



OCEAN VANTAGE HOLDINGS BERHAD

REGISTRATION NO.: 201801036887 (1298917-H)

Interim Financial Report
For The Second Quarter Ended
30 June 2022



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2022⁽¹⁾

	Notes	-- Individual Quarter --		-- Cumulative Quarter --	
		3 months ended		6 months ended	
		Unaudited 30/06/2022 RM'000	Unaudited 30/06/2021 RM'000	Unaudited 30/06/2022 RM'000	Unaudited 30/06/2021 RM'000
Revenue	A9	31,703	35,081	58,485	63,300
Cost of sales		(22,313)	(28,629)	(44,224)	(51,947)
Gross profit		9,390	6,452	14,261	11,353
Other income		60	33	125	547
Administrative expenses		(6,147)	(2,638)	(9,106)	(4,551)
Profit from operations		3,303	3,847	5,280	7,349
Finance costs		(304)	(17)	(382)	(34)
Profit before taxation ("PBT")	B13	2,999	3,830	4,898	7,315
Taxation	B5	(1,597)	(1,130)	(2,106)	(2,191)
Profit after taxation ("PAT")		1,402	2,700	2,792	5,124
Profit /(Loss) for the financial period attributable to:					
Owners of the Company		1,426	2,788	2,812	5,265
Non-controlling interests		(24)	(88)	(20)	(141)
		1,402	2,700	2,792	5,124
Earnings per share attributable to owners of the parent (sen)					
- Basic	B12	0.34	0.68	0.68	1.28
- Diluted	B12	0.34	0.68	0.68	1.28

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 2021 and the accompanying explanatory notes attached to this interim financial report.



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022⁽¹⁾

	Notes	Unaudited As at 30/06/2022 RM'000	Audited As at 31/12/2021 RM'000
Non-current asset			
Property, plant and equipment		9,767	7,908
Current assets			
Inventories		495	163
Trade receivables		46,150	49,421
Contract assets		3,606	242
Other receivables, deposit and prepayments		2,831	1,027
Current tax assets		127	102
Fixed deposit placed with financial institutions		11,088	6,550
Cash and bank balances		8,371	10,889
		<u>72,668</u>	<u>68,394</u>
Total assets		<u>82,435</u>	<u>76,302</u>
Equity			
Share capital		39,188	37,087
Reserves		(12,695)	(12,695)
Retained earnings		38,267	35,455
		<u>64,760</u>	<u>59,847</u>
Non-controlling interests		(255)	(235)
		<u>64,505</u>	<u>59,612</u>
Non-current liabilities			
Bank borrowings	B9	2,770	1,398
Deferred tax liabilities		256	123
		<u>3,026</u>	<u>1,521</u>
Current liabilities			
Bank borrowings	B9	763	220
Trade payables		10,528	11,270
Contract liabilities		22	293
Other payables and accruals		2,272	2,007
Current tax liabilities		1,319	1,379
		<u>14,904</u>	<u>15,169</u>
Total liabilities		<u>17,930</u>	<u>16,690</u>
Total equity and liabilities		<u>82,435</u>	<u>76,302</u>
Number of ordinary shares in issue ('000)		419,940	411,000
Net assets per share attributable to owners of the parent (RM)		0.15	0.15

Note:

- ⁽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 2021 and the accompanying explanatory notes attached to this interim financial report.

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Interim Financial Report For The Second Quarter Ended 30 June 2022

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2022⁽¹⁾**

	-----Non-distributable-----			Distributable Retained earnings RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Other reserve RM'000	Reorganisation deficit RM'000			
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
Balance as at 1 January 2022	37,087	2,336	(15,031)	35,455	(235)	59,612
Profit/(Loss) for the financial period	-	-	-	2,812	(20)	2,792
Transaction with owners:						
Issuance of new ordinary shares	2,101	-	-	-	-	2,101
Balance as at 30 June 2022	39,188	2,336	(15,031)	38,267	(255)	64,505

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 2021 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 2022⁽¹⁾

	Unaudited 3 months ended	
	30/06/2022 RM'000	30/06/2021 RM'000
Cash Flows from Operating Activities		
Profit before taxation	4,898	7,315
Adjustments for:		
Depreciation of property, plant and equipment	742	543
Impairment loss on trade receivables	3,106	-
Interest expenses	382	34
Reversal of impairment loss on trade receivables	(16)	-
Interest income	(85)	(68)
Unrealised gain on foreign exchange	(219)	(230)
Operating profit before working capital changes	<u>8,808</u>	<u>7,594</u>
Changes in working capital		
Inventories	(332)	-
Trade and other receivables	(1,397)	(23,245)
Trade and other payables	(534)	4,323
Contract assets	(3,364)	7,834
Contract liabilities	(271)	-
Cash generated from operations	2,910	(3,494)
Income tax paid	(2,058)	(983)
Net cash generated from/(used in) operating activities	<u>852</u>	<u>(4,477)</u>
Cash Flows from Investing Activities		
Interest received	47	68
Placement of fixed deposit with financial institutions	(4,500)	(5,000)
Purchase of property, plant and equipment	(403)	(204)
Proceeds from disposal of investment in short term fund	-	2,004
Net cash used in investing activities	<u>(4,856)</u>	<u>(3,132)</u>
Cash Flows from Financing Activities		
Interest paid	(382)	(33)
Proceeds from issuance of shares	2,101	90
Repayment of term loans	(27)	(31)
Repayment of finance lease liabilities	-	(32)
Repayment of lease liabilities	(257)	(98)
Net cash cash generated from/(used in) financing activities	<u>1,435</u>	<u>(104)</u>
Net change in cash and cash equivalents	<u>(2,569)</u>	<u>(7,713)</u>
Effect of exchange rate fluctuations on cash held	<u>51</u>	<u>2</u>
Cash and cash equivalents as at beginning of financial year	<u>10,889</u>	<u>16,592</u>
Cash and cash equivalents as at end of financial period	<u>8,371</u>	<u>8,881</u>

Notes:

(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 2021 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 (“**MFRSs**”) 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 2021 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 2021. 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 2021. 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 2022.

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

Amendments/Improvement to MFRSs

- MFRS 4	Insurance Contracts
- MFRS 7	Financial Instruments: Disclosures
- MFRS 9	Financial Instruments
- MFRS 16	Leases
- MFRS 139	Financial Instruments: Recognition and Measurement



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 2022

<u>New MFRS</u>		Effective for financial periods beginning on or after
- MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
- 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 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
- MFRS 7	Financial Instruments: Disclosures	1 January 2023#
- MFRS 9	Financial Instruments	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 April 2021/ 1 January 2022^
- 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 112	Income Taxes	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#



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 2022 (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 [^]

Notes:

[^] *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 2021 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 was 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 2022						30 June 2021					
	EPC and Project Management RM'000	Supply of Manpower RM'000	Supply of material, tools and equipment RM'000	Management fee RM'000	Adjustment and eliminations RM'000	Total RM'000	EPC and Project Management RM'000	Supply of Manpower RM'000	Supply of material, tools and equipment RM'000	Management fee RM'000	Adjustment and eliminations RM'000	Total RM'000
Revenue:												
External customers	14,880	40,553	3,052	-	-	58,485	27,913	31,267	4,120	-	-	63,300
Inter-segment revenue	3,580	-	-	1,915	(5,495)	-	827	-	-	860	(1,687)	-
	<u>18,460</u>	<u>40,553</u>	<u>3,052</u>	<u>1,915</u>	<u>(5,495)</u>	<u>58,485</u>	<u>28,740</u>	<u>31,267</u>	<u>4,120</u>	<u>860</u>	<u>(1,687)</u>	<u>63,300</u>
Segment profit	6,405	7,233	623	-	-	14,261	4,312	5,934	1,107	-	-	11,353
Other income						125						547
Unallocated expenses						(9,106)						(4,551)
Finance costs						(382)						(34)
Income tax expense						(2,106)						(2,191)
Profit for the period						<u>2,792</u>						<u>5,124</u>
Results:												
<i>Included in the measure of segment profit are:</i>												
Employee benefit expenses	517	1,157	-	-	-	1,674	381	1,187	-	-	-	1,568
Depreciation	435	-	-	-	-	435	369	-	-	-	-	369



A10. Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial quarter under review.

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	
	30/06/2022	30/06/2021
	RM'000	RM'000
Secured		
Bank guarantee	10,004	55

A12. Capital commitments

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

	Unaudited	
	6 months ended	
	30/06/2022	30/06/2021
	RM'000	RM'000
Contracted but not provided for		
Motor vehicle	-	181
Machinery	30	-

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 ---		--- Cumulative Quarter ---	
	Unaudited		Unaudited	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
	RM'000	RM'000	RM'000	RM'000
Charged by a related party:				
- Rental of premise	33	33	66	66
- Legal consultancy services	45	45	90	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

Except as mentioned 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 statement.



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

	Unaudited Quarter Ended		Variance	
	30/06/2022	30/06/2021	RM'000	%
	("Q2/22")	("Q2/21")		
	RM'000	RM'000		
Revenue	31,703	35,081	(3,378)	-9.63%
PBT	2,999	3,830	(831)	-21.70%

The Group recorded revenue of RM31.70 million for the financial quarter ended Q2/22. This was mainly contributed by the supply of manpower segment, RM21.17 million or approximately 66.77% of the Group's total revenue. The remaining revenue was contributed by the EPC and project management segment and supply of material, tools and equipment segment, which amounting to RM9.40 million or approximately 29.65% and RM1.13 million or approximately 3.58%, respectively.

The Group registered a PBT of RM3.00 million in the current financial quarter under review.

(b) Comparison between current financial quarter and financial year-to-date results

	Unaudited Cumulative Quarter Ended		Variance	
	30/06/2022	30/06/2021	RM'000	%
	("Q2/22")	("Q2/21")		
	RM'000	RM'000		
Revenue	58,485	63,300	(4,815)	-7.61%
PBT	4,898	7,315	(2,417)	-33.04%

For Q2/22, the Group recorded a revenue of RM58.49 million as compared to financial quarter Q2/21 of RM63.30 million. The decrease in revenue was mainly due to the lesser revenue contribution from EPC and project management segment by RM13.03 million as the large-scale solar farm ("EPCC Project") was completed in financial quarter Q2/21. The revenue from the supply of manpower segment increased by approximately RM9.29 million in the current quarter as compared to financial quarter Q2/21 whereby the Group continued to benefit from higher demand from customers due to favourable oil price. The supply of material, tools and equipment segment experience a decrease in revenue by RM1.07 million or approximately 25.94% due to business decision to temporary halt business dealings with certain customers.



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

(b) Comparison between current financial quarter and financial year-to-date results (Cont'd)

Overall, the Group recorded higher gross profit ("GP") margin due to the higher GP margin recorded in EPC and project management segment. The improvement in margin for EPC and project management segment is mainly due to absence of lower margin EPCC Project in the current cumulative quarter as compared to financial quarter Q2/21. Meanwhile, the manpower supply segment continues to see contraction in GP margin due to higher recovery costs revenue generated as a result of compliance to the additional standard operating procedures during this pandemic period. The drop in GP margin for supply of material, tools and equipment segment is mainly due to reason as mention above.

The significant increase in administrative expenses in financial quarter Q2/22 as compared to financial quarter Q2/21 was mainly due to impairment of trade receivables amount to RM3.11 million and higher staff costs.

B2. Comparison with immediate preceding quarter's results

	Unaudited		Variance	
	Quarter Ended 30/06/2022 ("Q2/22") RM'000	31/03/2022 ("Q1/22") RM'000	RM'000	%
Revenue	31,703	26,782	4,921	18.37%
PBT	2,999	1,899	1,100	57.93%

The Group recorded an increase in revenue by RM4.92 million or 18.37% in financial quarter Q2/22 as compared to preceding Q1/22. The increase in revenue was mainly contributed from EPC and project management segment by RM3.92 million and supply of manpower segment by RM1.78 million. The increase in revenue from EPC and project management segment is arising from the commencement of Bintulu Additional Gas Sales Facilities 2 ("BAGSF 2") project. The higher demand by the rig operators on the other hand contributes to the rise in revenue from supply of manpower segment during this financial quarter Q2/22 by RM1.78 million. However, the decrease in supply of material, tools and equipment segment by RM0.78 million was due to cease business dealings with certain customers.

The Group recorded higher overall GP margin during the current financial quarter ended Q2/22 as compared to preceding quarter ended Q1/22 mainly arising from EPC and project management segment.

The increase in administrative expenses for the current financial quarter ended Q2/22 is mainly due to the recognition of impairment loss on trade receivables of RM3.11 million in current quarter ended Q2/22.



B3. Commentary on prospects

The continued tension between Russia and Ukraine, reopening of more international borders and ongoing global recovery are seen to be pushing crude oil prices to favourable levels for oil companies to increase their capital expenditures (“**CAPEX**”) and activities in Malaysia and globally.

The increase in CAPEX will be favourable to the Group as the Group expects the possibility of more work will be tendered out by both National and International oil companies. Aside to the potential of new projects coming online, there will be a number of current offshore maintenance contracts that will be ending soon and will be re-tendered out in Q4/22 and Q1/23.

The Group’s transformation efforts are starting to have its effect on the Group and its subsidiaries as efficiency within the company has improved and the Group is seeing more work being entrusted to the Group by its clients. Although these works may not be significant enough to be announced to the market, but the increase in the number of purchase orders (“**PO**”) which are equivalent to work orders will have significant impact to the Group’s revenue. The Group’s wholly owned subsidiary, Ocean Vantage Engineering Sdn Bhd (“**OVESB**”) has commenced work on the RM71.32 million BAGSF 2 project in Bintulu with estimated completion in 2Q/23. OVESB also expects additional variation orders to be added to this contract value as the project progresses. Meanwhile, Ocean Vantage Electrical and Instrumentation Sdn Bhd (“**OVEI**”) has also started work on the recently awarded RM4.80 million project with Bakat Industri Sdn Bhd. Additionally, Ocean Vantage Integrated Solutions Sdn Bhd (“**OVIS**”) and Ocean Vantage Inspection Testing Sdn Bhd (“**OVIT**”) continue to attract smaller value projects. The Group’s Renewable Energy Division is currently aggressively promoting roof top solar as well as intensifying the ground work to roll out the Group’s first pilot Electric Vehicle (“**EV**”) Charging Station. The Group remains committed to expand the renewable energy solutions portfolio and be actively involved in the development of electric vehicle infrastructure related works and help built the country’s EV ecosystem.

Currently, the Group and its subsidiaries are tendering for various projects with a gross value of close to RM300.00 million. Moving forward, the Group expects tendering activities will increase towards the end of 2022 as most contracts will be expiring and up for re-tendering. Drilling activities are also expected to increase in tandem with the increase in crude oil prices. We also foresee day rates for drilling rigs to increase as the drilling market continue to shrink due to consolidation within the industry as well as aggressive buying of rigs by middle east companies causing limited number of rigs available to work in this region. The increase of drilling rigs will contribute positively to the Group’s revenue especially from the manpower and EPCC segments.

The Group through its various subsidiaries are actively participating in various tenders with the support of technological business partners that adds value to our proposals. We are also seeking non-organic growth opportunities through merger and acquisitions and strategic partnerships with both local and international players to strengthen our presence in the industry. Our recent announcement on the acquisition of Esprat Sdn Bhd is a strategic acquisition as we strengthen our capabilities in becoming an integrated solutions provider to the oil and gas (“**O&G**”) industry in Malaysia.

The Board are of the opinion that the Group’s company structure and transformation efforts will benefit the Group with the continued recovery strength of the O&G sector. While all the jobs that have been captured by Group are more towards sub-contracting work, these work are seen by the Group as progressively strengthening its core capabilities to become a major player in the EPCC segment as the Group moves up the supply chain. The Group continues to be positive of the opportunities that are slowly surfacing in the sector with a particular focus in Sarawak.



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 ---		--- Cumulative Quarter ---	
	Unaudited		Unaudited	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
	RM'000	RM'000	RM'000	RM'000
Malaysian Income Tax				
- Current tax	1,470	1,112	1,973	1,988
- Deferred tax liabilities	127	18	133	203
	<u>1,597</u>	<u>1,130</u>	<u>2,106</u>	<u>2,191</u>
Effective tax rates	53.25%	29.50%	43.00%	29.95%

The Group's effective tax rate for current quarter under review is higher than the statutory income tax rate of 24% is mainly due to non-tax deductible expenses.

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

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

On behalf of the Board of OVH, M&A Securities announced on 3 September 2021 that the Company proposes to implement a special issue of up to 82,200,000 new ordinary shares in OVH ("**OVH Share(s)**" or "**Share(s)**") ("**Special Issue Shares**") based on the following allocation:

- a) up to 61,650,000 Special Issue Shares will be issued to Bumiputera investors to be identified and approved by Ministry of International Trade and Industry Malaysia ("**MITI**") ("**Bumiputera Investors**"); and
- b) the balance of the Special Issue Shares to other investors ("**Other Investors**");

subject always that the allocation to the Bumiputera Investors set out in (a) above shall be allocated at least 12.50% of the enlarged share capital, at an issue price to be determined later ("**Special Issue**").

On 24 September 2021, M&A Securities on behalf of the Board, announced that the listing application for the Proposed Special Issue has been submitted to Bursa Securities.



B6. Status update on corporate proposals announced but not completed (Cont'd)

On 20 October 2021, M&A Securities on behalf of the Board announced that Bursa Securities has vide its letter dated 20 October 2021, approved the listing and quotation of up to 82,200,000 special issue shares representing up to 20% of the Company's issued shares to be issued pursuant to the Special Issue.

On 10 December 2021, M&A Securities on behalf of the Board had submitted an application to the SC for an extension of time up to 30 June 2022 to implement and complete the Proposed Special Issue. The SC had vide its letter dated 7 January 2022, approved an extension of time of up to 30 June 2022 to implement and complete the Proposed Special Issue to comply with the Bumiputera Equity Requirement.

On 31 March 2022, M&A Securities on behalf of the Board had submitted an application to Bursa Securities for an extension of time up to 30 June 2022 to implement and complete the Special Issue. Bursa Securities had via its letter dated 21 April 2022 approved to grant the Company an extension of time of up to 30 June 2022 to complete the implementation of the Special Issue.

On 20 May 2022, the Company had fixed the issue price of the Special Issue Shares at RM0.235 per share. The allotment of total 8,939,564 Special Issue Shares at RM0.235 per shares was on 8 June 2022.

On 7 July 2022, M&A Securities on behalf of the Board had submitted an application to SC for the Company to be deemed as having complied with the Bumiputera equity condition. Further details of the proposal will be announced in due course.

Proposed subscription in Esprat Sdn. Bhd ("**ESPRAT**").

On 9 August 2022, OVESB, a wholly-owned subsidiary of OVH, had entered into a Subscription Agreement ("**SA**") for the subscription of 700,000 ordinary shares, representing 70% of the enlarged total number of issued shares in Esprat for a total cash consideration of RM1,000,000 only ("**Proposed Subscription**").

The SA is conditional upon the following:

- (a) OVE being satisfied with the results of its legal, financial and/or business due diligence of ESPRAT; and
- (b) the execution of a rental distribution agreement to be entered into between ESPRAT and Enershield Pty Ltd T/A Safehouse Australia, being the South East Asia distributor of the Safehouse brand pressurized habitats ("**Safehouse Habitats**"). The rental distribution agreement will allow ESPRAT to import, market and rent Safehouse Habitats within Malaysia.

within 30 days from the date of the SA or such further period as may be mutually agreed by both parties.

The due diligence of ESPRAT is currently still on-going. Further details of the Proposed Subscription 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 in the collaborative effort as contained in the MOU.

There has been no material development since the last update announcement on 24 May 2022.

MOU between OVH and PCI Engineering (M) Sdn. Bhd (“PCIEM”)

On 8 April 2022, the Company has entered into a MOU with PCIEM to collaborate in forming a business venture to set up a pipeline coating business (“Cooperation Agreement”) to serve the domestic market in Malaysia as well as South East Asia, Australia and its related region based on the understanding and commitments as contained in the MOU.

There has been no material development since the last update announcement on 24 May 2022.

B8. Status of utilisation of proceeds

Proceeds from the IPO

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.

On 21 July 2022, the Board had decided to extend the timeframe for the utilisation of IPO proceeds for an additional of 24 months from the initial timeframe for the utilisation of the IPO proceeds.

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

<u>Details of Utilisation</u>	<u>Proposed Utilisation</u>	<u>Actual Utilised</u>	<u>Unutilised Amount</u>	<u>Estimated timeframe for utilisation from Listing</u>
	<u>RM’000</u>	<u>RM’000</u>	<u>RM’000</u>	
Broadening the range of support services	3,236	982	2,254	Within 48 months
Capital expenditure for the downstream O&G segment	8,592	3,211	5,381	Within 48 months
General working capital	6,544	3,757	2,787	Within 48 months
Listing expenses	3,000	3,000	-	Immediately
	<u>21,372</u>	<u>10,950</u>	<u>10,422</u>	

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



B8. Status of utilisation of proceeds (Cont'd)

Proceeds from the Special Issue

The Special Issue has been completed following the listing of and quotation for a total of 8,939,564 Special Issue Shares at RM0.235 per shares on the ACE Market of Bursa Securities on 8 June 2022.

The details and status of the utilisation of proceeds from the Special Issue as at LPD are as follows:

<u>Details of Utilisation</u>	<u>Proposed Utilisation</u> RM'000	<u>Actual Utilised</u> RM'000	<u>Unutilised Amount</u> RM'000	<u>Estimated timeframe for utilisation from Listing</u>
Capital expenditure, acquisitions and investments	1,556	-	1,556	Within 36 months
Working Capital	424	-	424	Within 24 months
Estimated expenses	121	116	5	Immediately
	<u>2,101</u>	<u>116</u>	<u>1,985</u>	

The utilisation of proceeds as disclosed above should be read in conjunction with the announcement dated 3 September 2021.

B9. Bank borrowings

The Group's borrowings were as follows:

	Unaudited	
	6 months ended	
	30/06/2022	30/06/2021
	RM'000	RM'000
<u>Secured</u>		
Current liabilities		
Finance lease liabilities	-	16
Lease liabilities	709	226
Term loan	60	63
	<u>769</u>	<u>305</u>
Non-current liabilities		
Lease liabilities	1,536	43
Term loan	1,228	1,282
	<u>2,764</u>	<u>1,325</u>
Total bank borrowings	<u>3,533</u>	<u>1,630</u>

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.

B12. Earnings Per Share (“EPS”)

	-- Individual Quarter --		-- Cumulative Quarter --	
	Unaudited		Unaudited	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
	RM'000	RM'000	RM'000	RM'000
Profit after tax attributable to owners of the Company	1,426	2,788	2,812	5,265
Weighted average number of ordinary shares ('000)	413,980	411,000	412,490	411,000
Basic EPS (sen) ⁽¹⁾	0.34	0.68	0.68	1.28
Diluted EPS (sen) ⁽²⁾	0.34	0.68	0.68	1.28

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 year to date ended 31 December 2021 is equivalent to the basic EPS as the Company does not have convertible options as at the end of the reporting period.



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

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	Unaudited		Unaudited	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):-				
Auditor's remuneration				
- current year	28	19	55	42
- underprovision in prior year	2	-	2	-
Depreciation of property, plant and equipment	383	275	742	543
Impairment loss on trade receivables	3,106	-	3,106	-
Reversal of impairment loss on trade receivables	(16)	-	(16)	-
Interest expense	304	17	382	24
Interest income	(69)	(32)	(85)	(68)
Realised (gain)/loss on foreign exchange	(89)	255	(87)	251
Rental expense on:				
- Premises	11	6	16	17
- Machinery and equipment	491	5	491	19
Unrealised gain on foreign exchange	(176)	(7)	(219)	(230)

BY ORDER OF THE BOARD

30 August 2022