



IEV HOLDINGS LIMITED

(Company Registration No: 201117734D)

(Incorporated in the Republic of Singapore on 26 July 2011)

(the "Company", and together with its subsidiaries, the "Group")

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST QUARTER FINANCIAL PERIOD ENDED 31 MARCH 2020 ("1Q2020")

*In view of the material uncertainty relating to going concern issued by the Company's independent auditor, Deloitte Touche LLP, on the audited financial statements of the Group for the financial ended 31 December 2019, the Company is required by the Singapore Exchange Securities Trading Limited ("**Exchange**") to announce its quarterly financial statements pursuant to Catalist Rule 705.*

*This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**").*

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Mr. Ong Hwee Li, at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542, telephone (65) 6232 3210.

1(a)(i) Statement of Comprehensive Income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group 3 months ended 31 March ("1Q")		
	Unaudited 1Q2020 (RM'000)	Unaudited 1Q2019 (RM'000)	% change increase/ (decrease)
Revenue	314	2,853	(89.0)
Cost of sales	(189)	(2,266)	(91.7)
Gross profit	125	587	(78.7)
Other operating income	92	4	n.m.
Selling and distribution costs	-	(10)	n.m.
Administrative expenses	(3,845)	(2,307)	66.7
Exchange gain	169	102	65.7
Other operating expenses	(7)	(152)	(95.4)
Share of results of associate	-	(29)	n.m.
Finance costs	(232)	(75)	209.3
Loss before tax	(3,698)	(1,880)	96.7
Income tax	-	-	-
Loss for the period from continuing operations	(3,698)	(1,880)	96.7
Discontinued operations^(a)			
Loss for the period from discontinued operations	(6)	(96)	(93.8)
Loss for the period	(3,704)	(1,976)	87.4
Other comprehensive loss net of tax			
- Exchange differences on translation of foreign operations	(135)	(123)	9.8
Total comprehensive loss for the period, net of tax	(3,839)	(2,099)	82.9
Total loss attributable to:			
Owners of the Company			
- Continuing operations	(3,698)	(1,765)	109.5
- Discontinued operations	(6)	(96)	(93.8)
Non-controlling interests	-	(115)	n.m.
	(3,704)	(1,976)	87.4
Total comprehensive loss attributable to:			
Owners of the Company	(3,839)	(1,981)	93.8
Non-controlling interests	-	(118)	n.m.
	(3,839)	(2,099)	82.9

n.m. denotes not meaningful.

Notes:

(a) Discontinued operations is in relation to: (i) the exit from renewable energy business following the sale of the MK-1 biomass plant in Vietnam as announced on 7 November 2017, 11 January 2018 and 4 June 2018; (ii) the exit from the exploration and production sector as announced on 10 January 2018; and (iii) the exit from mobile natural gas sector as announced on 16 October 2018, 18 October 2018, 29 October 2018 and 14 November 2018 in relation to disposal of 95% interest in PT IEV Gas.

1(a)(ii) Loss for the financial period from continuing operations is arrived after crediting/(charging) the following:

	Group 3 months ended 31 March ("1Q")		
	1Q2020 (RM'000) Unaudited	1Q2019 (RM'000) Unaudited	% change increase/ (decrease)
Interest expense	(232)	(75)	209.3
Depreciation of property, plant and equipment (include depreciation accounted for in cost of sales)	(119)	(187)	(36.4)
Depreciation of right-of-use assets ^(a)	(1,405)	(69)	>1,000.0

	Group 3 months ended 31 March ("1Q")		
	1Q2020 (RM'000) Unaudited	1Q2019 (RM'000) Unaudited	% change increase/ (decrease)
Write back of impairment / (Impairment) of property, plant and equipment	57	(8)	n.m.
Inventories written down in value	-	(132)	n.m.
Amortisation of intangible assets (include amortisation accounted for in cost of sales)	(12)	(16)	(25.0)

n.m. denotes not meaningful

Notes:

(a) Depreciation of right-of-use assets is in relation to classification of leasing transactions under SFRS(I)16 Leases effective for annual periods beginning on or after 1 January 2019.

1(a)(iii) Results of the discontinued operations are as follow:

	Group 3 months ended 31 March ("1Q")		
	Unaudited 1Q2020 (RM'000)	Unaudited 1Q2019 (RM'000)	% change increase/ (decrease)
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit	-	-	-
Other operating income	-	-	-
Administrative expenses	(7)	(68)	(89.7)
Exchange gain	(1)	91	n.m.
Other operating expenses	-	(119)	n.m.
Finance costs	-	-	-
Loss before tax	(6)	(96)	(93.8)
Income tax	-	-	-
Loss for the period from discontinued operations	(6)	(96)	(93.8)

n.m. denotes not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial period

	Company		Group	
	Unaudited As at 31 March 2020 (RM'000)	Audited As at 31 December 2019 (RM'000)	Unaudited As at 31 March 2020 (RM'000)	Audited As at 31 December 2019 (RM'000)
ASSETS				
Current				
Cash and bank balances	1,065	1,311	4,186	2,994
Trade receivables	-	-	412	995
Other receivables and prepayments	11,117	95	1,280	584
Inventories	-	-	1,042	971
Contract costs	-	-	112	-
	12,182	1,406	7,032	5,544
Non-current				
Property, plant and equipment	-	-	214	203
Right-of-use assets	-	-	11,634	12,679
Goodwill	-	-	6,133	6,133
Intangible assets	-	-	21	33

	Company		Group	
	Unaudited As at 31 March 2020 (RM'000)	Audited As at 31 December 2019 (RM'000)	Unaudited As at 31 March 2020 (RM'000)	Audited As at 31 December 2019 (RM'000)
Subsidiaries	7,009	7,009	-	-
Other receivables and prepayments	-	-	5,727	5,739
	7,009	7,009	23,729	24,787
Total assets	19,191	8,415	30,761	30,331

LIABILITIES AND EQUITY				
Current				
Bank overdrafts	-	-	1,963	2,281
Trade payables	-	-	1,390	2,013
Other payables and other provisions	1,297	1,216	3,920	9,429
Contract liabilities	-	-	162	34
Advances from a related party	-	-	518	409
Lease liabilities	-	-	5,524	5,201
Income tax payables	-	-	21	23
	1,297	1,216	13,498	19,390
Non-current				
Lease liabilities	-	-	6,224	7,522
			6,224	7,522
Total liabilities	1,297	1,216	19,722	26,912
Capital and reserves				
Share capital	119,133	107,674	119,133	107,674
Treasury shares	(38)	(38)	(38)	(38)
Currency translation reserve	(168)	(188)	1,626	1,761
Capital reserve	3,526	3,526	3,526	3,526
Accumulated losses	(104,559)	(103,775)	(113,179)	(109,475)
Equity attributable to owners of the Company	17,894	7,199	11,068	3,448
Non-controlling interests	-	-	(29)	(29)
Total equity	17,894	7,199	11,039	3,419
Total liabilities and equity	19,191	8,415	30,761	30,331

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following at the end of the financial period reported on with comparative figures as at the end of the immediately preceding financial year

Group	Unaudited as at 31 March 2020	Audited as at 31 December 2019
	Secured (RM'000)	Secured (RM'000)
Bank overdrafts	1,963	2,281
Total	1,963	2,281

Amount repayable in one year or less, or on demand	1,963	2,281
Amount repayable after one year	-	-

Details of collaterals

Details of collaterals of the above borrowings are as follows:

The bank overdraft is secured by:

- a debenture by way of a fixed and floating charge over all present and future assets of IEV Group Sdn Bhd;
- a corporate guarantee provided by IEV Holdings Limited and IEV Group Sdn Bhd; and
- a personal guarantee provided by a director, Christopher Nghia Do.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial period

	Group	
	Unaudited 1Q2020 (RM'000)	Unaudited 1Q2019 (RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation		
- from continuing operations	(3,698)	(1,880)
- from discontinued operations	(6)	(96)
	(3,704)	(1,976)
Adjustments for:		
Share of results of associate	-	29
Amortisation of intangible assets	12	16
Depreciation of property, plant and equipment	119	187
Depreciation of right-of-use assets	1,405	69
(Write back on Impairment) Impairment of property, plant and equipment	(57)	8
Impairment of inventories	-	132
Interest expense	232	75
Operating loss before movements in working capital changes	(1,993)	(1,460)
Long term other receivables and prepayment	-	(1)
Inventories	(61)	(24)
Contract costs	(108)	991
Trade and other receivables and prepayments	(44)	5,036
Trade and other payables and other provisions	(2,407)	(1,492)
Contract Liabilities	123	(2,656)
Amount due from an associate	549	(362)
Cash (used in) generated from operations (before renovation works)	(3,941)	32
Other payables – renovation works	(4,483)	-
Cash (used in) generated from operation (after renovation works)	(8,424)	32
Interest paid	(63)	(75)
Tax (paid)/refunded	(12)	12
Net cash used in operating activities	(8,499)	(31)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(68)	(29)
Net cash used in investing activities	(68)	(29)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease payments	(1,505)	(67)
Advances from a related party	84	-
Net proceeds from issuance of ordinary shares	11,459	-
Net cash generated from (used in) financing activities	10,038	(67)
Net increase (decrease) in cash and cash equivalents	1,471	(127)
Cash and cash equivalents at beginning of period	647	(1,924)
Currency translation difference of cash and cash equivalents at beginning of year	36	(5)
Cash and cash equivalents at end of period	2,154	(2,056)
<i>Cash and cash equivalents comprise:</i>		
Cash and bank balances excluding fixed deposits	4,117	662
Fixed deposits	69	66
Cash and bank balances	4,186	728
Less: Pledged fixed deposits	(69)	(66)
Less: Bank overdrafts	(1,963)	(2,718)
Cash and cash equivalents at end of period	(2,154)	(2,056)

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding year

Company Current Period	Share capital (RM'000)	Treasury shares (RM'000)	Accumulated losses (RM'000)	Capital reserve (RM'000)	Currency translation reserve (RM'000)	Total (RM'000)
Balance as at 1 January 2020	107,674	(38)	(103,775)	3,526	(188)	7,199
Total comprehensive income for the period	-	-	(784)	-	20	(764)
Transaction with owner: Increase in paid-up capital	11,490	-	-	-	-	11,490
Capital expenses	(31)	-	-	-	-	(31)
Balance as at 31 March 2020	119,133	(38)	(104,559)	3,526	(168)	17,894

Company Previous Period	Share capital (RM'000)	Treasury shares (RM'000)	Accumulated losses (RM'000)	Currency translation reserve (RM'000)	Total (RM'000)
Balance as at 1 January 2019	98,338	(38)	(99,910)	(121)	(1,731)
Total comprehensive income for the period	-	-	(296)	13	(283)
Balance as at 31 March 2019	98,338	(38)	(100,206)	(108)	(2,014)

Group Current Period	Share capital (RM'000)	Treasury shares (RM'000)	Accumulated Losses (RM'000)	Capital reserves (RM'000)	Currency translation reserve (RM'000)	Equity attributable to owners of the Company (RM'000)	Non-controlling interests (RM'000)	Total equity (RM'000)
Balance as at 1 January 2020	107,674	(38)	(109,475)	3,526	1,761	3,448	(29)	3,419
Loss for the period	-	-	(3,704)	-	-	(3,704)	-	(3,704)
Other comprehensive income								
- Currency translation difference arising from consolidation	-	-	-	-	(135)	(135)	-	(135)
Transaction with owner								
- increase in paid-up capital	11,490	-	-	-	-	11,490	-	11,490
- Capitalised expenses	(31)	-	-	-	-	(31)	-	(31)
Balance as at 31 March 2020	119,133	(38)	(113,179)	3,526	1,626	11,068	(29)	11,039

Group Previous Period	Share capital (RM'000)	Treasury shares (RM'000)	Accumulated Losses (RM'000)	Capital reserves (RM'000)	Currency translation reserve (RM'000)	Equity attributable to owners of the Company (RM'000)	Non-controlling interests (RM'000)	Total equity (RM'000)
Balance as at 1 January 2019	98,338	(38)	(109,582)	(380)	1,486	(10,176)	(8)	(10,184)
Loss for the period	-	-	(1,861)	-	-	(1,861)	(115)	(1,976)

Other comprehensive income								
- Currency translation difference arising from consolidation	-	-	-	-	(120)	(120)	(3)	(123)
Transaction with owner								
-Effect of shares subscription in subsidiary	-	-	-	-	-	-	78	78
Balance as at 31 March 2019	98,338	(38)	(111,443)	(380)	1,366	(12,157)	(48)	(12,205)

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of shares	Resultant issued and paid-up share capital (S\$)
Issued and paid-up share capital of the Company as at 31 December 2019 (excluding treasury shares)	411,674,594	43,291,018
Issuance of new ordinary shares	76,000,000	3,800,000
Issued and paid-up share capital of the Company as at 31 March 2020 (excluding treasury shares)	487,674,594	47,091,018

On 14 January 2020, the Company allotted and issued an aggregate of 76,000,000 ordinary shares at an issue price of S\$0.050 per ordinary share through a subscription exercise, raising gross proceeds of S\$3,800,000.

There were no outstanding convertibles, share options and subsidiary holdings as at 31 March 2020 and 31 March 2019.

	As at 31 March 2020	As at 31 March 2019
Total number of treasury shares	200,000	200,000
Total number of ordinary shares	487,674,594	285,512,632
% of treasury shares over total number of ordinary shares	0.04%	0.07%

1(d)(iii) To show the total number of issued shares excluding treasury shares at the end of the current financial period and as at the end of the immediately preceding financial year

	As at 31 March 2020	As at 31 December 2019
Number of issued shares of the Company	487,874,594	411,874,594
Shares held as treasury shares	(200,000)	(200,000)
Number of issued shares excluding treasury shares	487,674,594	411,674,594

1(d)(iv) A statement showing all sales, transfers, cancellation and / or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and / or use of treasury shares as at 31 March 2020.

1(d)(v) A statement showing all sales, transfers, cancellation and / or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and / or use of subsidiary holdings as at 31 March 2020.

2. Whether the figures have been audited, or reviewed and in accordance with which standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter)

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

a) Updates on the efforts taken to resolve each outstanding audit issue.

b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable as the Group's audit opinion is with respect to a material uncertainty relating to going concern.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those applied in the Group's most recently audited financial statements for the financial year ended 31 December 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and SFRS(I) Interpretations ("SFRS(I) INTs") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2020, where applicable. The adoption of these standards from the effective date has not resulted in material adjustments to the financial position, results of operations or cash flows of the Group for 1Q2020.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Group	1Q2020 (Malaysian sen)	1Q2019 (Malaysian sen)
Loss per ordinary share for the period based on the net loss attributable to shareholders of the Company:		
(i) Basic		
- from continuing operations	(0.78)	(0.62)
- from discontinued operations	(0.001)	(0.03)
	(0.781)	(0.65)
(ii) On a fully diluted basis	(0.781)	(0.65)
Weighted average number of ordinary shares	475,982,286	285,512,632

Basic and diluted loss per ordinary share have been computed based on the Group's loss attributable to owners of the Company and the weighted average number of ordinary shares in issue during the respective periods.

The basic and diluted loss per ordinary share for 1Q2020 and 1Q2019 were the same as there were no potentially dilutive ordinary shares existing during 1Q2020 and 1Q2019 respectively.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	Net asset value per ordinary share (Malaysian sen)	
	As at 31 March 2020	As at 31 December 2019
Group	2.3	0.8
Company	3.7	1.7

Net asset value per ordinary share as at 31 March 2020 and 31 December 2019 have been calculated based on the aggregate number of ordinary shares (excluding treasury shares) of 487,674,594 and 411,674,594 as at the respective dates.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Review of Statement of Comprehensive Income

Breakdown by business segments

Three Months ended 31 March 2020 and 31 March 2019

Business sector	1Q2020			1Q2019		
	Revenue (RM'000)	Gross Profit/(Loss) (RM'000)	Gross Profit/(Loss) Margin (%)	Revenue (RM'000)	Gross Profit/(Loss) (RM'000)	Gross Profit/(Loss) Margin (%)
<u>Continuing Operations</u>						
<i>Asset Integrity Management ("AIM") Sector</i>	152	43	28.3%	2,853	587	20.6%
<i>Healthcare Sector</i>	162	82	50.6%	-	-	-
Total from continuing operations	314	125	39.8%	2,853	587	20.6%

Continuing Operations

Revenue

The Group's revenue from continuing operations for 1Q2020 decreased by 89.0% or RM2.5 million to RM0.3 million from RM2.8 million in 1Q2019. The decline in revenue was due to reduced business activities from the AIM Sector, which is in line with a general slowdown in the oil and gas industry for the period in review and the initial effects of travel and movement restrictions imposed across the region to curb the spread of the Covid-19 outbreak. In addition, the main revenue contributor for 1Q2019 was an AIM Sector Advanced Inspection Solutions project for which there was no comparative project in 1Q2020. The Healthcare Sector, acquired during the fourth quarter of the financial year ended 31 December 2019 ("**FY2019**"), contributed RM0.16 million in revenue for its first full quarter reporting in 1Q2020.

Gross Profit

The Group's gross profit for 1Q2020 decreased by 78.7% to RM0.1 million from RM0.6 million in 1Q2019. The reduction in gross profit was in line with reduced business activities from the AIM Sector for the period in review. The Healthcare Sector contributed gross profit of RM0.1 million for 1Q2020, the first full quarter reporting for the sector.

The Group's gross profit margin for 1Q2020 increased to 39.8% from 20.6% for 1Q2019. The increased gross profit margin was mainly due to the addition of the Healthcare Sector that generated a higher gross profit margin as a service-oriented business compared to the AIM Sector.

Other Operating Income

The Group's other operating income for 1Q2020 increased to RM0.1 million from RM4 thousand for 1Q2019, due mainly to (i) write-backs on impairment of property, plant and equipment ("PPE") in relation to mainly office renovation and production equipment and (ii) rental income received for the sub-lease of office space to an associated company.

Administrative Expenses

Administrative expenses from continuing operations in 1Q2020 increased by 66.7% or RM1.5 million to RM3.8 million from RM2.3 million in 1Q2019 due mainly to the inclusion of the new Healthcare Sector. The increase in administrative expenses from the Healthcare Sector was mainly comprised of (i) increase in depreciation for right-of-use assets of RM1.3 million from the lease of a commercial property in Singapore for a planned postpartum centre; (ii) RM0.1 million increase in rental expenses for a commercial property in Malaysia and an office space in Singapore; and (iii) RM0.1 million increase in manpower cost.

The AIM Sector continues to practice lean management including maintaining a reduced manpower headcount and salary cuts and delay of non-essential expenditure during the continued downturn of the oil and gas industry. Depreciation of PPE reduced by 36.4% to RM0.1 million in 1Q2020 from RM0.2 million in 1Q2019 due mainly to the full depreciation of AIM Sector PPE during FY2019.

Exchange Gain

The Group recorded an exchange gain of RM169 thousand in 1Q2020 compared to an exchange gain of RM102 thousand in 1Q2019. This exchange gain arose mainly from trade receivables denominated in US Dollars, which appreciated against the Malaysian Ringgit during the period in review.

Other Operating Expenses

Other operating expenses for 1Q2020 reduced by 95.4% to RM7 thousand from RM152 thousand for 1Q2019, due mainly to a write-down of Oxifree inventories in 1Q2019 of a Vietnam subsidiary that has been liquidated in 2019.

Finance Costs

Finance costs for 1Q2020 increased by 209.3% to RM0.2 million from RM75 thousand for 1Q2019 due mainly to increased interest expense computation of RM150 thousand on lease contract obligations in accordance with the application of SFRS(I)16 *Leases* for the lease of a commercial property in Singapore, which is for a planned postpartum centre.

Loss Before Tax from Continuing Operations

For reasons set out above, the Group recorded a loss before tax from continuing operations of RM3.7 million for 1Q2020 which was 96.7% higher than the loss before tax of RM1.9 million for 1Q2019.

Discontinued Operations

With the process of winding down discontinued sectors approaching its conclusion, the loss from discontinued operations for 1Q2020 reduced to a nominal RM6 thousand from a loss of RM96 thousand for 1Q2019. The discontinued subsidiaries of the Renewable Energy and Mobile Natural Gas Sectors have been liquidated and disposed of respectively. The liquidation of a subsidiary for the Exploration and Production Sector is still ongoing and barring any unforeseen circumstances, is expected to be completed within FY2020.

Review of Statement of Financial Position

Current Assets

Trade receivables decreased by RM0.6 million to RM0.4 million as at 31 March 2020, from RM1.0 million as at 31 December 2019, due mainly to the settlement of AIM Sector trade receivables. The current portion of other receivables and prepayments increased by RM0.7 million to RM1.3 million as at 31 March 2020 from RM0.6 million as at 31 December 2019 due mainly to: (i) deposit payment of RM0.5 million for interior design works in relation to a proposed postpartum centre in Petaling Jaya, Malaysia; and (ii) increase in prepayment of various corporate and engineering services of RM0.1 million. Contract cost of RM0.1 million as at 31 March 2020 is in relation to an initial payment to a material supplier for an AIM Sector corrosion protection retrofit project.

At the Company level, other receivables and prepayments increased to RM11.1 million as at 31 March 2020 from RM0.1 million as at 31 December 2019, due mainly to an advance of S\$3.6 million to a subsidiary for renovation works of a postpartum centre in Singapore and for working capital purposes.

Non-Current Assets

Right-of-use (“**ROU**”) assets reduced to RM11.6 million as at 31 March 2020 from RM12.7 million as at 31 December 2019 due mainly to depreciation charges of RM1.4 million in 1Q2020 and partially offset by the addition of a ROU asset of RM0.4 million for the lease of an office space in Singapore.

Capital and Reserves

Share capital of the Company and the Group increased to RM119.1 million as at 31 March 2020 from RM107.7 million as at 31 December 2019 due to the allotment and issuance of 76,000,000 new ordinary shares in the Company at an issue price of S\$0.050 per ordinary share pursuant to a placement exercise.

Currency translation reserve reduced to RM1.6 million as at 31 March 2020 from RM1.8 million as at 31 December 2018, due mainly to the depreciation of the Malaysian Ringgit against the US Dollar during the period under review.

Accumulated losses for the Group increased by RM3.7 million to RM113.2 million as at 31 March 2020, from RM109.5 million as at 31 December 2019, due to the loss recorded for 1Q2020.

Non-Current Liabilities and Current Liabilities

Bank overdrafts decreased by RM0.3 million to RM2.0 million as at 31 March 2020 from RM2.3 million as at 31 December 2019, due to partial repayment of an overdraft facility. Current and non-current lease liabilities as at 31 March 2020 decreased to RM11.7 million from RM12.7 million as at 31 December 2019 due to lease payments of RM1.5 million which is partially offset by (i) additional lease commitment of RM0.4 million for the lease of an office space in Singapore and (ii) interest expense of RM0.2 million incurred during 1Q2020.

Advances from a related party increased to RM0.5 million as at 31 March 2020 from RM0.4 million as at 31 December 2019 due to the provision of additional advances for the AIM Sector. Trade payables decreased by RM0.6 million to RM1.4 million as at 31 March 2020, from RM2.0 million as at 31 December 2019, due mainly to the settlement of AIM Sector project invoices during 1Q2020. Other Payables as at 31 March 2020 reduced by RM5.5 million to RM3.9 million from RM9.4 million as at 31 December 2019 due mainly to the settlement of accruals and payables of RM5.9 million for a postpartum centre in Singapore, including renovation progress payments and rental payments, which was partially offset by an increase in amounts due to an associate of RM0.4 million. Contract liability as at 31 March 2020 increased to RM0.2 million from RM34 thousand as at 31 December 2018 due mainly to a down payment received for a marine growth control purchase order.

The Group has a negative working capital of RM6.5 million as at 31 March 2020, compared to a negative working capital of RM13.8 million as at 31 December 2019. The decrease in negative working capital was due mainly to the allotment and issuance of 76,000,000 new ordinary shares at an issue price of S\$0.050 per ordinary share in the capital of the Company. Barring any unforeseen circumstances, the Group should be able to meet its working capital commitments for the next 12 months in view of: (i) potential additional corporate fund-raising exercises; and (ii) the Group’s estimated revenue from the AIM and Healthcare Sectors for FY2020.

Review of Statement of Cash Flows

The Group recorded net cash used in operating activities of RM8.5 million for 1Q2020. This was due mainly to: (i) an operating loss before working capital changes of RM2.0 million; (ii) a decrease in trade and other payables and other provisions of RM2.4 million; and (iii) decrease in other payables of RM4.5 million related to renovation works for a postpartum centre in Singapore; which were partially offset by a decrease in amounts due from an associate of RM0.5 million.

Net cash used in investing activities of RM68 thousand was for the purchase of PPE for the postpartum centre in Malaysia. Net cash generated from financing activities of RM10.0 million was mainly from the (i) net proceeds of RM11.5 million from the subscription of 76,000,000 new ordinary shares and (ii) advance of RM0.1 million from a related party; which were partially offset by the payment of lease obligation of RM1.5 million.

As a result of the above the cash and bank balances was RM4.1 million as at 31 March 2020, as compared to RM3.0 million as at 31 December 2019.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trend competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

AIM Sector

The growing global oil supply glut and the coronavirus-led demand destruction has caused an unprecedented slump in oil prices, forcing oil and gas producers to take major production and CAPEX cuts. Oil storage shortage continues to be an issue and even offshore oil tankers are laden with crude oil at ports¹. The oil price recovery is strongly dependent on the implementation of the commitment of OPEC, Russia and North American oil companies to reduce oil supply and the easing of coronavirus related restrictions across the globe². Currently, oil prices are traded well below the production costs of most oil and gas operators and this bearish fundamental will not change until traders see the attempts to reopen the economy are proving to be successful.

IMF predicts that that global gross domestic product will shrink 3% this year compares to a January projection of 3.3% expansion³. "Many countries face a multi-layered crisis comprising a health shock, domestic economic disruptions, plummeting external demand, capital flow reversals and a collapse in commodity prices", the IMF said.

Given the turn of events, the Group will take all necessary measures to preserve cash and take advantage of recent contract awards in Malaysia to strengthen cash flow. The future performance of the AIM Sector will depend on not only on the duration of domestic and economic restrictions in Malaysia but also those in its trading countries around the globe. The Group foresees delays in certain expected tenders and project awards, which will cause uncertainties in its financial performance in FY2020.

Healthcare Sector

The current global concern is very much on healthcare and this sector will be one of the most important industries, accelerated by the Covid-19 pandemic. The emphasis on hygiene and quality of postpartum care services have also been escalated accordingly. It is thus anticipated there could be an eventual formulation of government policies and implementation of various compliance requirements and processes to ensure that good hygiene practices and quality service on all healthcare premises.

¹ <https://www.fxempire.com/forecasts/article/oil-price-fundamental-d...cast-baker-hughes-reports-weekly-decline-of-33-u-s-oil-rigs-648400>

² <https://www.fxempire.com/forecasts/article/oil-price-fundamental-daily-forecast-mild-boost-from-rise-in-china-crude-imports-648130>

³ <https://oilprice.com/Energy/Oil-Prices/Oil-Prices-Plunge-On-Grim-IMF-Economic-Forecast.html>

Despite Malaysia’s movement control order (“MCO”), the Group’s postpartum centre in Petaling Jaya continues to operate with bookings extending into the rest of FY2020. Sales and marketing efforts continues via virtual tours of the premise and rooms, with booking and sales transactions conducted online. The Group’s plans to open a second proposed postpartum centre in Petaling Jaya, Malaysia is postponed, due to the MCO, to FY2021.

The planned Singapore postpartum centre on Hendon Road will also see a delay in its opening, tentatively towards the end of second half of 2020. The Circuit Breaker measures implemented by the Singapore Government has resulted in the suspension of all renovations works. If there is any extension of the Circuit Breaker measures, there could be a further delay on the renovation works and its official opening.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

No

(b) Previous corresponding period/rate %

None.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

There is no interim dividend recommended and declared by the Directors in respect of the current financial period ended 31 March 2020 as the Group recorded a loss from its continuing operations in 1Q2020.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

The Group does not have a general mandate from shareholders for interested person transactions (“IPTs”) pursuant to Rule 920(1)(a)(ii) of the Listing Manual Section B: Rules of Catalyst of the Singapore Exchange Securities Trading Limited (the “Catalist Rules”). There were no IPTs entered into during the financial period reported on which exceeds S\$100,000 in value.

The Company currently has an existing loan agreement with Disruptech Holdings Sdn. Bhd. (“Disruptech”) for a facility of US\$200,000 for a period of 1 year from 17 December 2019. Disruptech is wholly-owned by Mr Christopher Nghia Do who is President, CEO and substantial shareholder of the Company. The loan bears an interest of 8% per annum, payable on a monthly basis and is secured on the Group’s rights and beneficial interest in the worldwide patents of marine growth products.

14. Use of Proceeds from Share Subscription

The Board of Directors wishes to provide an update on the use of the proceeds arising from the allotment and issue of 80.0 million new ordinary shares at an issue price of S\$0.025 per share in the capital of the Company through a share subscription exercise (the “Share Subscription”) that was completed on 15 May 2019. The net proceeds of approximately S\$1.906 million (after deducting expenses of approximately S\$0.094 million incurred by the Company in connection with the Share Subscription) have been utilised as follows:

Use of Proceeds	Amount allocated (as announced on 26 April 2019) (S\$’000)	Amount utilised as at 31 March 2020 (S\$’000)	Balance of net proceeds (S\$’000)
(i) Identify and invest into new business	1,000	635	365
(ii) Working capital	906	888 ⁽¹⁾	18
Total	1,906	1,523	383

Note:

- Working capital utilisation comprise of (i) payment of trade and other payables of S\$274 thousand; (ii) payment of professional fees of S\$273 thousand; and (iii) manpower and overheads of S\$341 thousand.

The Board of Directors further wishes to provide an update on the use of the proceeds arising from the allotment and issue of 76.0 million new ordinary shares at an issue price of S\$0.05 per share in the capital of the Company through a share subscription exercise (the “Share Subscription”) that was completed on 14 January 2020. The net proceeds of approximately S\$3.788 million (after deducting expenses of approximately S\$0.012 million incurred by the Company in connection with the Share Subscription) have been utilised as follows

Use of Proceeds	Amount allocated (as announced on 23 December 2019) (S\$'000)	Amount utilised as at 31 March 2020 (S\$'000)	Balance of net proceeds (S\$'000)
(i) Renovation and refurbishment of postpartum centres	3,000	1,918	1,082
(ii) Working capital	788	788 ⁽¹⁾	0
Total	3,788	2,706	1,082

Note:

1. Working capital utilisation has been for overheads including property rental for a postpartum centre.

15. Confirmation by the Board of Directors pursuant to Rule 705(5) of the Catalist Rules

We, Christopher Nghia Do and Harry Ng, being Directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for 1Q2020 to be false or misleading in any material aspect.

16. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company confirms that all the required undertakings under the Rule 720(1) of the Catalist Rules have been obtained from its Directors and Executive Officers in the format set out in Appendix 7H of the Catalist Rules.

ON BEHALF OF THE BOARD OF DIRECTORS

CHRISTOPHER NGHIA DO PRESIDENT & CEO	HARRY NG LEAD INDEPENDENT DIRECTOR
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Date: 15 May 2020