



OCEAN VANTAGE HOLDINGS BERHAD

REGISTRATION NO.: 2018010136887 (1298917-H)

Interim Financial Report
For The First Quarter Ended
31 March 2020



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2020⁽¹⁾

	Note	-- Individual Quarter -- 3 months ended		-- Cumulative Quarter -- 3 months ended	
		Unaudited 31/03/2020 RM'000	Unaudited 31/03/2019 ⁽²⁾ RM'000	Unaudited 31/03/2020 RM'000	Unaudited 31/03/2019 ⁽²⁾ RM'000
Revenue	A9	15,077	N/A	15,077	N/A
Cost of sales		(10,828)	N/A	(10,828)	N/A
Gross profit		4,249	N/A	4,249	N/A
Other income		22	N/A	22	N/A
Administrative expenses		(1,388)	N/A	(1,388)	N/A
Listing expenses		-	N/A	-	N/A
Profit from operations		2,883	N/A	2,883	N/A
Finance costs		(25)	N/A	(25)	N/A
Profit before taxation ("PBT")	B11	2,858	N/A	2,858	N/A
Taxation	B5	(685)	N/A	(685)	N/A
Profit after taxation		2,173	N/A	2,173	N/A
Profit for the financial period attributable to:					
Owners of the Company		2,173	N/A	2,173	N/A
Earnings per share attributable to owners of the parent (sen)					
- Basic	B10	0.66	N/A	0.66	N/A
- Diluted	B10	0.53	N/A	0.53	N/A

Notes:

- (1) The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with Accountants' Report as disclosed in the Prospectus of the Company dated 30 June 2020 and the accompanying explanatory notes are an integral part of this interim financial report.
- (2) No comparative figures for the preceding year's corresponding period presented as this is the first interim financial report on consolidated results announced by the Company in compliance with the ACE Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

*N/A denotes not applicable



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020⁽¹⁾

	Note	Unaudited As at 31/03/2020 RM'000	Unaudited As at 31/03/2019 ⁽²⁾ RM'000
Non-current asset			
Property, plant and equipment		8,029	N/A
Current assets			
Trade receivables		16,908	N/A
Other receivables, deposit and prepayments		957	N/A
Current tax assets		6	N/A
Cash and bank balances		5,850	N/A
		<u>23,721</u>	<u>N/A</u>
Total assets		<u>31,750</u>	<u>N/A</u>
Equity			
Share capital		16,440	N/A
Reserves		(12,695)	N/A
Retained earnings		20,270	N/A
		<u>24,015</u>	<u>N/A</u>
Non-current liabilities			
Bank borrowings	B7	1,411	N/A
Lease liabilities		149	N/A
Deferred tax liabilities		415	N/A
		<u>1,975</u>	<u>N/A</u>
Current liabilities			
Trade payables		3,677	N/A
Other payables and accruals		1,058	N/A
Bank borrowings	B7	184	N/A
Lease liabilities		125	N/A
Current tax liabilities		716	N/A
		<u>5,760</u>	<u>N/A</u>
Total liabilities		<u>7,735</u>	<u>N/A</u>
Total equity and liabilities		<u>31,750</u>	<u>N/A</u>
Number of ordinary shares in issue ('000)		328,800	N/A
Net assets per share attributable to owners of the parent (RM)		0.07	N/A

Notes:

(1) The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with Accountants' Report as disclosed in the Prospectus of the Company dated 30 June 2020 and the accompanying explanatory notes are an integral part of this interim financial report.

(2) No comparative figures for the preceding year's corresponding period presented as this is the first interim financial report on consolidated results announced by the Company in compliance with the Listing Requirements.

*N/A denotes not applicable

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Registration No.: 201801036887 (1298917-H)

(Incorporated in Malaysia)

Interim Financial Report For The First Quarter Ended 31 March 2020

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2020⁽¹⁾**

	-----Non-distributable-----			Distributable	Total equity RM'000
	Share capital RM'000	Other reserve RM'000	Reorganisation reserve RM'000	Retained earnings RM'000	
Balance as at 1 January 2020	1,600	2,336	-	17,906	21,842
Profit for the financial period	-	-	-	2,173	2,173
<i>Transaction with owners:</i>					
Acquisition of subsidiaries in business combination under common control	14,840		(15,031)	191	-
Balance as at 31 March 2020	16,440	2,336	(15,031)	20,270	24,015

Note:

⁽¹⁾ The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with Accountants' Report as disclosed in the Prospectus of the Company dated 30 June 2020 and the accompanying explanatory notes are an integral part of this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2020⁽¹⁾

	Unaudited 3 months ended	
	31/03/2020 RM'000	31/03/2019 ⁽²⁾ RM'000
Cash Flows from Operating Activities		
Profit before taxation	2,858	N/A
Adjustments for:		N/A
Depreciation of property, plant and equipment	247	N/A
Interest expenses	25	N/A
Interest income	(3)	N/A
Unrealised loss on foreign exchange	37	N/A
	3,164	N/A
Operating profit before working capital changes		
Changes in working capital		
Trade and other receivables	932	N/A
Trade and other payables	633	N/A
Cash generated from operations	4,729	N/A
Income tax paid	(427)	N/A
	4,302	N/A
Net cash generated from operating activities		
Cash Flows from Investing Activities		
Purchase of property, plant & equipment	(740)	N/A
Proceeds from acquisition of subsidiary	*	N/A
Interest received	3	N/A
	(737)	N/A
Net cash used in investing activities		
Cash Flows from Financing Activities		
Drawdown of bankers' acceptance	69	N/A
Repayment of term loans	(10)	N/A
Repayment of finance lease liabilities	(15)	N/A
Repayment of lease liabilities	(48)	N/A
Interest paid	(25)	N/A
	(29)	N/A
Net cash used in financing activities		
Net increase in cash and cash equivalents	3,536	N/A
Cash and cash equivalents as at beginning of financial year	2,314	N/A
Cash and cash equivalents as at end of financial period	5,850	N/A

Notes:

* Amount below RM1,000

(1) The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with Accountants' Report as disclosed in the Prospectus of the Company dated 30 June 2020 and the accompanying explanatory notes are an integral part of this interim financial report.

(2) No comparative figures for the preceding year's corresponding period presented as this is the first interim financial report on consolidated results announced by the Company in compliance with the Listing Requirements.

*N/A denotes not applicable



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim financial report of Ocean Vantage Holdings Berhad (“**OVH**” or “**the Company**”) and its subsidiaries (collectively known as “**the Group**”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“**MFRSs**”) 134: Interim Financial Reporting and Rule 9.22 of the Listing Requirements.

This is the first interim financial statements on the Group’s unaudited condensed consolidated financial results for the first (1st) quarter ended 31 March 2020 announced by the Group in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year’s corresponding period.

The interim financial statements should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus dated 30 June 2020 and the accompanying explanatory notes are attached to this interim financial report.

The accounting policies adopted in the interim financial statements are consistent with those as adopted in the audited financial statements for the financial year ended 31 December 2019. The Group has adopted those standards, amendments and interpretations that have become effective and such adoptions do not have material impact on the financial position of the Group.

A2. Significant accounting policies

The significant accounting policies adopted by the Group in this interim financial statements are consistent with those as disclosed in the Accountants’ Report in the Prospectus of the Company dated 30 June 2020. The Group has in addition adopted the following new and revised MFRSs, Amendments to MFRSs and IC Interpretations for the financial year beginning 1 January 2020.

(a) New MFRS, Amendments/improvements to MFRSs and IC Interpretations

- Amendments to MFRS 3	Business Combinations
- Amendments to MFRS 7	Financial Instruments: Disclosures
- Amendments to MFRS 9	Financial Instruments
- Amendments to MFRS 101	Presentation of Financial Statements
- Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to MFRS 139	Financial Instruments: Recognition and Measurements



A2. Significant accounting policies (cont'd)

(b) New MFRS, Amendments/improvements to MFRSs and IC Interpretations, but not yet effective for annual period beginning on or after 1 January 2020.

- MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
- MFRS 3	Business Combinations
- MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
- MFRS 7	Financial Instruments: Disclosures
- MFRS 9	Financial Instruments
- MFRS 10	Consolidated Financial Statements
- MFRS 15	Revenue from Contracts with Customers
- MFRS 16	Leases
- MFRS 17	Insurance Contracts
- MFRS 101	Presentation of Financial Statements
- MFRS 107	Statements of Cash Flows
- MFRS 116	Property, Plant and Equipment
- MFRS 119	Employee Benefits
- MFRS 128	Investments in Associates and Joint Ventures
- MFRS 132	Financial instruments: Presentation
- MFRS 136	Impairment of Assets
- MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
- MFRS 138	Intangible Assets
- MFRS 140	Investment Property
- MFRS 141	Agriculture

A3. Auditors' report

The audited financial statements of the Group for the financial year ended 31 December 2019 was not subject to any qualification.

A4. Seasonal or cyclical factors

The business operations of the Group were not affected by seasonal or cyclical factors.

A5. Material unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial quarter under review.

A6. Material changes in estimates

There were no material changes in estimates that have a material effect in the current financial quarter under review.

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A7. Debt and equity securities

Save as disclosed below, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during current financial quarter under review.

On 29 March 2019, OVH had entered into the following conditional share sale agreements:

- (a) The conditional share sale agreement between OVH and the Ocean Vantage Engineering Sdn Bhd's vendor for the acquisition of 100% equity interest, for a purchase consideration of RM16,439,990 which was wholly satisfied by the issuance of 328,799,900 new Shares at an issue price of RM0.05 per Share; and
- (b) The conditional share sale agreement between OVH and the Ocean Vantage Inspection Testing Sdn Bhd's vendor for the acquisition of 100% equity interest, for a purchase consideration of RM100 satisfied fully in cash.

The acquisition of Ocean Vantage Engineering Sdn Bhd and Ocean Vantage Inspection Testing Sdn Bhd was completed on 12 February 2020.

On 30 June 2020, OVH issued its prospectus in conjunction with the Company's listing on the ACE Market of Bursa Securities, the Company has undertaken an initial public offering ("IPO") comprising:-

- (i) Public issue of 82,200,000 new ordinary shares in the Company at an issue price of RM0.26 per share ("IPO Price") allocated in the following manner:-
 - 20,550,000 new shares available for application by the Malaysian Public;
 - 4,110,000 new shares available for application by the eligible directors and employees; and
 - 57,540,000 new shares by way of private placement to selected investors.
- (ii) Offer for sale of 41,100,000 existing shares by way of private placement to selected investors at IPO price.

The listing exercise is still pending completion as the Company's enlarged share capital of 411,000,000 shares is expected to be listed on 22 July 2020.

A8. Dividends

There was no dividend paid by the Group during the current financial quarter under review.

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**A9. Segmental Reporting**

The Group's reportable segmental information for the current financial quarter is as follows:-

	EPC and Project Management RM'000	Supply of Manpower RM'000	Supply of material, tools and equipment RM'000	Adjustment and eliminations RM'000	Total RM'000
31 March 2020					
Revenue:					
External customers	4,200	9,879	998	-	15,077
Inter-segment revenue	33	-	-	(33)	-
	<u>4,233</u>	<u>9,879</u>	<u>998</u>	<u>(33)</u>	<u>15,077</u>
Segment profit	1,626	2,313	310	-	4,249
Other income					22
Unallocated expenses					(1,388)
Finance Costs					(25)
Income tax expenses					<u>(685)</u>
Profit for the period					<u><u>2,173</u></u>
Results:					
<i>Included in the measure of segment profit are:</i>					
Employee benefit expenses	181	-	-	-	181
Depreciation	169	-	-	-	169

Note: No comparative figures for the preceding year's corresponding period presented as this is the first interim financial report on consolidated results announced by the Company in compliance with the Listing Requirements.



A10. Significant event subsequent to the end of the current Interim financial quarter

Saved as disclosed in Note B6 below, there were no other material events subsequent to the end of current financial quarter under review that have not been reflected in this interim financial statements.

A11. Changes in the composition of the Group

Save as disclosed in Note A7 above, there were no material changes in the composition of the Group during the current financial quarter under review.

A12. Contingent assets and contingent liabilities

Save as disclosed below, there were no other contingent assets and contingent liabilities as at the date of this interim financial statements.

	Unaudited 3 months ended	
	31/03/2020 RM'000	31/03/2019 ⁽¹⁾ RM'000
Secured		
Bank guarantee	44	N/A

Note:

⁽¹⁾ No comparative figures for the preceding year's corresponding period presented as this is the first interim financial report on consolidated results announced by the Company in compliance with the Listing Requirements.

A13. Capital commitments

The Group does not have any material capital commitments during the current financial quarter under review.

A14. Significant related party transactions

The Group's transactions with companies in which the directors or substantial shareholders have an interest in for the current financial quarter were as follows:-

	-- Individual Quarter --		-- Cumulative Quarter --	
	Unaudited		Unaudited	
	Unaudited 31/03/2020 RM'000	Unaudited 31/03/2019 ⁽¹⁾ RM'000	Unaudited 31/03/2020 RM'000	Unaudited 31/03/2019 ⁽¹⁾ RM'000
Rental of premise charged by a related party	33	N/A	33	N/A

Note:

⁽¹⁾ No comparative figures for the preceding year's corresponding period presented as this is the first interim financial report on consolidated results announced by the Company in compliance with the Listing Requirements.

These transactions have been entered into in the normal course of business.



A15. Fair value of financial liabilities

There were no gains or losses arising from fair value changes of the Group's financial liabilities for the current financial quarter under review.

A16. Valuation of property, plant and equipment

The Group has not carried out any valuation of its property, plant and equipment in the current financial quarter.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Group's Performance

The Group recorded revenue of RM15.08 million for the financial quarter which mainly driven by the supply of manpower segment, which contributed RM9.88 million or approximately 65.52% of the Group's total revenue. The EPC and project management segment contributed RM4.20 million or approximately 27.86% of the total revenue and remaining revenue of RM1.00 million or approximately 6.62% contributed from the supply of material, tools and equipment segment.

The Group registered a PBT of RM2.86 million in the current financial quarter under review.

B2. Comparison with immediate preceding quarter's results

There are no comparative figures for the immediate preceding quarter and preceding year's corresponding period available as this is the first interim financial report on consolidated results announced by the Group in compliance with the Listing Requirements.

B3. Commentary on prospects

Due to the recent outbreak of the Covid-19, the Government has imposed the movement control order ("**MCO**") throughout Malaysia which took effect from 18 March 2020 to 3 May 2020, conditional movement control order ("**CMCO**") from 4 May 2020 to 9 June 2020 and RMCO from 10 June 2020 to 31 August 2020 to combat the rise of Covid-19 cases in the country. The MCO has halted most of the economic sectors and activities, especially those operating in non-essential services.

Globally, as a result of Covid-19, Brent crude oil prices have fallen by almost two-thirds to USD23.34 per barrel in April 2020 from the USD65.85 per barrel in December 2019. In May 2020, Brent crude oil prices rose slightly to USD31.02 per barrel. Transport disruptions and an economic decline have weakened demand for crude oil. Despite the decline in global oil prices, the Group has yet to be negatively impacted. However, it is still early to fully assess the impact of Covid-19 on Malaysia's offshore oilfield services industry. Any sustained decline in demand for crude oil could result in lower activities, possible project deferments or cancellations and increased margin pressures across the board in all value chains within the oil and gas ("**O&G**") industry in the short term. There is potentially an increased risk of delay in contract awards and activities within the upstream space in 2020 as Malaysia has committed to a production cut.



B3. Commentary on prospects (cont'd)

Pursuant to the announcement by the Government of Malaysia on the MCO effective from 18 March 2020, PETRONAS issued a statement on its position that O&G, production, refining, storage, supply and distribution of fuel and lubricants are considered essential services as per the announcement made by the Prime Minister of Malaysia and specified under section 2 (First Schedule), Act 177, Industrial Relations Act 1967.

The Group is deemed to fall under the essential services and permitted to continue operations during this period. However, during the initial period of MCO, the Group faced some disruption that affected the delivery coordination and transportation as certain suppliers were not able to fully operate their businesses during this period. Apart from the temporary delay from certain suppliers for the supply of materials, tools and equipment which have since been resolved, the Group operations did not encounter any major disruptions throughout the period of MCO and CMCO. The Group will continuously monitor the impact of Covid-19 on the operations and financial performance. The Group will also be taking appropriate and timely measures to minimise the impact of the outbreak on the Group's operations.

The Group are committed to sustain the resilience by exploring opportunities in both local and overseas market through broadening the range of support services and continue to explore downstream segment opportunities by utilising the IPO proceeds raised from the IPO.

The Board are of the opinion that the current challenging environment to remain in near term. However, the Board is cautiously optimistic that the Group is able of withstanding current uncertainties and is well-positioned to capture opportunities as the market recovers.

B4. Profit forecast or profit guarantee

The Group did not issued any profit forecast or profit guarantee during the current financial quarter under review.

B5. Taxation

	-- Individual Quarter --		-- Cumulative Quarter --	
	Unaudited		Unaudited	
	31/03/2020	31/03/2019 ⁽¹⁾	31/03/2020	31/03/2019 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Malaysian Income Tax				
- Current tax	693	N/A	693	N/A
- Deferred tax liabilities	(8)	N/A	(8)	N/A
	<u>685</u>	<u>N/A</u>	<u>685</u>	<u>N/A</u>
Effective tax rates	23.97%	N/A	23.97%	N/A

Note:

⁽¹⁾ No comparative figures for the preceding year's corresponding period presented as this is the first interim financial report on consolidated results announced by the Company in compliance with the Listing Requirements.



B6. Status of corporate proposals and utilisation of proceeds

On 30 June 2020, the Company issued its prospectus in relation to the public issue of 82,200,000 new Ordinary Shares (“**Public Issue**”) at IPO Price in conjunction with the IPO. The listing exercise is still pending completion as the Company’s enlarged share capital of 411,000,000 shares is expected to be listed on 22 July 2020.

The gross proceeds of RM21.37 million to be raised from the IPO are intended to be utilised in the following manner:-

Details of Utilisation	Proposed Utilisation RM'000	Actual Utilised RM'000	Estimated timeframe for utilisation from Listing
Broadening the range of support services	3.24	N/A	Within 24 months
Capital expenditure for the downstream O&G segment	8.59	N/A	Within 24 months
General working capital	6.54	N/A	Within 24 months
Listing expenses	3.00	N/A	Immediately
	21.37	N/A	

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 30 June 2020.

B7. Bank borrowings

The Group’s borrowings were as follows:

	Unaudited 3 months ended	
	31/03/2020 RM'000	31/03/2019 ⁽¹⁾ RM'000
Secured		
Current liabilities		
Bankers' acceptance	69	N/A
Finance lease liabilities	62	N/A
Term loan	53	N/A
	184	N/A
Non-current liabilities		
Finance lease liabilities	32	N/A
Term loan	1,379	N/A
	1,411	N/A
Total bank borrowings	1,595	N/A

Note:

⁽¹⁾ No comparative figures for the preceding year’s corresponding period presented as this is the first interim financial report on consolidated results announced by the Company in compliance with the Listing Requirements.

All the group’s borrowings are denominated in Ringgit Malaysia.



B8. Material litigation

As at the date of this interim financial report, there were no material litigation involving the Group.

B9. Dividends proposed

There were no dividends proposed for the current financial quarter under review.

B10. Earnings Per Share (“EPS”)

The basic and diluted EPS are calculated based on the Group’s profit after taxation attributable to owners of the parent dividend by the number of ordinary shares deemed in issue during the financial period.

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	Unaudited		Unaudited	
	31/03/2020	31/03/2019 ⁽¹⁾	31/03/2020	31/03/2019 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Profit after tax attributable to owners of the Company (RM'000)	2,173	N/A	2,173	N/A
Number of ordinary shares before IPO ('000)	328,800	N/A	328,800	N/A
Number of enlarged ordinary shares after IPO ('000)	411,000	N/A	411,000	N/A
Basic EPS (sen) ⁽²⁾	0.66	N/A	0.66	N/A
Diluted EPS (sen) ⁽³⁾	0.53	N/A	0.53	N/A

Notes:

- (1) No comparative figures for the preceding year’s corresponding period presented as this is the first interim financial report on consolidated results announced by the Company in compliance with the Listing Requirements.
- (2) Basic EPS is calculated by dividing the profit after tax attributable to owners of the Company by number of shares in issue before IPO.
- (3) Diluted EPS is calculated by dividing the profit after tax attributable to the owners of the Company by the number of enlarged shares in issue after IPO.

*N/A denotes not applicable

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B11. Disclosure on selected expense/(income) items as required by the Listing Requirements

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	Unaudited		Unaudited	
	31/03/2020	31/03/2019 ⁽¹⁾	31/03/2020	31/03/2019 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):-				
Auditor's remuneration				
- current year	13	N/A	13	N/A
Depreciation of property, plant and equipment	247	N/A	247	N/A
Interest expense	25	N/A	25	N/A
Interest income	(3)	N/A	(3)	N/A
Realised gain on foreign exchange	(18)	N/A	(18)	N/A
Rental expense on:		N/A		N/A
- Premises	11	N/A	11	N/A
- Machinery and equipment	25	N/A	25	N/A
Unrealised loss on foreign exchange	37	N/A	37	N/A

Note:

⁽¹⁾ No comparative figures for the preceding year's corresponding period presented as this is the first interim financial report on consolidated results announced by the Company in compliance with the Listing Requirements.

BY ORDER OF THE BOARD

17 JULY 2020

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