March 2019. This was mainly due to the net fair value loss on financial assets of RM19.15 million as compared to a net fair value gain on financial assets of RM1.77 million in the preceding three months ended 31 March 2019. The net fair value loss is mainly due to global equity market sell down that occurred in March 2020 which peaked on 23 March 2020. This sell down was attributed to the heightened panic arising from the market expectation on the potential adverse impact from the Covid-19 pandemic.

2. Material change in quarterly results before taxation for the current quarter compared with the immediate preceding quarter

Financial review

	Current quarter ended 31.03.2020 RM'000	Immediate preceding quarter ended 31.12.2019 RM'000	Changes %
Income	(18,017)	15,455	(217)
Profit/(loss) before tax	(18,236)	14,197	(228)
Profit/(loss) after tax	(17,658)	13,461	(231)
Profit/(loss) attributable to Owners of the Company	(17,658)	13,461	(231)

The Group recorded a loss before tax of RM18.24 million in the first quarter of 2020 as compared to a profit before tax of RM14.20 million in the immediate preceding quarter. This was mainly due to decrease in the market value in quoted investments held by the Group for the current quarter under review.

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

PART B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for ACE Market

3. Current prospects and progress on previously announced financial estimate

(a) Current prospects

With the Covid-19 pandemic having escalated so quickly, most businesses have been thrown into disarray for the past months. Equity markets remain highly volatile despite the recent recovery. Nevertheless, we continue to look out for companies within our preferred thematic sectors that are benefitting during this crisis. In terms of our private equity segment, we are seeing rising concerns globally on reduced investors’ appetite and lower valuations with potential increase in mergers and acquisitions to create larger and more sustainable companies. We expect there are businesses within our preferred sectors that have the opportunity to thrive in this climate and with a longer term view we expect to grow our portfolios.

(b) Progress and steps to achieve financial estimate, forecast, projection and internal targets previously announced

There was no financial forecast previously announced by the Group.

4. Statement of the Board of Directors’ opinion on achievability of financial estimate, forecast, projection and internal targets previously announced

Not applicable.

5. Financial estimate, forecast or projection / profit guarantee

There was no financial estimate, forecast or projection and profit guarantee issued by the Group.

6. Net fair value (loss)/gain on financial assets

	Quarter and Year-To-Date ended	
	<u>31.03.2020</u>	<u>31.03.2019</u>
	RM’000	RM’000
Realised fair value (loss)/gain on financial assets *	(1,165)	1,034
Unrealised fair value (loss)/gain on financial assets	(17,981)	736
	<u>(19,146)</u>	<u>1,770</u>

* Realised fair value (loss)/gain on financial assets is arrived at based on the following:

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020
PART B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for ACE Market
6. Net fair value (loss)/gain on financial assets (cont'd.)

	Quarter and Year-To-Date ended	
	<u>31.03.2020</u>	<u>31.03.2019</u>
	RM'000	RM'000
Proceeds from disposal of financial assets	38,604	15,223
Less: Cost of investment	(40,630)	(19,497)
Loss on disposal	(2,026)	(4,274)
Add: Previously recognised fair value changes	861	5,308
Realised fair value (loss)/gain on financial assets	<u>(1,165)</u>	<u>1,034</u>

7. (Loss)/profit before tax

(Loss)/profit before tax is arrived at after (crediting)/charging the following:

	Quarter and Year-To-Date ended	
	<u>31.03.2020</u>	<u>31.03.2019</u>
	RM'000	RM'000
Interest income	(636)	(491)
Dividend income	(492)	(88)
Finance cost	1	9
Net fair value loss/(gain) on financial assets	19,146	(1,770)
Depreciation and amortisation	25	26
Depreciation of right-of-use asset	43	41
Other income	(1)	(1)
Net foreign exchange (gain)/loss	(686)	144

8. Income tax benefit/(expense)

	Quarter and Year-To-Date ended	
	<u>31.03.2020</u>	<u>31.03.2019</u>
	RM'000	RM'000
Provision for the current quarter/ period to date:		
Malaysian income tax	(141)	(166)
Deferred tax	719	126
	<u>578</u>	<u>(40)</u>

The deferred tax benefit for the current quarter ended 31 March 2020 of RM0.72 million mainly arose from net fair value changes on financial assets.

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

PART B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for ACE Market

9. Corporate proposals

Status of corporate proposals announced but not completed as at 22 May 2020 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report)

There were no corporate proposals previously announced but not completed as at 22 May 2020.

10. Borrowings

As at 31 March 2020, there were no borrowings outstanding and the Group had not issued any debt securities.

11. Material litigation

As at 22 May 2020 (being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report), the Group was not engaged in any material litigation either as plaintiff or defendant and the directors are not aware of any proceeding pending or threatened against the Group or any facts likely to give rise to any proceeding which might materially and adversely affect the financial position or business operations of the Group.

12. Dividend

There was no dividend proposed in the current quarter ended 31 March 2020 (31 March 2019: Nil).

13. (Loss)/earnings per share attributable to owners of the Company

	Quarter and Year-To-Date ended	
	<u>31.03.2020</u>	<u>31.03.2019</u>
Basic (loss)/earnings per share		
(Loss)/earnings attributable to owners of the Company (RM'000)	(17,658)	1,341
Weighted average number of ordinary shares in issue ('000 shares)	196,445	196,445
Basic (loss)/earnings per share (sen)	<u>(8.99)</u>	<u>0.68</u>

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

PART B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for ACE Market

14. Auditors’ report on preceding annual financial statements

The auditors’ report on the financial statements for the financial year ended 31 December 2019 was unqualified.

By Order of the Board

YEE CHEE WAI

Executive Director / Chief Operating Officer

Kuala Lumpur
22 May 2020