OCEAN VANTAGE HOLDINGS BERHAD

REGISTRATION NO.: 201801036887 (1298917-H)

Interim Financial Report
For The Second Quarter Ended
30 June 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2021[1]

	Note	Individual Quarter 3 months ended Unaudited 30/06/2021 RM'000	Individual Quarter 3 months ended Unaudited 30/06/2020 RM'000	Cumulative Quarter 6 months ended Unaudited 30/06/2021 RM'000	Cumulative Quarter 6 months ended Unaudited 30/06/2020 RM'000
Revenue	A9	35,081	16,915	63,300	31,992
Cost of sales		(28,629)	(12,516)	(51,947)	(23,344)
Gross profit		**6,452**	**4,399**	**11,353**	**8,648**
Other income		33	218	547	240
Administrative expenses		(2,638)	(1,640)	(4,551)	(3,028)
Listing expenses		-	(67)	-	(67)
Profit from operations		**3,847**	**2,910**	**7,349**	**5,793**
Finance costs		(17)	(24)	(34)	(49)
Profit before taxation ("PBT")	B13	**3,830**	**2,886**	**7,315**	**5,744**
Taxation	B5	(1,130)	(722)	(2,191)	(1,407)
Profit after taxation		**2,700**	**2,164**	**5,124**	**4,337**
Profit for the financial period attributable to:					
Owners of the Company		2,788	2,164	5,265	4,337
Non-controlling interests		(88)	-	(141)	-
		2,700	**2,164**	**5,124**	**4,337**
Earnings per share attributable to owners of the parent (sen)					
- Basic	B12	0.68	0.66	1.28	1.32
- Diluted	B12	0.68	0.53	1.28	1.06

Note:

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021[(1)]

	Note	Unaudited As at 30/06/2021 RM'000	Audited As at 31/12/2020 RM'000
Non-current asset			
Property, plant and equipment		7,685	7,936
Current assets			
Trade receivables		45,299	22,868
Other receivables, deposit and prepayments		1,802	660
Contract assets		#	7,834
Other investment		-	2,004
Current tax assets		64	44
Fixed Deposit		5,000	-
Cash and bank balances		8,881	16,592
		61,046	50,002
Total assets		68,731	57,938
Equity			
Share capital		37,087	37,087
Reserves		(12,695)	(12,695)
Retained earnings		30,680	25,415
		55,072	49,807
Non-controlling interests		8	59
		55,080	49,866
Non-current liabilities			
Bank borrowings	B9	1,325	1,394
Deferred tax liabilities		583	380
		1,908	1,774
Current liabilities			
Trade payables		8,104	3,964
Other payables and accruals		773	490
Bank borrowings	B9	305	309
Current tax liabilities		2,561	1,535
		11,743	6,298
Total liabilities		13,651	8,072
Total equity and liabilities		68,731	57,938
Number of ordinary shares in issue ('000)		411,000	411,000
Net assets per share attributable to owners of the parent (RM)		0.13	0.12

Notes:

Amount below RM1,000

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2021(1)

	|---------------Non-distributable	---------------	----------------|	Distributable		
	Share capital RM'000	Other reserve RM'000	Reorganisation deficit RM'000	Retained earnings RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 1 January 2020	1,600	2,336	-	17,906	-	21,842
Profit for the financial period	-	-	-	4,337	-	4,337
Transaction with owners:						
Acquisition of subsidiaries in business combination under common control	14,840	-	(15,031)	191	-	-
Balance as at 30 June 2020	**16,440**	**2,336**	**(15,031)**	**22,434**	**-**	**26,179**
Balance as at 1 January 2021	37,087	2,336	(15,031)	25,415	59	49,866
Profit/(Loss) for the financial period	-	-	-	5,265	(141)	5,124
Transaction with owners:						
Non-controlling interest arising from incorporation of a subsidiary	-	-	-	-	90	90
Balance as at 30 June 2021	**37,087**	**2,336**	**(15,031)**	**30,680**	**8**	**55,080**

Note:

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2021[(1)]

	Unaudited 6 months ended	
	30/06/2021	**30/06/2020**
	RM'000	**RM'000**
Cash Flows from Operating Activities		
Profit before taxation	7,315	5,744
Adjustments for:		
Depreciation of property, plant and equipment	543	503
Interest expenses	34	49
Interest income	(68)	(3)
Unrealised (gain)/loss on foreign exchange	(230)	319
Operating profit before working capital changes	7,594	6,612
Changes in working capital		
Trade and other receivables	(23,245)	1,833
Trade and other payables	4,323	(199)
Contract assets	7,834	-
Cash (used in)/generated from operations	(3,494)	8,246
Income tax paid	(983)	(812)
Net cash (used in)/generated from operating activities	(4,477)	7,434
Cash Flows from Investing Activities		
Interest received	68	3
Placement of fixed deposit	(5,000)	-
Purchase of property, plant and equipment	(204)	(1,102)
Proceeds from disposal of investment in short term fund	2,004	-
Proceeds from acquisition of subsidiary	-	#
Net cash used in investing activities	(3,132)	(1,099)
Cash Flows from Financing Activities		
Interest paid	(33)	(49)
Drawdown of bankers' acceptance	-	51
Proceeds from issuance of shares	90	-
Repayment of term loans	(31)	(2)
Repayment of finance lease liabilities	(32)	(30)
Repayment of lease liabilities	(98)	(94)
Net cash used in financing activities	(104)	(124)
Net change in cash and cash equivalents	**(7,713)**	**6,211**
Effect of exchange rate fluctuations on cash held	**2**	-
Cash and cash equivalents as at beginning of financial year	**16,592**	**2,314**
Cash and cash equivalents as at end of financial period	**8,881**	**8,525**

Notes:

Amount below RM1,000

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

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 ("**MRFSs**") 134: Interim Financial Reporting and Rule 9.22 of the Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 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 annual audited financial statements for the financial year ended 31 December 2020. 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 and performance 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 adopted in the annual audited financial statements for the financial year ended 31 December 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 2021.

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

Amendments/Improvement to MFRSs

- MFRS 3	Business Combinations
- MFRS 7	Financial Instruments: Disclosures
- MFRS 9	Financial Instruments
- MFRS 16	Leases*
- MFRS 101	Presentation of Financial Statements
- MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
- MFRS 139	Financial Instruments: Recognition and Measurement

* Early adopted the amendments to MFRS 16 Leases issued by the Malaysian Accounting Standards Board on 5 June 2020.

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 2021.

		Effective for financial periods beginning on or after
New MFRS		
- MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
- MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/ 1 January 2023#
- MFRS 3	Business Combinations	1 January 2022/ 1 January 2023#
- MFRS 4	Insurance Contracts	1 January 2021/ 1 January 2023
- MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
- MFRS 7	Financial Instruments: Disclosures	1 January 2021/ 1 January 2023#
- MFRS 9	Financial Instruments	1 January 2021/ 1 January 2022^/ 1 January 2023#
- MFRS 10	Consolidated Financial Statements	Deferred
- MFRS 15	Revenue from Contracts with Customers	1 January 2023#
- MFRS 16	Leases	1 January 2021
- MFRS 17	Insurance Contracts	1 January 2023
- MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
- MFRS 107	Statements of Cash Flows	1 January 2023#
- MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
- MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023#
- MFRS 119	Employee Benefits	1 January 2023#
- MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
- MFRS 132	Financial instruments: Presentation	1 January 2023#
- MFRS 136	Impairment of Assets	1 January 2023#
- MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#
- MFRS 138	Intangible Assets	1 January 2023#
- MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2023#

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 2021 (cont'd).

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs		
- MFRS 140	Investment Property	1 January 2023#
- MFRS 141	Agriculture	1 January 2022^

^ The Annual Improvements to MFRS Standards 2018-2020
 # Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

A3. Auditors' report

The audited financial statements of the Group for the financial year ended 31 December 2020 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.

A7. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during current financial quarter under review.

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 cumulative financial period is as follows:-

	30 June 2021				
	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**
Revenue:					
External customers	27,913	31,267	4,120	-	63,300
Inter-segment revenue	827	-	-	(827)	-
	28,740	31,267	4,120	(827)	63,300
Segment profit	4,312	5,934	1,107	-	11,353
Other income					547
Unallocated expenses					(4,551)
Finance costs					(34)
Income tax expense					(2,191)
Profit for the period					5,124
Results:					
Included in the measure of segment profit are:					
Employee benefit expenses	381	1,187	-	-	1,568
Depreciation	369	-	-	-	369

	30 June 2020				
	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**
Revenue:					
External customers	7,535	22,272	2,185	-	31,992
Inter-segment revenue	65	-	-	(65)	-
	7,600	22,272	2,185	(65)	31,992
Segment profit	2,397	5,281	970	-	8,648
Other income					240
Unallocated expenses					(3,095)
Finance costs					(49)
Income tax expense					(1,407)
Profit for the period					4,337
Results:					
Included in the measure of segment profit are:					
Employee benefit expenses	359	-	-	-	359
Depreciation	346	-	-	-	346

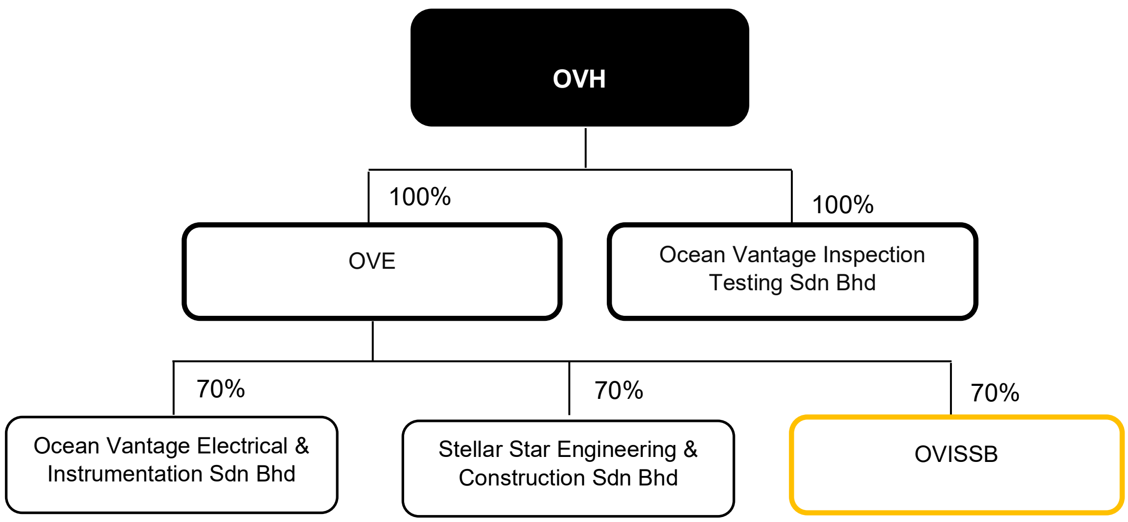
A10. Changes in the composition of the Group

Saved as disclosed below, there were no other material changes in the composition of the Group during the current financial quarter under review.

On 11 May 2021, Ocean Vantage Engineering Sdn Bhd ("**OVE**"), the wholly-owned subsidiary of the Company has incorporated the following company as its new subsidiary:-

Name of company	**Date of incorporation**
Ocean Vantage Integrated Solutions Sdn. Bhd. ("OVISSB") [Registration No. 202101017817 (1418117-H)]	11 May 2021

OVH current corporate structure after the incorporation of the new subsidiary is as follows:



OVISSB's intended principal/business activities are as follows:-

(i) provision of well completion equipment and services including rigless well intervention;
(ii) production enhancement and provision of innovative equipment supply and services; and
(iii) telecommunications & integrated technology solutions.

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A10. Changes in the composition of the Group (Cont'd)

The issued and paid-up share capital is RM300,000.00 comprising 300,000 ordinary shares at RM1.00 each. The Directors and Shareholders in OVISSB are as follows:

		Direct		Indirect	
Name	**Nationality**	**No. of ordinary shares**	**%**	**No. of ordinary shares**	**%**
<u>Director/Shareholder</u>					
Kenny Ronald Ngalin	Malaysian	-	-	(i)210,000	70.00
Mohd Haniff bin Kasuan	Malaysian	45,000	15.00	-	-
Noraziah binti Abu Zarin	Malaysian	45,000	15.00	-	-
<u>Shareholder</u>					
OVE	Malaysia	210,000	70.00	-	-
	Total	**300,000**	**100.00**	**-**	**-**

Note:

(i) Deemed interested by virtue of his shareholdings in OVH, which in turn is the holding company of OVE and OVISSB

A11. 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 6 months ended	
	30/06/2021	**30/06/2020**
	RM'000	**RM'000**
Secured		
Bank guarantee	55	5

A12. Capital commitments

Capital commitments not provided for in current financial quarter are as follows:

	Unaudited 6 months ended	
	30/06/2021	**30/06/2020**
	RM'000	**RM'000**
Contracted but not provided for		
Motor vehicle	181	-

A13. 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 ---| Unaudited		|--- Cumulative Quarter ---| Unaudited	
	30/06/2021 RM'000	**30/06/2020 RM'000**	**30/06/2021 RM'000**	**30/06/2020 RM'000**
Charged by a related party:				
- Rental of premise	33	33	66	66
- Legal consultancy services	45	-	90	-

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

A14. 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.

A15. 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.

A16. Significant event subsequent to the end of the current Interim financial quarter

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.

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

B1. Review of Group's Performance

(a) Results for current financial quarter

	Quarter Ended Unaudited		Variance	
	30/06/2021 ("Q2/21") RM'000	30/06/2020 ("Q2/20") RM'000	RM'000	%
Revenue	35,081	16,915	18,166	107.40%
PBT	3,830	2,886	944	32.71%

The Group recorded revenue of RM35.08 million for the financial quarter ended Q2/21. This was evenly contributed by the EPC and project management segment and the supply of manpower segment, which contributed RM16.43 million or approximately 46.83% and RM16.19 million or approximately 46.16% respectively of the Group's total revenue. The remaining revenue of RM2.46 million or approximately 7.01% is derived from the supply of material, tools and equipment segment.

As compared to the previous year financial quarter, the Group recorded an increase in revenue of RM18.17 million. The increase in revenue is mainly due to higher revenue derived from both EPC and project management segment and manpower supply segment. The increased in EPC and project management segment is mainly due to revenue recognition from the engineering, procurement, construction and commissioning ("**EPCC**") for the large-scale solar farm ("**EPCC Project**") of approximately RM12.04 million in the current quarter. As for the manpower supply segment, the increase in revenue is mainly due to higher demand from customers which includes provision of catering services.

Despite the increased in revenue for the Group in Q2/21, OVH recorded a lower gross profit ("**GP**") margin across all segments. The lower GP margin recorded for EPCC Project as compared to those projects that the Group derived from offshore EPC Oil and Gas ("**O&G**") project caused reduction in the GP margin for the EPC and project management segment. Meanwhile, the manpower supply segment also see contraction in GP margin due to higher recovery costs revenue generated as a results of compliance to the additional standard operating procedures and this portion of revenue is low margin. The drop in GP margin for trading segment is mainly due to more strategic competitive bidding applied during this pandemic period.

The increase in administrative expenses in Q2/21 as compared to Q2/20 was mainly due to higher staff costs in tandem with expansion of workforce and recognition of realised loss on foreign exchange amounting to RM0.25 million. Despite lower GP recorded and increase in administrative expenses, the Group is still able to generate an improvement in PBT of approximately RM0.94 million for Q2/21 as compared to Q2/20.

B1. Review of Group's Performance (Cont'd)

(b) Results for financial year-to-date

	Period Ended		Variance	
	30/06/2021	30/06/2020		
	RM'000	RM'000	RM'000	%
Revenue	63,300	31,992	31,308	97.86%
PBT	7,315	5,744	1,571	27.35%

The Group recorded revenue of RM63.30 million for the financial period ended Q2/21. This was mainly driven from the supply of manpower segment, which contributed RM31.27 million or approximately 49.40% of the Group's total revenue. The EPC and project management segment contributed RM27.91 million or approximately 44.09% of the total revenue and the remaining revenue of RM4.12 million or approximately 6.51% is derived from the supply of material, tools and equipment segment.

The significant increase in revenue of RM31.31 million or approximately 97.86% for the financial period ended Q2/21 from last year financial period ended Q2/20 was mainly due to recognition of revenue derived from the EPCC Project amounting to approximately RM19.36 million and increase in demand from manpower supply segment of approximately of RM9.00 million.

Despite the increased in revenue for the Group for the financial period ended Q2/21, OVH recorded a lower gross profit ("**GP**") margin across all segments. The lower GP margin recorded for EPCC Project as compared to those EPC projects that the Group derived from offshore EPC O&G project caused reduction in GP margin in EPC and project management segment. Meanwhile, the manpower supply segment also see contraction in GP margin due to higher recovery costs revenue generated as a results of compliance to the additional standard operating procedures and this portion of revenue is low margin. The drop in GP margin for trading segment is mainly due to more strategic competitive bidding applied during this pandemic period.

The increase in administrative expenses for the financial period ended Q2/21 is mainly due the expansion of workforce within the Group which leads to higher staff cost. Despite the increase in administrative expenses, the Group is able to generate higher PBT of RM7.32 million for current financial period ended Q2/21 as compared to last year financial period ended Q2/20 of RM5.74 million.

B2. Comparison with immediate preceding quarter's results

	Quarter Ended Unaudited		Variance	
	30/06/2021 ("Q2/21")	31/03/2021 ("Q1/21")		
	RM'000	RM'000	RM'000	%
Revenue	35,081	28,219	6,862	24.32%
PBT	3,830	3,485	345	9.90%

B2. Comparison with immediate preceding quarter's results (Cont'd)

The Group recorded an increase in revenue of RM6.86 million or 24.32% in Q2/21 as compared to preceding Q1/21. The increase in revenue was mainly due to higher revenue contribution from EPC and project management segment amounting to RM4.94 million as the EPCC Project is moving toward completion. The revenue from manpower supply segment increased by approximately RM1.12 million in the current quarter as compared to preceding Q1/21 whereby the Group continuously derived higher revenue contribution from its oversea assignments.

The Group recorded slightly higher overall GP margin during the current quarter ended Q2/21 as compared to preceding quarter ended Q1/21. The improvement in margin is mainly derived from the EPC and project management segment where the improvement in margin is due to higher revenue generated from this segment which was able to cover certain fixed overhead cost in this segment.

The increase in administrative expenses for the current financial quarter ended Q2/21 is mainly due higher staff headcount within the Group which leads to higher staff cost. Despite the increase in administrative expenses, the Group is able to generate higher PBT of RM3.83 million for current financial quarter ended Q2/21 as compared to preceding financial quarter ended Q2/21 of RM3.49 million.

B3. Commentary on prospects

The COVID-19 pandemic continues to have a profound impact across the global business activities and the economy. The rapid increase of COVID-19 cases nationwide has forced the Malaysia Government to re-impose the mandatory movement control order from 1 June 2021 to curb the resurgence in COVID-19 cases and is expected to dampen the Group's growth momentum. The degree of the impact to the Malaysian economy is contingent on the duration and strictness of these measures as well as other measures that would be in effect to further control the spread of COVID-19 in the country.

Bank Negara Malaysia on 13 August 2021, has revised its 2021 gross domestic product growth for Malaysia, to be between 3.0% and 4.0%, after taking into account the reimposition of nationwide containment measures. Moving forward, the gradual easing of these measures together with the progress of the country's vaccination programme is expected to support and promote the economic recovery.

Amidst prevailing uncertainties, the Group will continue to be vigilant and take appropriate and timely measures to sustain the Group's profitability for the financial year 2021.

Our operations are not materially impacted by the pandemic, as our industry is deemed as essential services and exempted from the movement control order implemented in Malaysia. However, mandatory quarantine requirements for crew changes assigned to offshore locations including restrictions to inter-state travels and limited flights within Malaysia and overseas posed some operational challenges to several projects. We have mitigated these issues by working closely with our clients and the respective authorities in our review of our overall crew scheduling and movements to minimise impact to overall project delivery. We expect that these challenges may partly affect our cost to some extend.

We will continue to build resilience in our O&G business by consolidating capabilities within the Group with the aim to reinforce our competitive strengths, to adopt a more integrated approach to our service offerings and capitalising on opportunities available as the industry recovers.

B3. Commentary on prospects (Cont'd)

The Group remains positive of its domestic prospects going forward premised on the PAO for 2021-2023 as well as international operations near Suriname, South America working for the Group's long-term client Maersk Drilling. Besides, the Group is also positive on the ongoing EPCC Project and the new renewable taskforce formed to tap into Solar Net Energy Malaysia ("**NEM Solar Projects**") 3.0 potentials introduced by the Energy and Natural Resources Ministry at end of December 2020.

Going forward, we will be accelerating our efforts to pursue more opportunities to diversify and balance our business portfolio beyond the O&G sector, venturing deeper into the new key growth areas of Renewable Energy capitalising on opportunities in both the EPCC Project and the NEM Solar projects as well as further exploring on Electric Vehicle (EV) infrastructure related work. The Group, in line with the energy transition happening around the globe and is committed to participate in this transition as early as possible.

The Group are also 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 Group intend to explore potential opportunities by introducing new services and equipment technologies through its newly incorporated subsidiaries to enhance the existing fragmented O&G services and equipment sector. This would allow the Group to grasp the market share in more complex end of O&G value chain, in both upstream and downstream.

We will seek out non-organic growth opportunities through merger & acquisitions, and strategic partnerships both locally and globally with existing players to strengthen our presence in the industry.

The Board are of the opinion that the current challenging environment to remain in near term due to COVID-19 situation in Malaysia. However, the Board is 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 issue any profit forecast or profit guarantee during the current financial quarter under review.

B5. Taxation

	|--- Individual Quarter ---| Unaudited		|--- Cumulative Quarter ---| Unaudited	
	30/06/2021 RM'000	**30/06/2020 RM'000**	**30/06/2021 RM'000**	**30/06/2020 RM'000**
Malaysian Income Tax				
- Current tax	1,112	788	1,988	1,481
- Overprovision in prior year	-	-	-	-
- Deferred tax liabilities	18	(66)	203	(74)
	1,130	722	2,191	1,407
Effective tax rates	29.50%	25.02%	29.95%	24.50%

The Group's effective tax rate for current quarter under review is higher than the statutory income tax rate of 24% mainly due to losses incurred in other entities within the Group.

B6. Status update on corporate proposals announced but not completed

Proposal to comply with the Bumiputera equity condition

On 29 June 2021, M&A Securities Sdn Bhd on behalf of the Board of Directors of OVH announced that the Company had on 29 June 2021 submitted an application to the Equity Compliance Unit of the Securities Commission Malaysia to seek their approval to comply with the Bumiputera equity condition.

Securities Commission Malaysia has vide its letter dated 26 July 2021 approved the proposal to comply with the Bumiputera equity condition.

The details of the proposal will be announced in due course.

B7. Status update on memorandum of understanding ("MOU")

MOU between OVH and ADL Solar Sdn. Bhd ("**ADL**")

On 19 March 2021, the Company has entered into a MOU with ADL for the purpose of forming a strategic partnership for mutual benefit and commercial consideration, by exploring and identifying opportunities related to the renewable energy business and to engage in discussion for the purposes of jointly preparing and submitting proposals/tenders to identify, mutually agreed project(s) based on the understanding and commitments to the collaborative effort as contained in the MOU.

There has been no material development since the last update announcement on 30 July 2021.

B8. Status of 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 RM0.26 per share in conjunction with the listing ("**IPO**"). The listing exercise of the Company's enlarged share capital of 411,000,000 shares on the ACE Market of Bursa Securities was completed on 22 July 2020.

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

Details of Utilisation	Proposed Utilisation	Actual Utilised	Unutilised Amount	Estimated timeframe for utilisation from Listing
	RM'000	RM'000	RM'000	
Broadening the range of support services	3,236	363	2,873	Within 24 months
Capital expenditure for the downstream O&G segment	8,592	2,854	5,738	Within 24 months
General working capital	6,544	2,738	3,806	Within 24 months
Listing expenses	3,000	3,000	-	Immediately
	21,372	8,955	12,417	

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

B9. Bank borrowings

The Group's borrowings were as follows:

	Unaudited 6 months ended	
	30/06/2021	**30/06/2020**
	RM'000	**RM'000**
Secured		
Current liabilities		
Bankers' acceptance	-	51
Finance lease liabilities	16	63
Lease liabilities	226	192
Term loan	63	42
	305	348
Non-current liabilities		
Finance lease liabilities	-	16
Lease liabilities	43	181
Term loan	1,282	1,398
	1,325	1,595
Total bank borrowings	1,630	1,943

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

B10. Material litigation

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

B11. Dividends proposed

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

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B12. Earnings Per Share ("EPS")

	|--- Individual Quarter ---| Unaudited		|--- Cumulative Quarter ---| Unaudited	
	30/06/2021 RM'000	**30/06/2020 RM'000**	**30/06/2021 RM'000**	**30/06/2020 RM'000**
Profit after tax attributable to owners of the Company (RM'000)	2,788	2,164	5,265	4,337
Weighted average number of ordinary shares ('000)	411,000	328,800	411,000	328,800
Number of enlarged ordinary shares after IPO ('000)	-	411,000	-	411,000
Basic EPS (sen)[(1)]	0.68	0.66	1.28	1.32
Diluted EPS (sen)[(2)]	0.68	0.53	1.28	1.06

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

Notes:

(1) Basic EPS is calculated by dividing the profit after tax attributable to owners of the Company by weighted average number of ordinary shares.

(2) Diluted EPS for the current quarter and financial period to date ended 30 June 2020 is equivalent to the basic EPS as the Company does not have convertible options as at the end of the reporting period.

Diluted EPS for the preceding year's corresponding period is calculated by dividing the profit after tax attributable to owners of the Company by the number of enlarged shares in issue after IPO.

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B13. Disclosure on selected expense/(income) items as required by the Listing Requirements

	|--- Individual Quarter ---|		|--- Cumulative Quarter ---|	
	Unaudited		Unaudited	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):-				
Auditor's remuneration				
- current year	19	13	42	26
Depreciation of property, plant and equipment	275	256	543	503
Interest expense	17	24	34	49
Interest income	(32)	-	(68)	(3)
Realised loss/(gain) on foreign exchange	255	(151)	251	(169)
Rental expense on:				
- Premises	6	10	17	21
- Machinery and equipment	5	-	19	25
Unrealised (gain)/loss on	-			
foreign exchange	(7)	282	(230)	319

BY ORDER OF THE BOARD

27 AUGUST 2021

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