



SERBA DINAMIK HOLDINGS BERHAD
(COMPANY NO: 201501042584 (1167905-P))
INCORPORATED IN MALAYSIA

**QUARTERLY REPORT ON THE
CONSOLIDATED RESULTS
FOR THE QUARTER AND PERIOD ENDED
31st March 2020**

(The Figures in this Quarterly Report have not been Audited)

1. Condensed Consolidated Statement of Profit or Loss and Comprehensive Income for the Quarter and period ended 31st March 2020

a. Consolidated Profit or loss and Comprehensive Income

	Individual quarter		Changes %	Cumulative quarter		Changes %
	Quarter ended 31/03/20	Quarter ended 31/03/19		Period ended 31/03/20	Period ended 31/03/19	
	RM'000	RM'000		RM'000	RM'000	
Revenue	1,278,669	984,387	29.9%	1,278,669	984,387	29.9%
Cost of sales/services	(1,049,981)	(806,011)		(1,049,981)	(806,011)	
Gross profit	228,688	178,376	28.2%	228,688	178,376	28.2%
Other operating income	1,817	2,529		1,817	2,529	
Administrative & other operating expenses	(31,654)	(35,332)		(31,654)	(35,332)	
Results from operating activities	198,851	145,573	36.6%	198,851	145,573	36.6%
Finance income	3,771	1,592		3,771	1,592	
Finance costs	(53,747)	(25,975)		(53,747)	(25,975)	
Net finance costs	(49,976)	(24,383)	105.0%	(49,976)	(24,383)	105.0%
Share of results of equity accounted associates	(1,190)	3,295		(1,190)	3,295	
Profit before tax	147,685	124,485	18.6%	147,685	124,485	18.6%
Tax expense	(14,083)	(12,106)		(14,083)	(12,106)	
Profit for the period	133,602	112,379	18.9%	133,602	112,379	18.9%
Items that may be reclassified subsequently to profit and loss:						
Foreign currency translation differences for foreign operations	30,483	(8,907)		30,483	(8,907)	
Share of other comprehensive income of equity accounted associates	836	(3,168)		836	(3,168)	
Total comprehensive income for the period	164,921	100,304	64.4%	164,921	100,304	64.4%
Profit/(loss) for the period attributable to:						
Owners of the Company	133,720	112,151		133,720	112,151	
Non-controlling interest	(118)	228		(118)	228	
Total profit for the period	133,602	112,379	18.9%	133,602	112,379	18.9%
Total comprehensive income for the period attributable to:						
Owners of the Company	165,483	100,094		165,483	100,094	
Non-controlling interest	(562)	210		(562)	210	
Total profit for the period	164,921	100,304	64.4%	164,921	100,304	64.4%

b. Earnings per share

	Individual quarter		Cumulative quarter	
	Quarter ended 31/03/20	Quarter ended 31/03/19	Period ended 31/03/20	Period ended 31/03/19
Basic (sen)	4.36	3.66	4.36	3.66

2. **Condensed Consolidated Statement of Financial Position as at 31st March 2020**

	Unaudited	Audited
	At	At
	31/03/20	31/12/19
	RM'000	RM'000
Assets		
Property, plant and equipment	1,846,800	1,688,617
Right-of-use assets	261,946	248,120
Investment in associates	377,767	382,365
Other investments	15,516	14,516
Intangible assets	118,432	118,994
Deferred tax assets	228	255
Total non-current assets	2,620,689	2,452,867
Inventories	1,114,763	919,561
Contract assets	370,003	321,558
Trade and other receivables	1,428,932	1,256,132
Deposits and prepayments	136,388	108,916
Current tax assets	1,354	1,214
Other investments	53,949	51,172
Cash and cash equivalents	1,284,139	1,306,590
Total current assets	4,389,528	3,965,143
Total assets	7,010,217	6,418,010
Equity		
Share capital	1,344,347	1,344,347
Treasury shares	(31,866)	-
Merger Reserve	(434,709)	(434,709)
Foreign Currency Translation Reserve	44,266	12,503
Other reserves	45,266	45,266
Retained earnings	1,556,714	1,465,318
Total equity attributable to owners of the Company	2,524,018	2,432,725
Non-controlling interest	6,696	7,160
Total equity	2,530,714	2,439,885
Liabilities		
Trade and other payables	57,748	57,748
Lease liabilities	8,792	24,421
Deferred tax liabilities	28,961	30,906
Loans and borrowings	3,340,355	2,938,624
Employee benefits	616	691
Total non-current liabilities	3,436,472	3,052,390
Trade and other payables	463,710	402,657
Lease liabilities	59,836	58,450
Contract liabilities	36,939	35,736
Loan and borrowings	450,153	400,903
Current tax payable	32,393	27,989
Total current liabilities	1,043,031	925,735
Total liabilities	4,479,503	3,978,125
Total equity and liabilities	7,010,217	6,418,010
Net assets per share (RM)	0.82	0.79

3. **Condensed Consolidated Statement of Cash Flows for the period ended 31st March 2020**

	Unaudited	Unaudited
	31/03/20	31/03/19
	RM'000	RM'000
Cash flow from operating activities		
Profit before tax	147,685	124,485
Adjustment for :		
Depreciation of property, plant and equipment and right-of-use assets	45,197	29,789
Amortisation of intangible assets	-	528
Net unrealised foreign exchange loss	1,073	11,918
Share of loss / (profit) in equity-accounted associate, net of tax	1,190	(3,295)
Finance income	(3,771)	(1,592)
Finance costs	53,747	25,975
Employment benefits	(76)	(2)
Loss on disposal of trade receivables	2,765	-
Share of other comprehensive (loss) / income of associates	(836)	3,168
Operating profit before changes in working capital	246,974	190,974
Changes in working capital:		
Inventories	(166,252)	11,660
Trade and other receivables	(112,827)	(119,000)
Trade and other payables	124,401	24,641
Contract assets	(38,509)	(33,642)
Contract liabilities	1,218	-
Cash generated from operations	55,005	74,633
Profit or interest paid	(72)	(268)
Tax paid	(11,738)	(12,216)
Net cash from operating activities	43,195	62,149
Cash flow from investing activities:		
Acquisition of subsidiaries, net of cash and cash equivalent	-	(342)
Acquisition of property, plant and equipment	(185,430)	(178,687)
Proceeds from issuance of new shares to non-controlling interests	98	-
Interest received	3,771	1,592
Changes in term deposits pledged to banks	(17,861)	83,823
Increase in other investments	(18,175)	(39,153)
Advance to an associate	(27,958)	-
Net cash used in investing activities	(245,555)	(132,767)
Cash flow from financing activities		
Profit or interest paid	(58,847)	(35,975)
Net proceeds from loans and borrowings	313,024	(12,096)
Net repayment of lease liabilities	(14,187)	-
Repurchase of treasury shares	(31,866)	-
Dividend paid to owners of the Company	(42,324)	(33,775)
Net cash generated from financing activities	165,800	(81,846)
Net decrease in cash and cash equivalents	(36,560)	(152,464)
Effect of exchange rate fluctuation on cash held	-	-
Cash and cash equivalents at beginning of year	1,264,687	631,514
Cash and cash equivalents at end of period	1,228,127	479,050
Fixed deposits placed with licensed banks	228,305	250,080
Cash and bank balances	1,055,834	268,688
	1,284,139	518,768
Less: Bank overdrafts	(2,244)	(8,903)
Less: Fixed deposits pledged	(53,768)	(30,815)
	1,228,127	479,050

4. **Condensed Consolidated Statement of Changes in Equity for the period ended 31st March 2020**

	Attributable to owners of the Company								
	←----- Non distributable -----→					-----→ Distributable			
	Share capital	Treasury shares	Merger reserve	Foreign currency translation reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 st December 2018	1,344,347	-	(434,709)	23,159	45,269	1,110,109	2,088,175	4,090	2,092,265
Foreign currency translation differences for foreign operations	-	-	-	(8,738)	-	-	(8,738)	78	(8,660)
Share of other comprehensive income of an associate	-	-	-	(1,918)	-	-	(1,918)	-	(1,918)
Profit for the year	-	-	-	-	-	496,640	496,640	1,343	497,983
Total comprehensive income for the year	-	-	-	(10,656)	-	496,640	485,984	1,421	487,405
Dividend paid to owners of the Company	-	-	-	-	-	(141,431)	(141,431)	-	(141,431)
Non-controlling interest of a new subsidiary Company acquired	-	-	-	-	-	-	-	226	226
Issuance of share by subsidiaries	-	-	-	-	-	-	-	1,420	1,420
Transfer to other reserve	-	-	-	-	(3)	-	(3)	3	-
At 31st December 2019	1,344,347	-	(434,709)	12,503	45,266	1,465,318	2,432,725	7,160	2,439,885
Foreign currency translation differences for foreign operations	-	-	-	30,927	-	-	30,927	(444)	30,483
Share of other comprehensive income of an associate	-	-	-	836	-	-	836	-	836
Profit for the period	-	-	-	-	-	133,720	133,720	(118)	133,602
Total comprehensive income for the period	-	-	-	31,763	-	133,720	165,483	(562)	164,921
Dividend paid to owners of the Company	-	-	-	-	-	(42,324)	(42,324)	-	(42,324)
Non-controlling interest of a new subsidiary Company acquired	-	-	-	-	-	-	-	98	98
Own shares acquired	-	(31,866)	-	-	-	-	(31,866)	-	(31,866)
At 31st March 2020	1,344,347	(31,866)	(434,709)	44,266	45,266	1,556,714	2,524,018	6,696	2,530,714

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134

A1. Basis of Preparation

The condensed interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of Serba Dinamik Holdings Berhad and its subsidiaries ("**the Group**") for the financial year ended 31 December 2019.

A2. Changes in accounting policies

The accounting policies adopted by the Group in this interim financial statement are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2019 except for the newly-issued Malaysian Financial Reporting Standard ("MFRS") and amendments to standards to be applied by all Entities Other Than Private Entities for the financial period beginning on or after 1 January 2019: -

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material Amendments to MFRS 11, Joint Arrangements*
- Amendments to MFRS 139 *Financial Instruments: Recognition and Measurement* and MFRS 7 *Financial Instruments: Disclosure – Interest Rate Benchmark Reform*

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group:

MFRS/ Amendment/ Interpretation	Effective date
MFRS 17, <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 101, <i>Presentation of Financial Statements – Classification of Liabilities as Current or Non-current</i>	1 January 2022
Amendments to MFRS 10, <i>Consolidated Financial Statements</i> and MFRS 128, <i>Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be Confirmed

The Group plans to apply from the annual period beginning on 1 January 2022 for the accounting standard that is effective for annual periods beginning on or after 1 January 2022. The Group does not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group.

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134 (CONT'D)

A2. Changes in accounting policies (Cont'd)

The initial application for the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements of the Group.

(a) Basis of measurement

The interim financial statements have been prepared on the historical cost basis other than disclosed in the report.

(b) Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the functional currency of the primary economic environment in which the entity operates, which is the functional currency. These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency and presentation currency.

(c) Use of estimates and judgements

The preparation of the interim financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognized in the interim financial statements.

A3. Auditors' report

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2019.

A4. Seasonality and cyclicity of operations

The Group's operations are not materially affected by any seasonal or cyclical factors.

A5. Unusual items due to the nature, size and incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows for the current financial period.



PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134 (CONT'D)

A6. Changes in estimates

There were no changes in estimates that have a material effect in the current financial period.

A7. Debt and equity securities

- i) On March 2020, the Company made a multiple repurchased transaction of shares totalling to 18,779,000 shares from its issued share capital in the open market at a range of average price RM1.27 to RM1.97 per share. The total consideration paid was RM31,865,817. The repurchase transactions were financed by internally generated funds. The shares repurchased are retained as treasury shares.
- ii) On 5 May 2020, the Company has completed the private placement exercise, in which the Company has issued 306,507,000 new shares with an issue price of RM1.49 per placement share.

Other than the above, there were no unusual items affecting the debt and equity securities for the current financial period other than disclosed in Note A8.

A8. Significant events during the financial period and subsequent events

Other than disclosed in Note A7, there were no significant events during the financial period and subsequent to financial period ended 31st March 2020.

A9. Changes in the composition of the Group

On 25 February 2020, the Group via Serba Dinamik Group Bhd, a wholly owned subsidiary of the Company, has entered a conditional Share Sale Agreement ("SSA") to acquire 20,000,000 ordinary shares representing 100% in Prestariang Education Sdn. Bhd. ("PESB") for a total cash consideration of RM2,500,000. Currently, PESB is license holder of University Malaysia Computer Science & Engineering ("UNIMY").

A10. Contingent assets and liabilities

There were no material changes in contingent liabilities or contingent assets arising since the last audited financial statements for the financial year ended 31 December 2019.

A11. Capital commitments

Capital commitments of the Group in respect of property, plant and equipment as 31st March 2020 are as follows: -

	RM'000
Land and Building	
Approved and contracted for	367,180

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134 (CONT'D)

A12. Tax expense

Tax expense comprises the following:

	Individual quarter		Cumulative quarter	
	Quarter ended 31/03/20	Quarter ended 31/03/19	Period ended 31/03/20	Period ended 31/03/19
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
Malaysian Taxation	16,112	11,544	16,112	11,544
Foreign Taxation	-	405	-	405
Total current tax expense	16,112	11,949	16,112	11,949
Deferred tax expense	(2,029)	157	(2,029)	157
Total tax expense	14,083	12,106	14,083	12,106

The Group are subject to income tax at the applicable statutory tax rates in Malaysia and overseas with foreign subsidiaries. Domestic income tax is calculated at the Malaysian statutory tax rate of 24.0% of the estimated assessable profit for the period. Income tax for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

The Group has few Labuan companies which are govern under Labuan Business Activity Act 1990 ("LBATA"). Based on Labuan Business Activity Tax (Amendment) Bill 2019 and clarification from Certified Tax Institute of Malaysia ("CTIM") through its memorandum on issues arising from Labuan Business Activity Tax (Amendment) Bill 2019 dated 18 December 2019, Labuan business activity which is not listed in the amended regulations will be taxed under the Income Tax Act 1967. As a result of this, some of the Group's Labuan companies that are not listed in the amended regulations will be taxed under the Income Tax Act 1967.

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PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA

B1. Segment Information

The Group has four reportable segments, as described below which are the Group's strategic business units. For each of the strategic business units, the Group Chief Executive Officer, reviews internal management report quarterly. The following described the operations in each of the Group's reportable segments.

- O&M - Operation and maintenance ("O&M") which include maintenance, repair and overhaul of rotating equipment ("MRO"), inspection, repair and maintenance of static equipment and structure ("IRM"), maintenance of process control and instrumentation and other related services.
- EPCC - Engineering, procurement, construction and commissioning ("EPCC") which include among others, piping systems, process control and instrumentation, equipment installation, power generation plant, gas compression plant, auxiliary power generation and firefighting system and other related services.
- ICT - Information, communication and technology ("ICT") solutions and supply of products and parts which include customize software development, mobile applications solution, e-Commerce platform and digital theme park or virtual park.
- E&T - Education and training ("E&T") which includes technical training programme that can support our O&M, EPCC and ICT segments.

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PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B2. Review of Performance

i) Current quarter vs Corresponding quarter of the preceding year

	Revenue		Operating profit		Variance	
	Quarter ended		Quarter ended		Revenue	Operating Profit
	31/03/20	31/03/19	31/03/20	31/03/19		
	RM'000	RM'000	RM'000	RM'000	%	%
Business Segments:						
O&M	1,109,583	858,731	202,452	157,809	29.2	28.3
EPCC	140,742	111,226	21,747	17,248	26.5	26.1
ICT	27,931	14,273	4,279	3,242	95.7	32.0
E&T	413	157	210	77	163.1	173.1
Group Revenue/ Operating Profit	1,278,669	984,387	228,688	178,376	29.9	28.2
Corporate Expenses and Elimination			(81,003)	(53,891)		50.3
Profit Before Tax			147,685	124,485		18.6

For the quarter ended 31 March 2020 ("Q1FY20"), the Group recorded revenue of RM1,278.7 million which was 29.9% higher than corresponding quarter of the preceding year ("Q1FY19") due to strong activities from O&M segment. The operating profit for the quarter stood at RM228.7 million or 17.9% of total revenue. The Group also recorded profit before taxation of RM147.7 million, 18.6% higher as compared to profit before taxation of RM124.5 million in Q1FY19.

O&M contributed 86.8% of revenue in Q1FY20 with an increase of RM250.9 million or 29.2% against Q1FY19. The increase was due to higher activities from our MRO activity in middle east region such as UAE, Qatar & Oman, and Malaysia. IRM activity also showed higher growth against Q1FY19. The segment recorded an improved operating profit of RM202.5 million which represents a gross margin of 18.2%.

EPCC revenue recorded a total of RM140.7 million, increased by RM29.5 million against Q1FY19 and contributed 11.0% of the total revenue of the Group. Increased revenue from EPCC segment was mainly derived from our chlor-alkali plant in Tanzania and activity with Petronas Carigali Sdn Bhd in Malaysia. The segment recorded an operating profit of RM21.7 million yielding a gross margin of 15.5%.

ICT registered revenue of RM27.9 million or 2.2% of the total revenue. This was mainly derived from the provision of IT related services which relating to customize solutions involving software developments in country such as Qatar.

E&T revenue contributed mainly by our subsidiary, Materials Technology Education Sdn. Bhd. which include technical training programme specialising in all IMM Training and Certification Programs in Malaysia, which are recognized by PETRONAS & other energy operators.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B2. Review of Performance (Cont'd)

ii) Current quarter vs immediate preceding quarter

	Revenue		Operating profit		Variance	
	Quarter ended		Quarter ended		Revenue	Operating Profit
	31/03/20	31/12/19	31/03/20	31/12/19		
	RM'000	RM'000	RM'000	RM'000	%	%
Business Segments:						
O&M	1,109,583	1,159,073	202,452	222,755	(4.3)	(9.1)
EPCC	140,742	143,933	21,747	22,319	(2.2)	(2.6)
ICT	27,931	56,594	4,279	9,324	(50.6)	(54.1)
E&T	413	949	210	507	(56.5)	(58.5)
Group revenue/ operating profit	1,278,669	1,360,549	228,688	254,905	(6.0)	(10.3)
Corporate Expenses and Elimination			(81,003)	(115,787)		(30.0)
Profit before tax			147,685	139,118		6.2

For quarter ended 31 March 2020, the Group recorded decrease of revenue of 6.0% from immediate preceding quarter ("Q4FY19") mainly due to decrease revenue from O&M activity. Overall Operating profit stood at RM228.7 million, a decrease of RM26.2 million or 10.3% lower against Q4FY19.

O&M revenue lowered by RM49.5 million or 4.3% lower than Q4FY19 as some countries showed a significant decrease in activity namely Qatar, Turkmenistan & Bahrain. The decline in O&M revenue was partially offsetted by an increase in revenue from countries such as UAE, Indonesia and Oman. Operating profit decreased in line with revenue and GP margin reduced by 1.0%.

EPCC revenue recorded a slight decrease of RM3.2 million or 2.2% lesser against Q4FY19 which mainly derived from our contract with New Thunder Technical Services in UAE, Msufini (T) Limited in Tanzania, Petronas Carigali Sdn Bhd and Sarawak Shell Berhad in Malaysia. Operating profit also recorded a slight decrease from RM22.3 million in Q4FY19 to RM21.7 million in Q1FY20 resulting in 15.5% of gross profit margin.

ICT registered revenue of RM27.9 million in Q1FY20, showed a decrease of RM28.7 million or 50.6% as compared to Q4FY19 due to less work performed in relation to a contract with Amban Trading & Contracting Co WLL in country of Qatar.

E&T also showed a decrease in revenue by RM0.5 million or 56.5% lower against Q4FY19 mainly due to lesser training programme conducted in current period by our subsidiary, Materials Technology Education Sdn. Bhd.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B2. Review of Performance (Cont'd)

iii) Current period vs Corresponding period of the preceding year

	Revenue		Operating profit		Variance	
	Period ended		Period ended		Revenue	Operating Profit
	31/03/20	31/03/19	31/03/20	31/03/19		
	RM'000	RM'000	RM'000	RM'000	%	%
Business Segments:						
O&M	1,109,583	858,731	202,452	157,809	29.2	28.3
EPCC	140,742	111,226	21,747	17,248	26.5	26.1
ICT	27,931	14,273	4,279	3,242	95.7	32.0
E&T	413	157	210	77	163.1	172.7
Group revenue/ operating profit	1,278,669	984,387	228,688	178,376	29.9	28.2
Corporate Expenses and Elimination			(81,003)	(53,891)		50.3
Profit before tax			147,685	124,485		18.6

The group's year to date ("YTD") revenue recorded a total of RM1,278.7 million with operating profit at RM228.7 million or 17.9% of total revenue. This is an improvement against the same period last year with 29.9% and 28.2% for revenue and operating profit respectively. O&M have shown an increase in revenue of 29.2% mainly from middle east region as well as country of Malaysia. O&M operating profit also showed an increase of 28.3% against the corresponding period of the preceding year.

EPCC showed an increase in revenue of RM29.5 million or 26.5%. The operating profit for business segment improved by RM4.5 million or 26.1% increase against the corresponding period of the preceding year.

Both ICT and E&T business segments also showed an increase in revenue of RM13.7 million and RM0.3 million or 95.7% and 163.1% respectively. The operating profit for both business segments also improved by RM1.0 million and RM0.1 million or 32.0% and 172.7% increase against the corresponding period of the preceding year.

Despite the increase in the corporate expenses and elimination year on year, the group's cumulative profit before tax improved to RM142.3 million, RM23.2 million higher than the corresponding period of the preceding year.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B2. Review of Performance (Cont'd)

iv) Segmental Revenue by countries

	Individual quarter		Cumulative quarter	
	31/03/20	31/03/19	31/03/20	31/03/19
	RM'000	RM'000	RM'000	RM'000
Malaysia	382,563	306,885	382,563	306,885
Indonesia	36,172	45,677	36,172	45,677
Laos	763	7,735	763	7,735
South East Asia	419,498	360,297	419,498	360,297
Turkmenistan	26,866	37,687	26,866	37,687
India	-	3,272	-	3,272
Uzbekistan	15,755	-	15,755	-
Central & South Asia	42,621	40,959	42,621	40,959
Bahrain	100,340	83,410	100,340	83,410
UAE	314,310	216,325	314,310	216,325
Qatar	320,900	227,355	320,900	227,355
Oman	16,170	-	16,170	-
Kingdom of Saudi Arabia	32,127	54,244	32,127	54,244
Kuwait	8,588	-	8,588	-
Middle East	792,435	581,334	792,435	581,334
Tanzania	23,903	1,521	23,903	1,521
United Kingdom	212	276	212	276
Total	1,278,669	984,387	1,278,669	984,387

On geographical segmentation, Malaysia remained as the biggest revenue contributor by country, recording a total of RM382.6 million for Q1FY20 or 29.9% of total revenue recording an improvement of 24.7% against Q1FY19. The improvement in revenue is mainly contributed by higher call out works for O&M and EPCC activity. Indonesia contributed 2.8% of total revenue for the quarter or RM36.2 million and Laos contributed RM0.8 million for the quarter.

The middle east region continued to be the highest revenue contributor for the Group at regional level. Middle east contributed 62.0% of the overall revenue for the quarter or RM792.4 million, an increase of RM211.1 million against Q1FY19. The increase was mainly contributed by higher call out activity in UAE & Qatar.

The Group central and south asia region contributed RM42.6 million or 3.3% of total revenue for the Group, with the revenue recognised mainly from Turkmenistan amounting to RM26.9 million whereas Uzbekistan showed revenue contribution of RM15.8 million relating to O&M activities.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B2. Review of Performance (Cont'd)

iv) Segmental Revenue by countries (Cont'd)

Africa region through Tanzania contributed RM23.9 million to the Group or 1.9% of current quarter revenue. The revenue is derived from our EPCC contract for the development of 45 mtpd Chlor-Alkali plant in Kibaha District Coast region in Tanzania while Europe contributed RM0.2 million of revenue.

B3. (a) Commentary on prospects

Malaysia economy registered a lower growth of 0.7% for 1Q2020 (4Q2019: 3.6%), reflecting the early impact of measures taken both globally and domestically to contain the spread of the Covid-19 pandemic, including the introduction of the Movement Control Order ("MCO") in Malaysia. Domestic demand also registered a modest growth of 3.7% for 1Q2020 (4Q2019: 4.8%), mainly due to weaker capital spending by both the private and public sectors. The global growth experienced a sharp slowdown in 1Q2020 mainly due to the rapid spread of the Covid-19 virus resulted in the introduction of lockdown and social distancing measures in main major economies. This also resulted in an elevated volatility in global financial markets.

IMF in their recent report stated that global growth is forecasted at -3.0% in 2020 and 5.8% in 2021, a downward revision of 6.3% and upward revision of 2.4% for 2020 and 2021 respectively compared to January's World Economic Outlook. The downward revision for 2020 is mainly due to the Covid-19 pandemic inflicting high and rising human costs worldwide, and additional necessary protection measures are severely impacting economic activity while an upward revision for 2021, is based on the assumption that the pandemic fades in the 2Q2020 and containment efforts can be gradually unwound.

On the Oil and Gas front, oil prices significantly dropped showing declines to reach their lowest value in almost two and a half years due to the rapid spread of Covid-19 throughout the entire world. Several other countries raised investors' concerns over the impact on the global economy and oil demand, which triggered a sharp sell-off in markets amid uncertainties on the extent of demand fall out and concerns that this health crisis has evolved into a pandemic.

Despite the above-mentioned downturn and volatility domestic and globally, the Group mitigated through its strength in maintenance in which existing contracts are still being honoured and drawdown since the asset's production are still running. Incorporating the value-added features with Artificial Intelligence ("AI"), its predictive maintenance has gained better respect from customers. Added integrated solutions such as high-end repair capability in the Group's global centre of excellence will help to secure more new contracts both locally and globally.



PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B3. (a) Commentary on prospects (Cont'd)

Additionally, through technology transfer from the Group's associate company in Switzerland, Italy and Netherland, enabled further in upgrading of equipment at affordable local price while parts manufacturing has positioned the Group as more favourable option as compared to our competitors. Thus, sustainability in term of continuous utilisation of contracts have managed to be realised. The Group also activated its EPCC activity in non-oil and gas sector in Tanzania, Uzbekistan and Laos. This will give continuity to revenue of the Group.

With the recent EPCC contract award from Block 7 Investments L.L.C. ("Block 7") to undertake amongst others, the engineering, procurement and construction of innovation hub, academic campus, related facilities and IT infrastructures in Abu Dhabi, UAE. This will showcase the Group's capabilities to synergize its capabilities in both EPCC and ICT business segments. This project forms part of Block 7's initiatives to create a global incubator for the advancement of technology, property, financial as well as energy sectors, and to be positioned as a new landmark for Abu Dhabi. The development will position the Group as one of the companies helping local, regional and global businesses as well as academia to adopt Industry Revolution 4.0 ("IR 4.0") technologies.

On February 2020, the Group has entered into a conditional Share Sale Agreement ("SSA") to acquire the entire business of UNIMY, worth RM2.5 million. This acquisition will enable the Group to widen its E&T business segment both locally and globally by leveraging on UNIMY's education portfolio that focuses on amongst others, cloud computing, artificial intelligence (AI) & big data, cyber security, Internet of Things (IoT), coding as well as business technology. In addition, the acquisition is also part of the Group's initiatives to develop future skilled based leaders particularly to grow its own workforce, by developing their capabilities, competencies and readiness to serve in the era of IR 4.0. This is vital to the success of the Group moving forward which will also provide tremendous edge in research and development for the Group.

Both initiatives are expected to enhance the Group's financial position as well as profitability. Overall, the management is positive about the future results and prospects of the Group.

Sources:

- *BNM Quarterly Bulletin, Bank Negara Malaysia;*
- *World Economic Outlook April 2020, IMF;*
- *OPEC Monthly Oil Market Report March 2020, OPEC*

(b) Revenue or profit estimate, forecast, projection or internal targets

The Company has not provided any revenue or profit estimate, forecast, projection or internal targets in any previous announcement or public document.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B4. Status of corporate proposals announced

In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of the Company on Bursa Malaysia Securities Berhad, the following transactions were /are undertaken by the Company:

(i) Utilisation of Proceeds from Private Placement on 5 May 2020

The gross proceeds from the Private Placement of RM456.7 million shall be utilised in the following manner:

Details of utilisation of proceeds	Estimated timeframe for utilisation	RM '000	%	Actual Utilisation RM '000	% Utilised
Partial repayment of bank borrowings	Within 24 months	200,000	43.8	-	-
Working capital	Within 12 months	245,555	53.8	-	-
Estimated private placement expenses	Immediately	11,140	2.4	7,220	64.8
Total gross proceeds		456,695	100.0	7,220	1.6

The utilisation of the proceeds as disclosed above should be read in conjunction with the Announcement made by the Company dated 23 April 2020.

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PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B4. Status of corporate proposals announced (Cont'd)

(ii) Certificate of Completion and Compliance (“CCC”)

As disclosed in the Prospectus dated 30 December 2016, for properties where application of CCC is required to be made within 12 months from the date of the Listing. All applications have been made accordingly and are currently pending approval from the relevant authorities as detailed below:

No.	Details	Status
1.	Lot 5845, Block 5 Kuala Baram Land District, Kuala Baram/ Lutong Road, Miri, Sarawak	Application was submitted on 19 September 2017 and approval is expected to be obtained within 12 to 24 months from the date of application. The approval process is still ongoing, the Group has obtained extension for another 36 months to complete the approval process.
2.	Service centre on Lot No. 3B (1R1/05), Ranche-ranche Light Industrial Estate, off Jalan Ranche-ranche, Federal Territory of Labuan	Application was submitted on 20 December 2017 and approval is expected to be obtained within 12 to 24 months from the date of application. Notwithstanding, the Group was informed that the success of the application may be subject to further renovation to be carried out in the current service centre. In the meantime, the Group is in the midst of looking for a new facility that already has CCC to replace current service centre.

B5. Other Operating Income

The Group's Other Operating Income for the period ended 31st March 2020 are as follows:

	Individual quarter		Cumulative quarter	
	31/03/20 RM'000	31/03/19 RM'000	31/03/20 RM'000	31/03/19 RM'000
Foreign Exchange gain	659	934	659	934
Rental Income	368	553	368	553
Others	790	1,042	790	1,042
Total	1,817	2,529	1,817	2,529



PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B6. Trade and Other Receivables

The Group's Trade Receivables Ageing analysis as at 31st March 2020 are as follows:

In RM'000	31/03/20		31/12/19	
	Amount RM'000	%	Amount RM'000	%
Not past due	1,201,099	84.1	1,121,163	89.3
0 – 30 days past due	60,228	4.2	24,201	1.9
31 – 120 days past due	35,054	2.5	19,012	1.5
Past due more than 120 days	49,787	3.4	39,935	3.2
Total Trade Receivables	1,346,168	94.2	1,204,311	95.9
Other Receivables	82,764	5.8	51,821	4.1
Total Trade & Other Receivables	1,428,932	100.0	1,256,132	100.0

The Group normal credit period is between 30 to 90 days from the date of invoice. Other credit terms are assessed and approved on a case-by-case basis.

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PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B7. Financing/ Borrowings

The Group's financing/ borrowings as at 31st March 2020 are as follows:

In RM'000	As at 31 st March 2020					
	Long term		Short term		Total borrowings	
	Foreign Currency	Local Currency	Foreign Currency	Local Currency	Foreign Currency	Local Currency
Secured	-	162,173	257,985	102,168	257,985	264,341
Unsecured	2,109,826	1,068,356	-	90,000	2,109,826	1,158,356
In RM'000	As at 31 st December 2019					
	Long term		Short term		Total borrowings	
	Foreign Currency	Local Currency	Foreign Currency	Local Currency	Foreign Currency	Local Currency
Secured	188	149,144	202,920	107,983	203,108	257,127
Unsecured	2,010,467	778,825	-	90,000	2,010,467	868,825

Financing/ Borrowings denominated in foreign currency are as follows:

Currency	31/03/20 RM'000	31/12/19 RM'000
USD	2,365,652	2,209,424
IDR	2,159	4,151

Currently, the Group does not have any hedging policy for financing / borrowings denominated in foreign currency as financing / borrowings used to finance the Group's international business is also denominated in foreign currency. The Group monitors the foreign currency movement and will take necessary steps to minimise the risk whenever deemed appropriate.

B8. Significant related party transactions

(a) The following transactions were with companies/corporations in which certain directors have or are deemed to have substantial interest.

Nature of transaction	Cumulative quarter	
	31/03/20 RM'000	31/03/19 RM'000
Professional service charges	1,183	1,532
Revenue from operation and maintenance	(4)	(10)

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B8. Significant related party transactions (Cont'd)

(b) The following transactions were with associates.

Nature of transaction	Cumulative quarter	
	31/03/20 RM'000	31/03/19 RM'000
Revenue from engineering, procurement, construction and commissioning project	(189)	-
Contract revenue	(24,707)	(9,297)

B9. Foreign Exchange Exposure/Hedging Policy

The Group revenue from overseas projects/contracts is typically denominated in USD. There is no hedging instrument being used in the Group's daily operation. Any cash inflows in a USD denominated bank account will be used to settle the cost of operations which is payable in USD. This provides a natural foreign currency hedge to the Group. Nonetheless, any unfavourable movements in the USD exchange rate may adversely affect the Group's profitability.

B10. Material Impairment of Assets

There is no material impairment of assets by the Group for the period ended 31st March 2020.

B11. Material litigation

As at the date of this report, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Directors have no knowledge of any proceeding pending or threatened or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial or business position of the Group.

B12. Dividend

The Board of Directors have declared a first interim single-tier tax-exempt dividend of 1.20 sen per ordinary share in respect of the financial period ended 31st March 2020, to be paid on 26 June 2020. The entitlement date for the dividend payment is 15 June 2020.

A depositor shall qualify for entitlement to the dividend only in respect of:

- (i) Shares transferred to the depositor's securities account before 4.00pm on 15 June 2020 in respect of transfers; and
- (ii) Shares bought on Bursa Malaysia Securities Berhad cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

The total dividends for the financial period ended 31st March 2020 is 1.20 sen per ordinary share.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B13. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per share at 31st March 2020 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary share outstanding, calculated as follows:

	Individual quarter		Cumulative quarter	
	31/03/20	31/03/19	31/03/20	31/03/19
	RM'000	RM'000	RM'000	RM'000
Profitable attributable to ordinary shareholders	133,720	112,151	133,720	112,151
Weighted average number of ordinary shares	3,065,071	3,065,071	3,065,071	3,065,071
Basic earnings per ordinary share (sen)	4.36	3.66	4.36	3.66

The Group has no dilutive ordinary shares at the end of the financial period as the Group's market price per ordinary share is lower than warrant's exercise price, therefore diluted earnings per share will not be presented.

B14. Profit for the period

This is arrived after (charging)/crediting

	Individual quarter ended	Cumulative quarter
	31/03/20	31/03/20
	RM'000	RM'000
Finance income	3,771	3,771
Finance expense	(53,747)	(53,747)
Depreciation and amortization	(45,197)	(45,197)

By order of the Board

Shah Alam, Selangor Darul Ehsan

20th May 2020