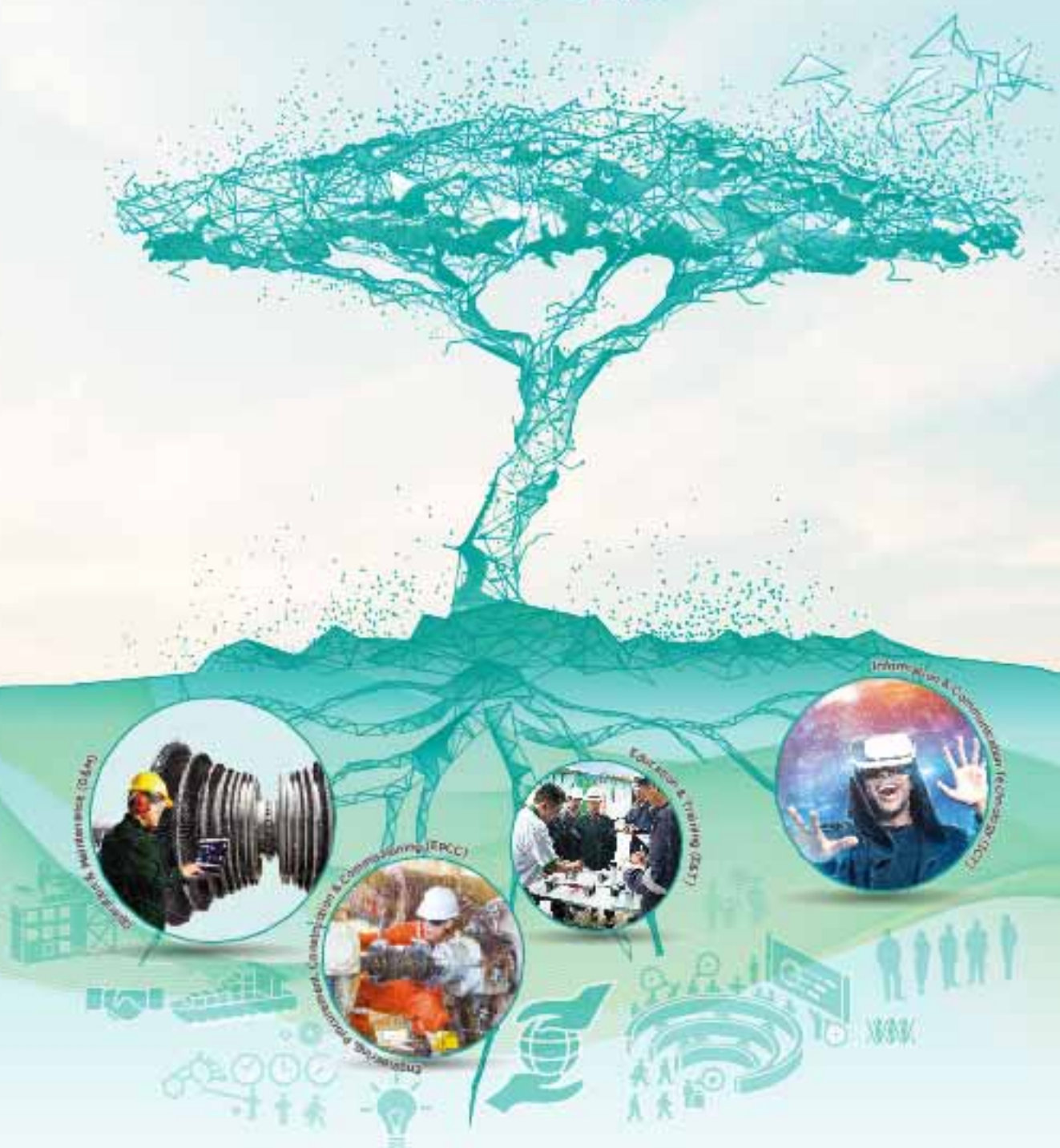


FINANCIAL STATEMENTS 2021

GROWING TOWARDS A SUSTAINABLE FUTURE



REPORTS AND FINANCIAL
STATEMENTS FOR THE
PERIOD ENDED 30 JUNE 2021

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

DIRECTORS' RESPONSIBILITY STATEMENT FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("CA") to prepare the financial statements for each financial year which have been made out in accordance with the applicable Malaysian Financial Reporting Standards ("MFRS"), the International Financial Reporting Standards ("IFRS") and the requirements of the CA in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- and prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the CA.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

Serba Dinamik Holdings Berhad
(Incorporated in Malaysia)

**Reports and financial statements
for the period ended 30 June 2021**

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Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

Directors' Report for the period ended 30 June 2021

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial period ended 30 June 2021.

Principal activities

The Company is primarily engaged in investment holding and provision of management services. The principal activities of the subsidiaries are as disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial period.

Change in financial year end

During the financial period, the Company changed its financial year end from 31 December 2020 to 30 June 2021. The Company is hereby presenting eighteen (18) months accounts from 1 January 2020 to 30 June 2021.

Financial results

	Group RM'000	Company RM'000
(Loss)/profit for the year	<u>(185,373)</u>	<u>234,740</u>
(Loss)/profit attributable to:		
Owners of the Company	(175,839)	234,740
Non-controlling interests	<u>(9,534)</u>	<u>-</u>
	<u>(185,373)</u>	<u>234,740</u>

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

Dividends

The Company paid the following dividends since the end of the previous financial period:

	Company RM'000
Fourth interim single tier dividend of 1.40 sen per ordinary share on 3,074,831,828 ordinary shares, declared on 26 February 2020 and paid on 30 March 2020 in respect of financial year ended 31 December 2019.	43,047
First interim single tier dividend of 1.20 sen per ordinary share on 3,371,577,878 ordinary shares, declared on 20 May 2020 and paid on 26 June 2020 in respect of financial period ended 30 June 2021.	40,458
Second interim single tier dividend of 1.30 sen per ordinary share on 3,371,577,878 ordinary shares, declared on 25 August 2020 and paid on 29 September 2020 in respect of financial period ended 30 June 2021.	43,831
Third interim single tier dividend of 1.35 sen per ordinary share on 3,372,794,078 ordinary shares, declared on 23 November 2020 and paid on 30 December 2020 in respect of financial period ended 30 June 2021.	45,532
Fourth interim single tier dividend of 1.60 sen per ordinary share on 3,709,624,078 ordinary shares, declared on 26 February 2021 and paid on 30 March 2021 in respect of financial period ended 30 June 2021.	59,354
	<u>232,222</u>

The Directors do not recommend the payment of any final dividend for the financial period ended 30 June 2021.

Reserves and provisions

All material transfers to or from reserves and provisions during the period under review have been disclosed in the financial statements.

Issue of shares and debentures

On 23 April 2020, the Company announced that approval has been obtained from shareholders of the Company for the private placement exercise of up to 10% of total number of issued shares of the Company pursuant to Section 75 and 76 of the Companies Act 2016. 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.

On 5 January 2021, the Company announced that approval has been obtained from shareholders of the Company for the private placement exercise of up to 10% of total number of issued shares of the Company pursuant to Section 75 and 76 of the Companies Act 2016. On 3 February 2021, the Company has completed a private placement exercise, in which the Company has issued 336,830,000 new shares with an issue price of RM1.51 per placement price.

Save as above, there was no other change in the issued and paid-up capital of the Company, nor issuances of debentures by the Company, during the financial period.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

Treasury shares

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

During the financial period, the Company has made several transactions as follows:

- (a) In 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.
- (b) In October and November 2020, the Company made a multiple repurchased transaction of shares totalling to 3,283,800 shares from its issued share capital in the open market at a range of average price RM1.50 to RM1.60 per share. The total consideration paid was RM5,020,880. The repurchase transactions were financed by internally generated funds.
- (c) On 4 December 2020, the Company resold its share totalling to 4,500,000 shares from its repurchased share capital in the open market at a range of average price of RM1.84 to RM1.90 per share. The total consideration received was RM8,384,798. The shares resale are offsetted against the existing treasury shares.

The shares repurchased are retained as treasury shares and the shares resale are offsetted against the existing treasury shares. As at 30 June 2021, the Company held 17,562,800 shares out of its 3,727,186,878 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM28,501,899.

Issue of warrants

The issuance of 881,099,921 free warrants on the basis of two warrants for every five subdivided shares had been completed on 13 December 2019 following the listing and quotation of the warrants on the Main Market of Bursa Securities. The warrants are constituted by the Deed Poll dated 19 November 2019.

The main features of the warrants are as follows:

- (a) The warrants may exercise at any time until the end of the tenure of the warrants of five (5) years. Any warrants not exercised during the exercise period will thereafter lapse and cease to be valid for any purpose.
- (b) Each warrant entitles the holder of the warrants at any time during the exercise period subscribe for one (1) new ordinary share in the Company at the exercise price subject to the adjustments in accordance with the Deed Poll constituting the warrants.
- (c) The warrants do not entitle the holder of the warrants to any voting rights or to participate in any distribution or offer of securities in the Company until and unless the holder of the warrants exercise their warrants into the Company's new shares.
- (d) The Deed Poll and accordingly the warrants are governed by and shall be construed in accordance with the laws of Malaysia.

No warrants were exercised during the financial period. As at period end, 881,099,921 warrants remained unexercised.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial period.

Directors of the Company

The Directors in office during the financial period and during the period from the end of the financial period to the date of this report are:

Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	
Datuk Abdul Kadier Sahib	
Dato' Awang Daud Bin Awang Putera	
Datuk Syed Nazim Bin Syed Faisal	(Appointed on 6.7.2020)
Dato' Mohamed Ilyas Bin Pakeer Mohamed	(Appointed on 11.6.2021; resigned on 22.11.2021)
Johan Bin Mohamed Ishak	(Appointed on 11.6.2021; resigned on 22.11.2021)
Datuk Seri Haji Mohamed Farid Bin Abu Hassan	(Appointed on 7.7.2021; resigned on 20.12.2021)
Siti Zaleha Binti Sulaiman	(Appointed on 7.7.2021; resigned on 20.12.2021)
Dato' Mohamed Nor Bin Abu Bakar	(Resigned on 19.6.2021)
Sharifah Irina Binti Syed Ahmad Radzi	(Resigned on 23.6.2021)
Rozilawati Binti Haji Basir	(Resigned on 23.6.2021)
Tengku Dato' Seri Hasmuiddin Tengku Othman	(Resigned on 24.6.2021)
Hasman Yusri Bin Yusoff	(Resigned on 24.6.2021)
Masleena Binti Zaid	(Appointed on 11.6.2021; resigned on 25.6.2021)
Abu Bakar Bin Uzir	(Appointed on 25.11.2021)
Noor Azri Bin Dato' Sri Noor Azerai	(Appointed on 25.11.2021)

The names of the Directors of subsidiaries are set out in the respective subsidiaries' financial statements and the information is deemed incorporated herein by such reference and made a part thereof.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

Directors' interests in shares

The interests of the Directors in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			At 30.6.2021
	At 1.1.2020	Additions	Disposals	
Direct interest in the Company:				
Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	662,005,870	345,055,700	(216,185,200)	790,876,370
Datuk Abdul Kadier Sahib	591,601,290	11,300,000	-	602,901,290
Dato' Awang Daud Bin Awang Putera	292,954,620	1,680,400	(269,201,020)	25,434,000
Datuk Syed Nazim Bin Syed Faisal	-	-	-	-
Dato' Mohamed Ilyas Bin Pakeer Mohamed	-	-	-	-
Johan Bin Mohamed Ishak	-	-	-	-
Abu Bakar Bin Uzir	-	-	-	-
Noor Azri Bin Dato' Sri Noor Azerai	-	-	-	-

	Number of ordinary shares			At 30.6.2021
	At 1.1.2020	Additions	Disposals	
Shareholdings in which Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah has deemed interests:				
SD Controls Sdn. Bhd.	600,000	-	-	600,000
SD Advance Engineering Sdn. Bhd.	510,000	102,000	-	612,000
Serba Dinamik (B) Sdn. Bhd.	75,000	-	-	75,000
Materials Technology Education Sdn. Bhd.	175,000	-	-	175,000
PT Serba Dinamik Indonesia	1,200,000	11,175,000	-	12,375,000
Serba Dinamik International Petroleum Services	792	-	(792)	-
PT Kubic Gasco	12,240	-	-	12,240
Get Development Sdn. Bhd.	6,500	-	-	6,500
Wellahead Holdings Limited	-	1,360,001	-	1,360,001
SDMAX Sdn. Bhd.	-	90	-	90
Serba Dinamik IT Solutions Pty Ltd	-	8	-	8

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

Directors' interests in shares (continued)

	At 1.1.2020	Number of warrants		At 30.6.2021
		Additions	Disposals	
Direct interest in the Company:				
Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	189,144,534	-	(125,248,514)	63,896,020
Datuk Abdul Kadier Sahib	169,028,940	-	-	169,028,940
Dato' Awang Daud Bin Awang Putera	76,701,320	-	(76,701,300)	20
Datuk Syed Nazim Bin Syed Faisal	-	-	-	-
Dato' Mohamed Ilyas Bin Pakeer Mohamed	-	-	-	-
Johan Bin Mohamed Ishak	-	-	-	-
Noor Azri Bin Dato' Sri Noor Azera	-	-	-	-

Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah, by virtue of his interests in the ordinary shares of the Company, is also deemed interested in the shares of the subsidiaries during the financial period to the extent that the Company has an interest.

The other Directors holding office at 30 June 2021 do not have any interest in the shares of the Company and of its related corporations during and at the end of the financial period.

Directors' benefits

In respect of the Directors or past Directors of the Company, no fees and other benefits distinguished separately, have been paid to or receivable by them as remuneration for their services to the Company and its related corporations, other than Directors' remuneration, as disclosed in Note 27 to the financial statements.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest, except as disclosed in the financial statements.

Neither during nor at the end of the financial period was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

Indemnity and insurance costs for Directors, Officers and Auditors

(a) Directors and officers

The Directors and officers of the Group and of the Company are covered by Directors' and Officers' Liability Insurance ("DOL Insurance") for the purpose of Section 289 of the Companies Act 2016. The total insured limit for the DOL Insurance effected for the Directors and officers of the Group was RM160,000,000.

The insurance premium for the DOL Insurance paid during the financial period amounted to RM302,110.

(b) Auditors

Any indemnity given to or insurance effected for the auditors of the Company is to be made to the extent as permitted under Section 289 of the Companies Act 2016. There is no amount of such indemnity given or insurance effected for its auditors during the financial period.

Other statutory information

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount to which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Group and of the Company misleading.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

Other statutory information (continued)

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group or of the Company that has arisen since the end of the financial period and which secures the liabilities of any other person, or
- (b) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial period.

In the opinion of the directors, other than as disclosed in Note 2 to the financial statements, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

Other than as disclosed in Note 39 and 40 to the financial statements, in the opinion of the directors, the financial performance of the Group and of the Company for the financial period ended 30 June 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial period and the date of this report.

Significant events

The details of significant events are disclosed in Note 39 to the financial statements.

Subsequent events

The details of subsequent events are disclosed in Note 40 to the financial statements.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

Auditors

The auditors, Nexia SSY PLT, have indicated their willingness to continue in office.

The auditors' remuneration is disclosed in Note 24 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 22 December 2021.

**Dato' Dr. Ir. Ts. Mohd Abdul
Karim Bin Abdullah**
Director

**Dato' Awang Daud Bin
Awang Putera**
Director

Shah Alam

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

Statements of Financial Position as at 30 June 2021

		Group		Company	
	Note	30.6.2021 RM'000	31.12.2019 RM'000	30.6.2021 RM'000	31.12.2019 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	2,208,686	1,688,617	-	-
Right-of-use assets	7	453,655	248,120	-	-
Investment in subsidiaries	8	-	-	531,800	531,800
Investment in associates	9	193,342	382,365	-	-
Other investments	10	56,561	14,516	-	-
Intangible assets	11	146,284	118,994	-	-
Deferred tax assets	12	606	255	-	-
		3,059,134	2,452,867	531,800	531,800
Current assets					
Inventories	13	1,552,428	919,561	-	-
Contract assets	14	671,206	321,558	-	-
Trade and other receivables	15	1,638,971	1,256,132	2,876,972	1,797,507
Deposits and prepayments	16	248,113	108,916	5,193	-
Current tax assets		8,023	1,214	-	-
Other investments	10	53,191	51,172	-	-
Cash and cash equivalents	17	497,412	1,306,590	23,900	88,164
		4,669,344	3,965,143	2,906,065	1,885,671
TOTAL ASSETS		7,728,478	6,418,010	3,437,865	2,417,471

The accompanying notes form an integral part of these financial statements.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

**Statements of Financial Position
as at 30 June 2021 (continued)**

		Group		Company	
	Note	30.6.2021	31.12.2019	30.6.2021	31.12.2019
		RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Share capital	18(a)	2,291,512	1,344,347	2,291,512	1,344,347
Treasury shares	18(c)	(28,502)	-	(28,502)	-
Merger reserve	18(d)	(434,709)	(434,709)	-	-
Foreign currency translation reserve	18(e)	26,338	12,503	-	-
Other reserves	18(f)	44,994	45,266	-	-
Retained earnings		1,057,257	1,465,318	5,350	2,832
Total equity attributable to owners of the Company		2,956,890	2,432,725	2,268,360	1,347,179
Non-controlling interests	8	12,412	7,160	-	-
TOTAL EQUITY		2,969,302	2,439,885	2,268,360	1,347,179
Non-current liabilities					
Trade and other payables	19	63,523	57,748	-	-
Lease liabilities	20	12,663	24,421	-	-
Deferred tax liabilities	12	59,979	30,906	-	-
Loans and borrowings	21	2,291,390	2,938,624	731,022	778,825
Employment benefits	22	513	691	-	-
		2,428,068	3,052,390	731,022	778,825
Current liabilities					
Trade and other payables	19	494,194	402,657	14,168	197,083
Lease liabilities	20	23,800	58,450	-	-
Contract liabilities	14	132,815	35,736	-	-
Loans and borrowings	21	1,648,564	400,903	422,800	90,000
Current tax payable		31,735	27,989	1,515	4,384
		2,331,108	925,735	438,483	291,467
TOTAL LIABILITIES		4,759,176	3,978,125	1,169,505	1,070,292
TOTAL EQUITY AND LIABILITIES		7,728,478	6,418,010	3,437,865	2,417,471

The accompanying notes form an integral part of these financial statements.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

**Statements of Profit or Loss and Other Comprehensive Income
for the period ended 30 June 2021**

		Group		Company	
	Note	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000
Revenue	23	8,606,169	4,528,621	371,349	260,926
Cost of contracts with customers	23	(7,180,758)	(3,717,787)	-	-
Gross profit		1,425,411	810,834	371,349	260,926
Other operating income		23,327	8,382	3,180	-
Administrative expenses		(253,477)	(117,372)	(41,627)	(9,995)
Impairment of trade and other receivables		(394,998)	-	-	-
Inventories written down value		(552,592)	-	-	-
Other operating expenses		(18,391)	(10,801)	(512)	(726)
Results from operating activities	24	229,280	691,043	332,390	250,205
Finance costs	25	(332,843)	(202,773)	(96,256)	(107,302)
Finance income	25	36,387	21,522	4,973	4,175
Net finance costs		(296,456)	(181,251)	(91,283)	(103,127)
Share of results of equity accounted associates	9	(27,423)	35,036	-	-
(Loss)/profit before tax		(94,599)	544,828	241,107	147,078
Tax expenses	26	(90,774)	(46,845)	(6,367)	(6,854)
(Loss)/profit for the period/year		(185,373)	497,983	234,740	140,224
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		13,577	(8,660)	-	-
Share of other comprehensive income/(loss) of equity accounted associates	9	382	(1,918)	-	-
Total comprehensive (loss)/income for the period/year		(171,414)	487,405	234,740	140,224

The accompanying notes form an integral part of these financial statements.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 June 2021 (continued)

	Note	Group		Company	
		Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000
(Loss)/profit for the financial period/ year attributable to:					
- Owner of the Company		(175,839)	496,640	234,740	140,224
- Non-controlling interests	8	(9,534)	1,343	-	-
(Loss)/profit for the period/year		<u>(185,373)</u>	<u>497,983</u>	<u>234,740</u>	<u>140,224</u>
Total comprehensive (loss)/income attributable to:					
- Owner of the Company		(162,004)	485,984	234,740	140,224
- Non-controlling interests		(9,410)	1,421	-	-
Total comprehensive (loss)/income for the period/year		<u>(171,414)</u>	<u>487,405</u>	<u>234,740</u>	<u>140,224</u>
Basic and diluted (loss)/earnings per ordinary shares (sen)	28	<u>(4.74)</u>	<u>16.10</u>		

The accompanying notes form an integral part of these financial statements.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

Statements of Changes in Equity for the period ended 30 June 2021

	←-----Attributable to owner of the Company -----→						←-----Non distributable-----→ Distributable		
	Share capital RM'000	Treasury shares RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
Group									
At 1 January 2020	1,344,347	-	(434,709)	12,503	45,266	1,465,318	2,432,725	7,160	2,439,885
Issue of ordinary shares	965,309	-	-	-	-	-	965,309	-	965,309
Share issue expenses	(18,144)	-	-	-	-	-	(18,144)	-	(18,144)
Own shares acquired	-	(36,887)	-	-	-	-	(36,887)	-	(36,887)
Own shares sold	-	8,385	-	-	-	-	8,385	-	8,385
Foreign currency translation differences for foreign operations	-	-	-	13,453	-	-	13,453	124	13,577
Share of other comprehensive income of an associate	-	-	-	382	-	-	382	-	382
Loss for the period	-	-	-	-	-	(175,839)	(175,839)	(9,534)	(185,373)

The accompanying notes form an integral part of these financial statements.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

Statements of Changes in Equity for the period ended 30 June 2021 (continued)

	←-----Attributable to owner of the Company -----→						←-----Non distributable-----→ Distributable		
	Share capital RM'000	Treasury shares RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
Group									
Total comprehensive (loss)/income for the period	-	-	-	13,835	-	(175,839)	(162,004)	(9,410)	(171,414)
Dividend paid to owner of the Company (Note 29)	-	-	-	-	-	(232,222)	(232,222)	-	(232,222)
Non-controlling interest of a new subsidiary acquired	-	-	-	-	-	-	-	3,855	3,855
Issuance of share by subsidiaries	-	-	-	-	-	-	-	10,856	10,856
Disposal of a subsidiary	-	-	-	-	(272)	-	(272)	(49)	(321)
At 30 June 2021	2,291,512	(28,502)	(434,709)	26,338	44,994	1,057,257	2,956,890	12,412	2,969,302

The accompanying notes form an integral part of these financial statements.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

Statements of Changes in Equity for the period ended 30 June 2021 (continued)

Group	←-----Attributable to owner of the Company -----→					←-----Non distributable-----→ Distributable		
	Share capital RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
At 1 January 2019	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 (Note 29)	-	-	-	-	(141,431)	(141,431)	-	(141,431)
Non-controlling interest of a new subsidiary acquired	-	-	-	-	-	-	226	226
Issuance of share by subsidiaries	-	-	-	-	-	-	1,420	1,420
Transfer to other reserve	-	-	-	(3)	-	(3)	3	-
At 31 December 2019	<u>1,344,347</u>	<u>(434,709)</u>	<u>12,503</u>	<u>45,266</u>	<u>1,465,318</u>	<u>2,432,725</u>	<u>7,160</u>	<u>2,439,885</u>

The accompanying notes form an integral part of these financial statements.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

Statements of Changes in Equity for the period ended 30 June 2021 (continued)

	Note	<-----Non-distributable----->		Distributable	Total
		Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	
Company					
At 1 January 2020		1,344,347	-	2,832	1,347,179
Issue of ordinary shares		965,309	-	-	965,309
Share issue expenses		(18,144)	-	-	(18,144)
Own shares acquired		-	(36,887)	-	(36,887)
Own shares sold		-	8,385	-	8,385
Profit and total comprehensive income for the period		-	-	234,740	234,740
Dividend paid to owners of the Company	29	-	-	(232,222)	(232,222)
At 30 June 2021		2,291,512	(28,502)	5,350	2,268,360
At 1 January 2019		1,344,347	-	4,039	1,348,386
Profit and total comprehensive income for the year		-	-	140,224	140,224
Dividend paid to owners of the Company	29	-	-	(141,431)	(141,431)
At 31 December 2019		<u>1,344,347</u>	<u>-</u>	<u>2,832</u>	<u>1,347,179</u>

The accompanying notes form an integral part of these financial statements.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

Statements of Cash Flows for the period ended 30 June 2021

		Group		Company	
	Note	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000
Cash flows from operating activities					
(Loss)/Profit before tax		(94,599)	544,828	241,107	147,078
Adjustments for:					
Depreciation of property, plant and equipment	6	325,491	137,658	-	-
Depreciation of right-of-use assets	7	24,916	5,605	-	-
Amortisation of intangible assets	11	-	1,142	-	-
Gain on disposal of a subsidiary		(494)	-	-	-
Loss on disposal of property, plant and equipment and right-of-use assets		8,785	90	-	-
Loss on disposal of associates		6,212	-	-	-
Finance income	25	(36,387)	(21,522)	(4,973)	(4,175)
Finance cost	25	332,843	202,773	96,256	107,302
Employment benefits	22	(178)	48	-	-
Net unrealised foreign exchange (gain)/loss		(10,990)	(606)	3,075	-
Share of loss/(profit) in equity-accounted associates, net of tax	9	27,423	(35,036)	-	-
Share of other comprehensive (income)/loss in equity-accounted associates, net of tax	9	(382)	1,918	-	-
Loss on disposal of trade receivables		12,771	8,040	-	-
Impairment of goodwill from investment in subsidiary		3,371	-	-	-
Impairment of trade and other receivables		394,998	-	-	-
Inventories written down value		552,592	-	-	-
Operating profit before working capital changes		1,546,372	844,938	335,465	250,205

The accompanying notes form an integral part of these financial statements.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

**Statements of Cash Flows
for the period ended 30 June 2021 (continued)**

		Group		Company	
	Note	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000
Changes in working capital:					
Inventories		(331,967)	(75,875)	-	-
Trade and other receivables		(1,231,673)	(290,231)	(5,343)	-
Trade and other payables		86,306	39,594	(5,428)	(7,084)
Contract assets		(334,649)	(262,183)	-	-
Contract liabilities		95,722	17,176	-	-
Cash (used in)/ generated from operations		(169,889)	273,419	324,694	243,121
Interest or profit paid		(2,834)	(963)	(106)	(5,317)
Tax paid		(65,495)	(51,465)	(9,236)	(4,836)
Net cash (used in)/ generated from operating activities		(238,218)	220,991	315,352	232,968
Cash flows from investing activities					
Acquisition of property, plant and equipment	6	(968,323)	(790,263)	-	-
Acquisition of right-of-use assets	7	(378,842)	-	-	-
Acquisition of shares in associates	9	(21,565)	(45,340)	-	-
Acquisition of subsidiaries, net of cash and cash equivalents	38(a)	(14,387)	(52,454)	-	-
Proceeds from issuance of new shares to non- controlling interests		14,711	1,646	-	-
Proceeds from disposal of a subsidiary	8	1,506	-	-	-
Proceeds from disposal of an associates	9	166,949	-	-	-
Interest or profit received		36,387	18,575	4,973	4,175
Decrease in fixed deposits pledged to banks		(18,841)	78,733	-	-
Increase in other investments		(197,696)	(26,454)	-	-
Dividends received from equity accounted associate		1,000	10,626	-	-
Advances to an associate		(39,993)	(25,591)	(5,530)	-
Advances to subsidiaries		-	-	(1,252,258)	(275,838)
Net cash used in investing activities		(1,419,094)	(830,522)	(1,252,815)	(271,663)

The accompanying notes form an integral part of these financial statements.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

**Statements of Cash Flows
for the period ended 30 June 2021 (continued)**

	Note	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000
Cash flows from financing activities					
Interest or profit paid		(350,083)	(141,852)	(98,239)	(51,753)
Premium paid for Sukuk redemption		-	(52,320)	-	(52,320)
Net proceeds from issuance of ordinary shares		947,165	-	947,165	-
Net repurchase of treasury shares		(28,502)	-	(28,502)	-
Proceeds from term loans		1,173,642	934,870	300,000	868,825
Repayment of term loans		(307,588)	(215,563)	(218,803)	-
Payments of lease liabilities		(69,488)	(81,348)	-	-
Net repayment from loans and borrowings		(5,584)	(281,887)	103,800	-
Proceeds from Sukuk (Islamic)		100,000	2,031,589	100,000	-
Repayment of Sukuk (Islamic)		(405,480)	(798,990)	-	(798,990)
Dividend paid to owners of the Company	29	(232,222)	(141,431)	(232,222)	(141,431)
Net cash generated from/(used in) financing activities		821,860	1,253,068	873,199	(175,669)
Net increase/ (decrease) in cash and cash equivalent		(835,452)	643,537	(64,264)	(214,364)
Cash and cash equivalents at beginning of period		1,264,687	631,515	88,164	302,528
Effect of exchange rate fluctuations on cash held		5,720	(10,365)	-	-
Cash and cash equivalents at end of the period/year		434,955	1,264,687	23,900	88,164

The accompanying notes form an integral part of these financial statements.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

Statements of Cash Flows for the period ended 30 June 2021 (continued)

Notes:

(i) Cash and cash equivalent

Cash and cash equivalents included in the statements of cash flows comprise the following amounts in the statements of financial position:

		Group		Company	
	Note	30.6.2021 RM'000	31.12.2019 RM'000	30.6.2021 RM'000	31.12.2019 RM'000
Fixed deposits place with licensed banks		189,174	222,514	5,616	68,864
Cash and bank balances		308,238	1,084,076	18,284	19,300
Total	17	497,412	1,306,590	23,900	88,164
Less: Bank overdrafts	21	(7,710)	(5,997)	-	-
Less: Fixed deposits pledged	14	(54,747)	(35,906)	-	-
		434,955	1,264,687	23,900	88,164

The accompanying notes form an integral part of these financial statements.

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(Incorporated in Malaysia)

Statements of Cash Flows
for the period ended 30 June 2021 (continued)

Notes: (continued)

(ii) Cash outflow for leases as lessee

	Group		Company	
	30.6.2021	31.12.2019	30.6.2021	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Included in the net cash from operating activities:				
Payment relating to short-term leases	32,007	19,858	-	-
Payment relating to leases of low value assets	-	55	-	-
Interest or profit paid in relation to lease liabilities	2,293	1,047	-	-
Included in net cash from financing activities:				
Payment of lease liabilities	69,488	81,348	-	-
Total cash outflows from leases	103,788	102,308	-	-

The accompanying notes form an integral part of these financial statements.

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(Incorporated in Malaysia)

Statements of Cash Flows for the period ended 30 June 2021 (continued)

Notes: (continued)

(iii) Reconciliation of movement of liabilities to cash flows arising from financing activities

Group	At 31.12.2019/ 1.1.2020 RM'000	Net change from financing cash flows RM'000	Acquisition of new leases RM'000	Effect of movement in exchange rates RM'000	At 30.6.2021 RM'000
Term loans (Islamic)	1,034,828	866,755	-	2,815	1,904,398
Term loans	741	(701)	-	-	40
Lease liabilities	82,871	(69,488)	20,793	2,287	36,463
Revolving credits (Islamic)	274,549	142	-	2,387	277,078
Revolving credits	12,662	(5,443)	-	-	7,219
Bankers' acceptances	283	(283)	-	-	-
Sukuk (Islamic)	2,010,467	(305,480)	-	38,522	1,743,509
Total liabilities from financing activities	3,416,401	485,502	20,793	46,011	3,968,707

The accompanying notes form an integral part of these financial statements.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

Statements of Cash Flows for the period ended 30 June 2021 (continued)

Notes: (continued)

(iii) Reconciliation of movement of liabilities to cash flows arising from financing activities (continued)

Group	At 1.1.2019 RM'000	Net change from financing cash flows RM'000	Acquisition of new leases RM'000	Effect of movement in exchange rates RM'000	At 31.12.2019 RM'000
Term loans (Islamic)	314,651	720,089	-	88	1,034,828
Term loans	1,523	(782)	-	-	741
Lease liabilities	156,122	(81,348)	8,097	-	82,871
Revolving credits (Islamic)	568,512	(292,978)	-	(985)	274,549
Revolving credits	1,585	11,077	-	-	12,662
Bankers' acceptances	269	14	-	-	283
Sukuk (Islamic)	798,990	1,232,599	-	(21,122)	2,010,467
Total liabilities from financing activities	1,841,652	1,588,671	8,097	(22,019)	3,416,401

The accompanying notes form an integral part of these financial statements.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

Statements of Cash Flows for the period ended 30 June 2021 (continued)

Notes: (continued)

(iii) Reconciliation of movement of liabilities to cash flows arising from financing activities (continued)

Company	At 1.1.2019 RM'000	Net change from financing cash flows RM'000	At 31.12.2019 RM'000	Net change from financing cash flows RM'000	At 30.6.2021 RM'000
Term loans (Islamic)	-	868,825	868,825	81,197	950,022
Sukuk (Islamic)	798,990	(798,990)	-	100,000	100,000
Revolving credits	-	-	-	103,800	103,800
Total liabilities from financing activities	798,990	69,835	868,825	284,997	1,153,822

The accompanying notes form an integral part of these financial statements.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the period ended 30 June 2021

1. Corporate information

The Company is a public limited company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at Level 15, Menara Serba Dinamik, Presint 3.4, Persiaran Perbandaran, Seksyen 14, 40000 Shah Alam, Selangor, Malaysia.

The consolidated financial statements of the Company as at and for the financial period ended 30 June 2021 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates. The financial statements of the Company as at and for the period ended 30 June 2021 do not include other entities.

The Company is primarily engaged in investment holding and provision of management services. The principal activities of the subsidiaries are stated in Note 8 to the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 December 2021.

2. Basis of preparation of the financial statements

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies (Note 3).

The preparation of financial statements in conformity with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

As at end of financial period, the Group incurred net loss of RM185,373,102 and negative cash flow generated from operating activities of RM238,217,277. The subsequent events disclosed in Note 40 indicate that material uncertainty exists that may cast significant doubt on the ability of the Group to continue as a going concern and therefore, the Group may be unable to realise their assets and discharge their liabilities in the normal course of business.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

2. Basis of preparation of the financial statements (continued)

Notwithstanding, the financial statements of the Group and the Company have been prepared on a going concern basis. The going concern assumption is highly dependent on the successful formulation, approval and implementation of a regularisation plan, and the ability of the Group and the Company to attain profitable, sustainable and viable operations so as to generate sufficient cash flows to fulfil their obligations as and when they fall due.

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. These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and presentation currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

3. Significant accounting policies

All significant accounting policies set out below are consistent with those applied in the previous financial period, except as disclosed in Note 4.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combinations, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received of paid, is adjusted to or against from Group reserves.

(iv) Acquisitions from entities under common control

Business combinations arising from transfer of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain or loss is recognised directly in equity.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

Serba Dinamik Holdings Berhad

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3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vi) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investment in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

Serba Dinamik Holdings Berhad

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3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the period between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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(Incorporated in Malaysia)

3. Significant accounting policies (continued)

(b) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" and "administrative expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Assets under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative are as follows:

Buildings	50 years
Plant and machinery	10 – 14 years
Motor vehicles	5 – 10 years
Furniture, fittings and office equipment	3 – 10 years
Tools and equipment	5 – 10 years
Office renovation	10 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

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3. Significant accounting policies (continued)

(c) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits form use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or an reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate the non-lease component and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

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3. Significant accounting policies (continued)

(c) Leases (continued)

(ii) Recognition and initial measurement (continued)

As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Group recognises the lease payments associated with these lease as an expense on a straight-line basis over the lease term.

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15: Revenue from contracts with customers to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

3. Significant accounting policies (continued)

(c) Leases (continued)

(iii) Subsequent measurement

As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Rented buildings	3 – 5 years
Tools and equipment	5 – 10 years
Motor vehicles	5 – 10 years
Plant and machinery	10 – 14 years
Land use rights	99 years

Leasehold land of the Group is amortised over the period of the respective leases which range from 55 to 60 years.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use has been reduced to zero.

As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other operating income".

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

3. Significant accounting policies (continued)

(d) Intangible assets

(i) Goodwill

Goodwill arising on business combination is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

(ii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Goodwill and intangible assets which have indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a usage basis over the estimated production of gas quota.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(e) Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. The cost of inventories includes expenditure in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value represents the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

3. Significant accounting policies (continued)

(f) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9: Financial Instruments.

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(g) Contract cost

(i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

(ii) Cost to fulfil a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred.

Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less, and are used by the Group or the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

3. Significant accounting policies (continued)

(i) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Site restoration

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

3. Significant accounting policies (continued)

(j) Provision for liabilities (continued)

(iii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

3. Significant accounting policies (continued)

(k) Equity instruments (continued)

(iv) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Group's option, and any dividends are discretionary. Dividends thereon are recognised as distribution within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

(v) Warrants

The Group issued Warrants 2019/2024 at no cost and those are not recognised in the financial statements. Each warrant is convertible into one new ordinary share at the adjusted exercise price of RM2.62 per share during the exercise period and will only be recognised as equity instruments upon conversion.

(l) Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the financial period end.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax is provided for, using the liability method on temporary differences at the financial period end between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit or loss nor taxable profit or loss.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

3. Significant accounting policies (continued)

(l) Income tax (continued)

The carrying amount of deferred tax assets are reviewed at each financial period end and reduced to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Unrecognised deferred tax assets are reassessed at each financial period end and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial period end.

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(m) Employee benefits

(i) Short term benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plan

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

3. Significant accounting policies (continued)

(m) Employee benefits (continued)

(iii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior period, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

3. Significant accounting policies (continued)

(n) Revenue and other income

(i) Revenue from contract with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
- the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Rental income

Rental income is recognised in profit or loss as it accrues, based on rates agreed with tenants.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(v) Management fees

Management fees are recognised in profit or loss as it accrues at contracted rates.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

3. Significant accounting policies (continued)

(o) Foreign currencies transactions

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

3. Significant accounting policies (continued)

(p) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets (if any). Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised is credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

3. Significant accounting policies (continued)

(p) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets (except for inventories (refer Note 3(e) and deferred tax assets (refer Note 3(l))) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purpose. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cashgenerating units are allocated first to reduce the carrying amounts of any goodwill allocated to the cashgenerating unit (group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial period in which the reversals are recognised.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

3. Significant accounting policies (continued)

(q) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivables without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

➤ Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 3(p)(i)) where the effective interest rate is applied to the amortised cost.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

3. Significant accounting policies (continued)

(q) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

➤ Fair value through other comprehensive income

Debt instruments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 3(p)(i)) where the effective interest rate is applied to the amortised cost.

Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

3. Significant accounting policies (continued)

(q) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

➤ Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 3(p)(i)).

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

➤ Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

Serba Dinamik Holdings Berhad

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3. Significant accounting policies (continued)

(q) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities (continued)

➤ Fair value through profit or loss (continued)

- a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the Group's key management personnel; or
- if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9: Financial Instruments, where the embedded derivative significantly modifies the cash flows and separation is not prohibited. Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

➤ Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

3. Significant accounting policies (continued)

(q) Financial instruments (continued)

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

- the recognition of an asset to be received and the liability to pay for it on the trade date; and
- derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

- the recognition of an asset on the day it is received by the Group or the Company; and
- derecognition of an asset and recognition of any gain or loss on disposal on the day that it is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15: Revenue from Contracts with Customers.

Liabilities arising from financial guarantees are presented together with other provisions.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

3. Significant accounting policies (continued)

(q) Financial instruments (continued)

(v) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based modified term is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

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3. Significant accounting policies (continued)

(r) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

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3. Significant accounting policies (continued)

(s) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(u) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group or the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(v) Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

(w) Other investments

Investments were measured at fair value through profit or loss if the investments are quoted, or where the fair value can otherwise be measured reliably. Other non-quoted equity investments are measured at cost less impairment.

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged or credited to the profit or loss.

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4. Adoption of new and revised Malaysian Financial Reporting Standards ("MFRS") and interpretations ("MFRSs")

MFRSs that have been issued and effective

The following new and revised MFRSs issued by MASB, have been adopted, and the adoptions do not have any or significant impact to the financial statements:

Title		Effective Date
Amendments to MFRS 3:	Business Combinations	1 January 2020
Amendments to MFRS 7:	Financial Instruments: Disclosures	1 January 2020
Amendments to MFRS 9:	Financial Instruments	1 January 2020
Amendments to MFRS 101:	Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108:	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 139:	Financial Instruments: Recognition and Measurement	1 January 2020
Amendments to MFRS 16:	Leases	1 June 2020
Amendments to MFRS 101:	Classification of Liabilities as Current or Non-current – Deferral of Effective Date	17 August 2020
Amendments to MFRS 4:	Extension of Temporary Exemption from Applying MFRS 9	17 August 2020

MFRSs that have been issued but only effective for financial period beginning on 1 January 2021 and onwards

The following new and revised MFRSs issued by MASB, have not been adopted, and the adoptions are not expected to have any or significant impact to the financial statements:

Title		Effective Date
Amendments to MFRS 4:	Insurance Contracts	1 January 2021
Amendments to MFRS 7:	Financial Instruments: Disclosures	1 January 2021
Amendments to MFRS 9:	Financial Instruments	1 January 2021
Amendments to MFRS 16:	Leases	1 January 2021
Amendments to MFRS 139:	Financial Instruments: Recognition and Measurement	1 January 2021
Amendments to MFRS 16:	Leases	1 April 2021
Amendments to MFRS 1:	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022
Amendments to MFRS 3:	Business Combinations	1 January 2022
Amendments to MFRS 9:	Financial Instruments	1 January 2022
Amendments to MFRS 116:	Property, Plant and Equipment	1 January 2022
Amendments to MFRS 137:	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
Amendments to MFRS 141:	Agriculture	1 January 2022
MFRS 17:	Insurance Contracts	1 January 2023
Amendments to MFRS 17:	Insurance Contracts	1 January 2023
Amendments to MFRS 101:	Presentation of Financial Statements	1 January 2023
Amendments to MFRS 108:	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 112:	Income Taxes	1 January 2023
Amendments to MFRS 10:	Consolidated Financial Statements	Deferred
Amendments to MFRS 128:	Investments in Associates and Joint Ventures	Deferred

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5. Significant accounting judgement and estimates

Key sources of estimation uncertainty

The preparation of financial statements in accordance with MFRSs requires the use of certain accounting estimates and exercise of judgement. Estimates and judgements are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial period end that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are described below:

(a) Depreciation of property, plant and equipment

The Group and the Company depreciate the property, plant and equipment over their estimated useful lives and after taking into account their estimated residual values, using the straight-line method. The estimated useful lives applied by the Group and the Company as disclosed in Note 3(b) reflect the Directors' estimates of the periods that the Group and the Company expect to derive future economic benefits from the use of the Group's and the Company's property, plant and equipment. Technological advancements could impact the useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment of property, plant and equipment

The Group and the Company carry out the impairment test based on a variety of estimation including the value-in-use of the cash-generating unit (CGU) to which the property, plant and equipment are allocated. Estimating the value-in-use requires the Group and the Company to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(c) Impairment of investment in subsidiaries and associates

The investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with the accounting policy. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. The Company carries out the impairment test based on a variety of estimations including value-in-use of the CGUs to which the investment in subsidiaries and/or associates are allocated to. Estimating the value-in-use requires the Group or the Company to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

There could be further adjustments to the carrying value of the investments should the going concern basis be inappropriate.

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5. Significant accounting judgement and estimates (continued)

Key sources of estimation uncertainty (continued)

(d) Loss allowances for financial assets

The Group and the Company recognise impairment losses for receivables under the expected credit loss model. Individually significant trade receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Group's and the Company's financial position and result.

(e) Income tax

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(f) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses and unutilised capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(g) Provisions

A provision is a liability of uncertain timing or amount. The liability may be a legal obligation or a constructive obligation. The Group has a warranty obligation to replace certain products to customers should the distributor's warranty lapsed.

The Directors are of the opinion that provision is not required in respect of the above instance as it is not probable that a future sacrifice of economic benefits will be required.

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5. Significant accounting judgement and estimates (continued)

Key sources of estimation uncertainty (continued)

(h) Fair value estimates of certain financial instruments

The Group carries certain financial assets and liabilities at fair value, which required extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value will differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit or loss/equity.

(i) Coronavirus Disease 2019 (COVID-19)

The current outbreak of COVID-19 has resulted in the occurrence of a multitude of associated events such as temporarily closing of businesses, travel restrictions and quarantine measures across the globe. These measures and policies affect supply chains and the production of goods and services and lower economic activity which is likely to result in reduced demand for the Group's goods and services. The Group exercises judgement, in light of all facts and circumstances, to assess what event in this series of events provides additional evidence about the condition that existed at the reporting date and therefore affects the recognition and measurement of the Group's assets and liabilities as at 30 June 2021.

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6. Property, plant and equipment

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Balance carried forward RM'000
Cost						
At 1 January 2020	5,997	84,973	647,331	7,597	10,552	756,450
Additions	127	4,614	310,406	175	11,726	327,048
Acquisitions and disposals through business combination (Note 38 (a))	-	-	3,963	-	444	4,407
Total effect of movement in exchange rates	(9)	(502)	3,812	129	25	3,455
Disposals	-	-	(3,000)	(65)	(15)	(3,080)
Write offs	-	-	(1,279)	(3,049)	(1,538)	(5,866)
Transfers	-	294,129	-	(1,225)	-	292,904
At 30 June 2021	6,115	383,214	961,233	3,562	21,194	1,375,318
Accumulated depreciation						
At 1 January 2020	-	6,607	130,988	4,355	5,441	147,391
Acquisitions and disposals through business combination (Note 38 (a))	-	-	-	-	(111)	(111)
Charge for the financial period	-	6,157	122,965	483	2,239	131,844
Total effect of movement in exchange rates	-	(90)	814	(15)	(40)	669
Disposals	-	-	(392)	(65)	(2)	(459)
Write offs	-	-	(1,268)	(2,311)	(1,537)	(5,116)
Transfers	-	-	-	(516)	-	(516)
At 30 June 2021	-	12,674	253,107	1,931	5,990	273,702
Carrying amount						
At 30 June 2021	6,115	370,540	708,126	1,631	15,204	1,101,616

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6. Property, plant and equipment (continued)

Group (continued)	Balance brought forward RM'000	Tools and equipment RM'000	Office renovation RM'000	Asset under construction RM'000	Total RM'000
Cost					
At 1 January 2020	756,450	1,021,264	8,177	309,589	2,095,480
Additions	327,048	474,935	13,472	152,868	968,323
Acquisitions and disposals through business combination (Note 38 (a))	4,407	(753)	-	-	3,654
Total effect of movement in exchange rates	3,455	8,364	-	(124)	11,695
Disposals	(3,080)	(72)	-	-	(3,152)
Write offs	(5,866)	(28,759)	(670)	-	(35,295)
Transfers	292,904	6,955	-	(433,635)	(133,776)
At 30 June 2021	1,375,318	1,481,934	20,979	28,698	2,906,929
Accumulated depreciation					
At 1 January 2020	147,391	257,131	2,341	-	406,863
Acquisitions and disposals through business combination (Note 38 (a))	(111)	(474)	-	-	(585)
Charge for the financial period	131,844	190,787	1,429	1,431	325,491
Total effect of movement in exchange rates	669	1,435	-	(30)	2,074
Disposals	(459)	-	-	-	(459)
Write offs	(5,116)	(28,839)	(670)	-	(34,625)
Transfers	(516)	-	-	-	(516)
At 30 June 2021	273,702	420,040	3,100	1,401	698,243
Carrying amount					
At 30 June 2021	1,101,616	1,061,894	17,879	27,297	2,208,686

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6. Property, plant and equipment (continued)

Group (continued)	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Balance carried forward RM'000
Cost						
At 1 January 2019	5,896	72,161	392,553	5,675	8,633	484,918
Additions	109	8,528	257,185	2,378	1,901	270,101
Acquisitions through business combination	-	-	-	-	14	14
Total effect of movement in exchange rates	(8)	382	(2,407)	36	4	(1,993)
Disposals	-	-	-	(492)	-	(492)
Transfers	-	3,902	-	-	-	3,902
At 31 December 2019	5,997	84,973	647,331	7,597	10,552	756,450
Accumulated depreciation						
At 1 January 2019	-	4,521	82,008	4,383	4,553	95,465
Charge for the financial year	-	2,042	49,551	719	879	53,191
Total effect of movement in exchange rates	-	44	(571)	(345)	9	(863)
Disposals	-	-	-	(402)	-	(402)
At 31 December 2019	-	6,607	130,988	4,355	5,441	147,391
Carrying amount						
At 31 December 2019	5,997	78,366	516,343	3,242	5,111	609,059

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6. Property, plant and equipment (continued)

Group (continued)	Balance brought forward RM'000	Tools and equipment RM'000	Office renovation RM'000	Asset under construction RM'000	Total RM'000
Cost					
At 1 January 2019	484,918	701,359	5,034	120,289	1,311,600
Additions	270,101	327,644	3,091	189,427	790,263
Acquisitions through business combination	14	-	52	-	66
Total effect of movement in exchange rates	(1,993)	(4,056)	-	92	(5,957)
Disposals	(492)	-	-	-	(492)
Transfers	3,902	(3,683)	-	(219)	-
At 31 December 2019	756,450	1,021,264	8,177	309,589	2,095,480
Accumulated depreciation					
At 1 January 2019	95,465	174,613	1,798	-	271,876
Charge for the financial year	53,191	83,924	543	-	137,658
Total effect of movement in exchange rates	(863)	(1,406)	-	-	(2,269)
Disposals	(402)	-	-	-	(402)
At 31 December 2019	147,391	257,131	2,341	-	406,863
Carrying amount					
At 31 December 2019	609,059	764,133	5,836	309,589	1,688,617

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6. Property, plant and equipment (continued)

(a) Security

As at 30 June 2021, the Group's buildings with a carrying amount of RM49,759,369 (2019: RM51,118,277) are charged as security for certain borrowings of the Group (see Note 21).

As at 30 June 2021, the Group's land with a carrying amount of RM1,868,000 (2019: RM1,868,000) are charged as security for certain borrowings of the Group (see Note 21).

(b) Transfer to inventories

During the financial period, a portion of a development have been transferred from property, plant and equipment to inventories (see Note 13), as there is an existing potential buyer for a portion of the development.

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7. Right-of-use assets

Group	Land RM'000	Buildings RM'000	Tools and equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Land use rights RM'000	Total RM'000
At 1 January 2020	31,403	2,634	1,836	6,802	8,901	196,544	248,120
Acquisition through business combination (Note 38(a))	-	-	-	217	-	-	217
Additions	347,975	6,611	787	7,560	6,016	9,893	378,842
Disposals	-	(81)	-	(999)	-	-	(1,080)
Write offs	-	-	-	(4,342)	-	-	(4,342)
Effect of movement in exchange rate	-	-	-	10	-	-	10
Transfers	12,600	-	-	1,225	-	(161,761)	(147,936)
Derecognition	(13)	63	-	4,690	-	-	4,740
Depreciation charge for the financial period	(13,822)	(3,187)	(655)	(4,892)	(2,360)	-	(24,916)
At 30 June 2021	378,143	6,040	1,968	10,271	12,557	44,676	453,655
At 1 January 2019, recognition of right of use assets upon adoption of MFRS 16	23,815	4,262	2,181	6,045	4,781	196,544	237,628
Acquisition through business combination	8,000	-	-	-	-	-	8,000
Additions	-	-	-	3,241	4,856	-	8,097
Depreciation charge for the financial year	(412)	(1,628)	(345)	(2,484)	(736)	-	(5,605)
At 31 December 2019	31,403	2,634	1,836	6,802	8,901	196,544	248,120

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7. Right-of-use assets (continued)

The Group leases a number of warehouses and residential premises which run between one year and three years with options to renew the leases thereafter.

(a) Security

At 30 June 2021, the land of the Group with carrying amount of RM361,400,626 (2019: RM20,798,307) are charged as security for certain borrowings of the Group (See Note 21).

(b) Transfer to inventories

During the financial period, a portion of a development have been transferred from right-of-use assets to inventories (see Note 13), as there is an existing potential buyer for a portion of the development.

8. Investment in subsidiaries

	Company
	30.6.2021
	RM
	31.12.2019
	RM
Unquoted shares, at cost	531,800
	531,800

The details of the subsidiaries are as follows:

Name of companies	Country of incorporation	Effective ownership interest and voting interest		Principal activities
		Financial period as at 30.6.2021 %	Financial year as at 31.12.2019 %	
Serba Dinamik Group Berhad ("SDGB") (^)	Malaysia	100.0	100.0	Investment holding and provision of management services.
<u>Subsidiaries of SDGB</u>				
Serba Dinamik International Limited ("SDIL") (^)	Malaysia	100.0	100.0	Operation and maintenance of plants and facilities, engineering, procurement, construction and commissioning and related products and services

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8. Investment in subsidiaries (continued)

Name of companies	Country of incorporation	Effective ownership interest and voting interest		Principal activities
		30.6.2021 %	31.12.2019 %	
<u>Subsidiaries of SDGB</u>				
<u>(continued)</u>				
Serba Dinamik Sdn. Bhd. ("SDSB") (^)	Malaysia	100.0	100.0	Operation and maintenance of plants and facilities, engineering procurement, construction and commissioning, and education training and certification body related products and services
Serba Dinamik IT Solutions Sdn. Bhd. ("SDIT") (^)	Malaysia	100.0	100.0	Information and communications technology software and solutions
SD Controls Sdn. Bhd. (^)	Malaysia	80.0	80.0	Testing and calibration of process control and instrumentation
SD Advance Engineering Sdn. Bhd. (^)	Malaysia	51.0	51.0	Maintenance of micro turbines and related products and services
Serba Dinamik (B) Sdn. Bhd. (*)	Brunei	75.0	75.0	Dormant
AR Global Engineering Sdn. Bhd. (^)	Malaysia	100.0	100.0	Process control, instrumentation and related products and services
Serba Dinamik RMC FZE (*)	United Arab Emirates	100.0	100.0	Maintenance, repair and overhaul, fabrication and logistic services
KB Engineering Coatings Sdn. Bhd. (^)	Malaysia	100.0	100.0	Services and repairing of machinery and sale of spare part

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8. Investment in subsidiaries (continued)

Name of companies	Country of incorporation	Effective ownership interest and voting interest		Principal activities
		30.6.2021 %	31.12.2019 %	
<u>Subsidiaries of SDGB</u>				
<u>(continued)</u>				
Serba Dinamik Fm Sdn. Bhd. (formerly known as Serba Dinamik Power Sdn. Bhd.) (^)	Malaysia	100.0	100.0	Dormant
Serba Dinamik Development Sdn. Bhd. (^)	Malaysia	100.0	100.0	Property developer
Bintulu Oil & Gas City Sdn. Bhd. (^)	Malaysia	100.0	100.0	Dormant
Get Development Sdn. Bhd. (#)	Malaysia	65.0	65.0	Dormant
Serba Dinamik Education Sdn. Bhd. (formerly known as Prestariang Education Sdn. Bhd.) (^)	Malaysia	100.0	-	Personalised information and communication technology ("ICT") education
SDMAX Sdn. Bhd. (^)	Malaysia	90.0	-	Marine fabrication, ship building and maintenance, repair and operation
Serba Dinamik Cybersecurity Sdn. Bhd. (^)	Malaysia	100.0	-	Dormant

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8. Investment in subsidiaries (continued)

Name of companies	Country of incorporation	Effective ownership interest and voting interest		Principal activities
		30.6.2021 %	31.12.2019 %	
<u>Subsidiaries of SDIL</u>				
PT Serba Dinamik Indonesia (#)	Indonesia	75.0	75.0	Operation and maintenance of plants and facilities, engineering, procurement, construction and commissioning and related products and services
Serba Dinamik International Petroleum Services W.L.L. (#)	Kingdom of Bahrain	-	99.0	Operation and maintenance of plants and facilities, engineering, procurement, construction and commissioning and related products and services
Serba Dinamik International Limited (*)	United Kingdom	100.0	100.0	Inspection, repair and maintenance of static equipment and structures and related products and services
PT Kubic Gasco ("PTKG") (#)	Indonesia	51.0	51.0	Processing and supply of compressed natural gas
SD International Sukuk Limited (^)	Malaysia	100.0	100.0	Engaged in Shariah-compliant financing investment and fund raising exercise
EMCO Holdings SA ("EH") (#)	Switzerland	100.0	100.0	Acquire, sell, hold, manage and oversee participant in other companies

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8. Investment in subsidiaries (continued)

Name of companies	Country of incorporation	Effective ownership interest and voting interest		Principal activities
		30.6.2021 %	31.12.2019 %	
<u>Subsidiaries of SDIL</u>				
<u>(continued)</u>				
Psicon AVV (#)	Netherlands	100.0	100.0	Dormant
SD International Sukuk II Limited (^)	Malaysia	100.0	100.0	Engaged in Shariah-compliant financing investment and fund raising exercise
Wellahead Holdings Limited ("WHL") (#)	Scotland	80.0	-	Investment holding
SD International Sukuk III Limited (^)	Malaysia	100.0	-	Dormant
ESD Infratech Pte Ltd (#)	Singapore	50.0	-	Dormant
Hazarasp Chor-Alkali LCC (#)	Uzbekistan	100.0	-	Dormant
Aqua Venture Pte Ltd (#)	Singapore	100.0	-	Dormant
<u>Subsidiaries of SDSB</u>				
Quantum Offshore Limited ("QOL") (*)	United Kingdom	100.0	100.0	Design, engineering and installation of auxiliary power generators and firefighting systems and equipment
Serba Dinamik Construction Sdn. Bhd. (^)	Malaysia	100.0	100.0	Construction of buildings

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8. Investment in subsidiaries (continued)

Name of companies	Country of incorporation	Effective ownership interest and voting interest		Principal activities
		30.6.2021 %	31.12.2019 %	
<u>Subsidiaries of SDSB (continued)</u>				
Supreme Vista Industries Sdn. Bhd. (^)	Malaysia	100.0	100.0	Investment holding
Sg. Rek Sdn. Bhd. (#)	Malaysia	100.0	100.0	Dormant
<u>Subsidiaries of SDIT</u>				
Serba Dinamik Digital Sdn. Bhd. ("SDX") (formerly known as Telegistics Asia Sdn. Bhd.) (^)	Malaysia	100.0	100.0	Internet and mobile applications solutions
SDIT International Limited ("SDITIL") (^)	Malaysia	100.0	100.0	Trading, providing information and communications technology software and solution
DVP Sdn. Bhd. (#)	Malaysia	100.0	-	Dormant
Dinamik Digital Berhad (#)	Malaysia	100.0	-	Dormant

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8. Investment in subsidiaries (continued)

Name of companies	Country of incorporation	Effective ownership interest and voting interest		Principal activities
		30.6.2021 %	31.12.2019 %	
<u>Subsidiaries of SDX</u>				
Materials Technology Education Sdn. Bhd. (^)	Malaysia	70.0	70.0	Provide training and educational business
Timbang Majujaya Sdn. Bhd. (#)	Malaysia	100.0	-	Dormant
<u>Subsidiary of SDITIL</u>				
SDITAI Inc. (#)	United States of America	100.0	100.0	Research and development
Serba Dinamik IT Solutions Pty. Ltd. (#)	Australia	80.0	-	Dormant
<u>Subsidiary of WHL</u>				
Wellahead Engineering Limited (#)	Scotland	80.0	-	Precision engineering
<u>Subsidiary of QOL</u>				
Quantum Pump Systems Limited (*)	United Kingdom	100.0	-	Dormant

^ Audited by Nexia SSY PLT, a member of Nexia International.

Audited by other firms of chartered accountants.

* The subsidiary is exempted from statutory audit as permitted by the authority in the relevant country.

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8. Investment in subsidiaries (continued)

On 28 May 2020, the Group via SDIL, a wholly owned indirect subsidiary of the Company has disposed 99% equity interest in Serba Dinamik International Petroleum Services Company W.L.L. with a consideration of BHD462,968 which is equivalent to approximately RM5.4 million.

On 4 June 2020, the Group via SDIL, a wholly owned indirect subsidiary of the Company has entered into a Share Sale Agreement to acquire 1,360,001 ordinary shares representing 80% equity interest in Wellahead Holding Limited for a cash consideration of RM18.4 million.

On 30 June 2020, the Group via SDGB, a wholly owned subsidiary of the Company, has subscribed 90 ordinary shares representing 90% shareholdings in SDMAX Sdn. Bhd. for RM90.

On 5 November 2020, the Group via SDGB, a wholly owned subsidiary of the Company, has subscribed 100 ordinary shares representing 100% shareholdings in Serba Dinamik Cybersecurity Sdn. Bhd. for RM100.

On 16 December 2020, the Group via SDGB, a wholly owned subsidiary of the Company entered into a Share Sale Agreement to acquire 20,000,000 ordinary shares representing 100% equity interest in Serba Dinamik Education Sdn. Bhd. (formerly known as Prestariang Education Sdn. Bhd.) for a consideration of RM2.5 million and is recognised as a subsidiary.

On 26 February 2021, the Group via SDITIL, a wholly owned indirect subsidiary of the Company, has subscribed 8 ordinary shares representing 80% shareholdings in Serba Dinamik IT Solutions Pty. Ltd. for RM10.

On 1 March 2021, the Group via SDIL, a wholly owned indirect subsidiary of the Company has subscribed 1,000 ordinary shares representing 100% shareholding in SD International Sukuk III Limited for a cash consideration of RM4,056.

On 18 March 2021 the Group via SDX, a wholly owned indirect subsidiary of the Company, has subscribed 1 ordinary share representing 100% shareholdings in Timbang Majujaya Sdn. Bhd. for RM1.

On 2 June 2021, the Group via SDIT, a wholly owned indirect subsidiary of the Company, has subscribed 100 ordinary shares representing 100% shareholdings in DVP Sdn. Bhd. for RM100.

On 22 June 2021, the Group via SDIT, a wholly owned indirect subsidiary of the Company, has subscribed 100 ordinary shares representing 100% shareholdings in Dinamik Digital Berhad for RM100.

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8. Investment in subsidiaries (continued)

Non-controlling interest in subsidiaries

The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows:

	PT Serba Dinamik Indonesia RM'000	PT Kubic Gasco RM'000	SD Advance Engineering Sdn. Bhd. RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
Financial period from 1.1.2020 to 30.6.2021					
NCI percentage of ownership interest and voting interest	25%	49%	49%		
Carrying amount of NCI	12,802	(8,273)	2,843	5,040	12,412
Profit allocated to NCI	355	(10,306)	984	(567)	(9,534)
Financial year from 1.1.2019 to 31.12.2019					
NCI percentage of ownership interest and voting interest	25%	49%	49%		
Carrying amount of NCI	1,643	2,845	2,031	641	7,160
Profit allocated to NCI	81	582	302	378	1,343

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

8. Investment in subsidiaries (continued)

Summarised financial information for each subsidiary that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

i Summarised statement of financial position

	PT Serba Dinamik Indonesia	
	30.6.2021	31.12.2019
	RM'000	RM'000
Non-current assets	11,862	9,933
Current assets	226,744	53,531
Non-current liabilities	(159,183)	(1,029)
Current liabilities	(28,214)	(55,864)
Net assets	51,209	6,571

	PT Kubic Gasco	
	30.6.2021	31.12.2019
	RM'000	RM'000
Non-current assets	15,581	18,177
Current assets	2,940	25,752
Non-current liabilities	(121)	(657)
Current liabilities	(35,284)	(37,466)
Net assets	(16,884)	5,806

	SD Advance Engineering Sdn. Bhd.	
	30.6.2021	31.12.2019
	RM'000	RM'000
Non-current assets	3,389	7,168
Current assets	39,144	18,461
Non-current liabilities	(1,065)	405
Current liabilities	(35,666)	(21,889)
Net assets	5,802	4,145

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

8. Investment in subsidiaries (continued)

ii Summarised statement of profit or loss and other comprehensive income

	PT Serba Dinamik Indonesia	
	Financial	Financial
	period from	year from
	1.1.2020 to	1.1.2019 to
	30.6.2021	31.12.2019
	RM'000	RM'000
Revenue	49,941	32,694
Profit before taxation	1,419	322
Profit for the period/year	1,419	3,642
	PT Kubic Gasco	
	Financial	Financial
	period from	year from
	1.1.2020 to	1.1.2019 to
	30.6.2021	31.12.2019
	RM'000	RM'000
Revenue	5,427	15,323
(Loss)/profit before taxation	(20,279)	1,187
(Loss)/profit for the period/year	(21,032)	1,300
	SD Advance Engineering Sdn. Bhd.	
	Financial	Financial
	period from	year from
	1.1.2020 to	1.1.2019 to
	30.6.2021	31.12.2019
	RM'000	RM'000
Revenue	18,409	6,022
Profit before taxation	2,737	617
Profit for the period/year	2,007	617

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

8. Investment in subsidiaries (continued)

iii Summarised statement of cash flows

	PT Serba Dinamik Indonesia	
	Financial	Financial
	period from	year from
	1.1.2020 to	1.1.2019 to
	30.6.2021	31.12.2019
	RM'000	RM'000
Net cash used in operating activities	(4,096)	(11,808)
Net cash generated from/(used in) investing activities	3,506	(10,514)
Net cash generated from financing activities	869	22,309
Net increase/(decrease) in cash and cash equivalents	279	(13)

	PT Kubic Gasco	
	Financial	Financial
	period from	year from
	1.1.2020 to	1.1.2019 to
	30.6.2021	31.12.2019
	RM'000	RM'000
Net cash used in operating activities	(11,728)	(15,196)
Net cash generated from investing activities	1,212	1,891
Net cash generated from financing activities	6,433	9,348
Net decrease in cash and cash equivalents	(4,083)	(3,957)

	SD Advance Engineering Sdn. Bhd.	
	Financial	Financial
	period from	year from
	1.1.2020 to	1.1.2019 to
	30.6.2021	31.12.2019
	RM'000	RM'000
Net cash (used in)/generated from operating activities	(7,374)	3,034
Net cash generated from/(used in) investing activities	3,424	(3,409)
Net cash generated from financing activities	3,475	505
Net (decrease)/increase in cash and cash equivalents	(475)	130

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

9. Investment in associates

	Group	
	30.6.2021	31.12.2019
	RM'000	RM'000
Unquoted shares, at cost	170,459	149,523
Quoted shares, at cost	30,255	200,858
	200,714	350,381
Share of post-acquisition reserve	(7,196)	32,160
Impairment loss	(176)	(176)
	193,342	382,365
Market value		
Quoted shares	12,896	238,475

On 26 March 2020, the Group via SDIL, a wholly owned indirect subsidiary of the Company has subscribed 49 ordinary shares representing 49.0% shareholding in EFIRE Capital Holdings Limited ("EFIRE") for a total cash consideration of USD5.0 million which is equivalent to approximately RM21.6 million.

On 9 June 2020, the Group via SDSB, a wholly owned indirect subsidiary of the Company has subscribed 30 ordinary shares representing 30.0% shareholding in Ecoglass Abrasive Sdn. Bhd. for a total cash consideration of RM30.

On 7 July 2020, the Group via SDIL has disposed 25.2% equity interest in CSE Global Limited in the open market on the Singapore Stock Exchange, for a cash consideration of approximately SGD57.67 million.

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9. Investment in associates (continued)

The particulars of the associates are as follows:

Name of companies	Country of incorporation	Effective ownership interest and voting interest		Principal activities
		30.6.2021 %	31.12.2019 %	
<u>Associates of SDGB</u>				
Al Murisi Development Sdn Bhd (#)	Malaysia	30.0	30.0	Property and housing developer
<u>Associates of SDSB</u>				
Adat Sanjung Sdn. Bhd. (#)	Malaysia	30.0	30.0	Investment holdings
Konsortium KAJV Sdn. Bhd. (#)	Malaysia	40.0	40.0	Developer of water treatment plant
E&E Gas Sdn. Bhd. (#)	Malaysia	42.3	42.3	Project and engineering services within oil and gas provider
Ecoglass Abrasive Sdn. Bhd. (^)	Malaysia	30.0	-	Dormant
<u>Associates of SDAE</u>				
SD Eneritech Sdn Bhd (#)	Malaysia	25.0	25.0	Dormant
<u>Associates of SDIT</u>				
eNoah iSolution India Private Limited (#)	India	30.0	30.0	Technology (“IT”) solutions, business process management services and support services

Serba Dinamik Holdings Berhad

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9. Investment in associates (continued)

The particulars of the associates are as follows:

Name of companies	Country of incorporation	Effective ownership interest and voting interest		Principal activities
		30.6.2021 %	31.12.2019 %	
<u>Associates of SDIL</u>				
Serba Dinamik International Qatar (#)	Qatar	49.0	49.0	Dormant
Sreem Serba Turbines Private Limited (#)	India	40.0	40.0	Design and manufacturing of custom designed steam turbines
Sufini Holding Ltd. (#)	Abu Dhabi	25.0	25.0	Special purposed vehicle for the construction of chlor-alkali plant
Al-Sagar Engineering Group LLC and Al Sagar National Establishment ("Al Sagar") (#)	United Arab Emirates	49.0	49.0	Oil & Gas sector Water & Utilities sector
CSE Global Limited (#)	Singapore	-	25.2	Oil and Gas, petrochemical, utilities, public infrastructure, environmental and healthcare
Bion PLC (formerly known as Green & Smart Holdings PLC) (#)	Malaysia	20.0	25.0	Investment holding company
Psicon BV (#)	Netherlands	25.0	25.0	Process improvement, rotating equipment performance upgrading, advisory and trading

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

9. Investment in associates (continued)

The particulars of the associates are as follows:

Name of companies	Country of incorporation	Effective ownership interest and voting interest		Principal activities
		30.6.2021 %	31.12.2019 %	
<u>Associates of SDIL</u> (continued)				
OHP Ventures Incorporated (#)	Malaysia	49.0	49.0	Investment holding company
OMT S.r.l. (#)	Italy	30.0	30.0	Supply of turbine blades
Geppert GmbH (#)	Austria	22.5	22.5	Turbine and equipment construction, electrotechnical solution, service and revitalisation and real estate
EFIRE Capital Holding Limited (#)	United Arab Emirates	49.0	-	Special purpose vehicle
<u>Associates of EMCO Holdings SA</u>				
La Rapida SA (#)	Switzerland	20.0	20.0	Specialised in the manufacturing of turbine blades, gas & steam turbine components, geothermal and compressor components

^ Audited by Nexia SSY PLT, a member of Nexia International.

Audited by another firm of chartered accountants.

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9. Investment in associates (continued)

Group	CSE Global Limited RM'000	Bion PLC RM'000	Adat Sanjung Sdn. Bhd. RM'000	Konsortium KAJV Sdn. Bhd. RM'000	Al Murisi Development Sdn. Bhd. RM'000	eNoah iSolution India Private Limited RM'000
Summarised financial information						
Financial period as at 30 June 2021						
Non-current assets	-	97,089	178	550	4,899	173,451
Current assets	-	88,202	300,482	798,023	26	725,384
Non-current liabilities	-	(65,947)	(189,528)	(557,631)	-	(34,646)
Current liabilities	-	(123,678)	(125,950)	(217,429)	(316)	(260,977)
	<u>-</u>	<u>(4,334)</u>	<u>(14,818)</u>	<u>23,513</u>	<u>4,609</u>	<u>603,212</u>
Financial period from 1.1.2020 to 30.6.2021						
Profit/(loss) from continuing operations	-	(10,454)	(4,653)	1,457	-	13,537
Total comprehensive income/(loss)	<u>-</u>	<u>(10,454)</u>	<u>(4,653)</u>	<u>1,457</u>	<u>-</u>	<u>13,537</u>
Included in the total comprehensive income is						
Revenue	<u>-</u>	<u>104,255</u>	<u>-</u>	<u>151,212</u>	<u>-</u>	<u>129,681</u>

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

9. Investment in associates (continued)

Group	CSE Global Limited RM'000	Bion PLC RM'000	Adat Sanjung Sdn. Bhd. RM'000	Konsortium KAJV Sdn. Bhd. RM'000	Balance carried forward RM'000
Summarised financial information					
Reconciliation of net assets to carrying amount for the financial period as at 30 June 2021					
Group's share of net assets	-	673	(3,651)	8,611	5,633
Goodwill	-	16,551	13,551	33,948	64,050
Carrying amount in statement of financial position	-	17,224	9,900	42,559	69,683
Group's share of results for the financial period from 1.1.2020 to 30.6.2021					
Group's share of profit or loss	3,621	(10,678)	(1,642)	(13,823)	(22,522)
Group's share of other comprehensive income	830	6	-	-	836
Group's share of total comprehensive income/(loss)	4,451	(10,672)	(1,642)	(13,823)	(21,686)
Other information					
Dividend received by the Group	-	-	-	-	-

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

9. Investment in associates (continued)

Group	Balance brought forward RM'000	Al Murisi Development Sdn. Bhd. RM'000	eNoah iSolution India Private Limited RM'000	Other individual immaterial associates RM'000	Total RM'000
Summarised financial information					
Reconciliation of net assets to carrying amount for the financial period as at 30 June 2021					
Group's share of net assets	5,633	1,383	10,093	42,237	59,346
Goodwill	64,050	16,893	9,444	43,609	133,996
Carrying amount in statement of financial position	<u>69,683</u>	<u>18,276</u>	<u>19,537</u>	<u>85,846</u>	<u>193,342</u>
Group's share of results for the financial period from 1.1.2020 to 30.6.2021					
Group's share of profit or loss	(22,522)	-	3,522	(8,423)	(27,423)
Group's share of other comprehensive income	836	-	116	(570)	382
Group's share of total comprehensive income	<u>(21,686)</u>	<u>-</u>	<u>3,638</u>	<u>(8,993)</u>	<u>(27,041)</u>
Other information					
Dividend received by the Group	<u>-</u>	<u>-</u>	<u>(235)</u>	<u>(765)</u>	<u>(1,000)</u>

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

9. Investment in associates (continued)

Group	CSE Global Limited RM'000	Bion PLC RM'000	Adat Sanjung Sdn. Bhd. RM'000	Konsortium KAJV Sdn. Bhd. RM'000	Al Murisi Development Sdn. Bhd. RM'000	eNoah iSolution India Private Limited RM'000
Summarised financial information						
Financial year as at 31 December 2019						
Non-current assets	410,203	45,757	269	633	4,899	3,318
Current assets	788,422	65,579	279,527	596,405	26	30,571
Non-current liabilities	(143,563)	(4,108)	(170,431)	(350,155)	-	(822)
Current liabilities	(519,188)	(60,786)	(118,706)	(188,813)	(317)	(9,983)
	<u>535,874</u>	<u>46,442</u>	<u>(9,341)</u>	<u>58,070</u>	<u>4,608</u>	<u>23,084</u>
Financial year from 1.1.2019 to 31.12.2019						
Profit/(loss) from continuing operations	70,583	(4,968)	(7,612)	55,476	935	3,151
Total comprehensive income/(loss)	<u>57,912</u>	<u>(5,167)</u>	<u>(7,612)</u>	<u>55,476</u>	<u>935</u>	<u>3,795</u>
Included in the total comprehensive income is						
Revenue	<u>1,371,963</u>	<u>13,840</u>	<u>-</u>	<u>369,387</u>	<u>-</u>	<u>73,273</u>

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

9. Investment in associates (continued)

Group	CSE Global Limited RM'000	Bion PLC RM'000	Adat Sanjung Sdn. Bhd. RM'000	Konsortium KAJV Sdn. Bhd. RM'000	Balance carried forward RM'000
Summarised financial information					
Reconciliation of net assets to carrying amount for the financial year as at 31 December 2019					
Group's share of net assets	133,239	11,601	(2,802)	23,228	165,266
Goodwill	48,376	16,551	13,551	33,948	112,426
Carrying amount in statement of financial position	<u>181,615</u>	<u>28,152</u>	<u>10,749</u>	<u>57,176</u>	<u>277,692</u>
Group's share of results for the financial year from 1.1.2019 to 31.12.2019					
Group's share of profit or loss	17,763	(1,252)	(2,283)	22,190	36,418
Group's share of other comprehensive income	(3,158)	(50)	-	-	(3,208)
Group's share of total comprehensive income	<u>14,605</u>	<u>(1,302)</u>	<u>(2,283)</u>	<u>22,190</u>	<u>33,210</u>
Other information					
Dividend received by the Group	<u>(10,626)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,626)</u>

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

9. Investment in associates (continued)

Group	Balance brought forward RM'000	Al Murisi Development Sdn. Bhd. RM'000	eNoah iSolution India Private Limited RM'000	Other individual immaterial associates RM'000	Total RM'000
Summarised financial information					
Reconciliation of net assets to carrying amount for the financial year as at 31 December 2019					
Group's share of net assets Goodwill	165,266	1,383	6,925	29,891	203,465
Goodwill	112,426	16,893	9,444	40,137	178,900
Carrying amount in statement of financial position	<u>277,692</u>	<u>18,276</u>	<u>16,369</u>	<u>70,028</u>	<u>382,365</u>
Group's share of results for the financial year from 1.1.2019 to 31.12.2019					
Group's share of profit or loss	36,418	280	945	(2,607)	35,036
Group's share of other comprehensive income	(3,208)	-	193	1,097	(1,918)
Group's share of total comprehensive income	<u>33,210</u>	<u>280</u>	<u>1,138</u>	<u>(1,510)</u>	<u>33,118</u>
Other information					
Dividend received by the Group	<u>(10,626)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,626)</u>

Serba Dinamik Holdings Berhad

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10. Other investments

	Group	
	30.6.2021	31.12.2019
	RM'000	RM'000
Non-current		
- fair value of unit trust (Note 33)	452	816
- preference shares (Note 33)	21,594	13,700
- investment in quoted shares (Note 33)	34,285	-
- investment in unquoted shares (Note 33)	230	-
	56,561	14,516
Current		
Fixed deposits placed with licensed banks with original maturity more than three months (Note 33)	53,191	51,172

Fixed deposits are pledged for banking facilities granted to the subsidiaries (see Note 21).

11. Intangible assets

	Note	Goodwill	License and rights	Development land rights	Total
		RM'000	RM'000	RM'000	RM'000
Group Cost					
At 1 January 2019		5,258	1,146	-	6,404
Acquisition through business combination		5,975	-	-	5,975
Additions		-	-	107,757	107,757
Amortisation		-	(1,142)	-	(1,142)
At 31 December 2019/ 1 January 2020		11,233	4	107,757	118,994
Acquisition through business combination	38(a)	24,886	-	-	24,886
Additions		-	-	5,775	5,775
Impairment of goodwill		(3,371)	-	-	(3,371)
At 30 June 2021		32,748	4	113,532	146,284

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11. Intangible assets (continued)

Development land rights

Development land right is exclusive rights granted by a third party to one of the subsidiaries of the Group, Get Development Sdn. Bhd. ("GDSB"), to jointly develop a land located at Sri Hartamas and to construct and erect thereon the buildings structure in accordance with the approved plans in the manner stipulated in the Joint Development Agreement between the third party and GDSB.

Development land rights is not amortised until the commencement of the development on the land.

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating activities which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Goodwill arising from business combination has been allocated to three individual cash-generating units ("CGUs") for impairment testing as follows:

	Group	
	30.6.2021	31.12.2019
	RM'000	RM'000
Segment		
Operations and maintenance	10,175	6,655
Engineering, procurement, construction and commissioning	2,882	2,882
Information and communication technology	1,696	1,696
Education and training	17,995	-
	32,748	11,233

The recoverable amount of a CGU is determined based on value in use calculations using cash flow projections based on financial budgets approved by management covering a 5-year period.

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

(i) Gross margin

The basis used to determine the value assigned to the gross margin is based on past experience, actual operating results and the 5-year business plan.

(ii) Revenue growth

The basis used to determine the revenue growth is based on past experience, actual operating results and the 5-year business plan. The anticipated annual revenue growth included in the cash flow projections is within the growth levels experienced by the CGU in the past.

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11. Intangible assets (continued)

Impairment testing for cash-generating units containing goodwill

(iii) Long term growth rate

The cash flows beyond the 5-year period are extrapolated using the long-term growth rates of 1% per annum.

(iv) Discount rate

The discount rates as follows are pre-tax and reflect specific risks relating to the relevant segments.

Segment	Group	
	30.6.2021	31.12.2019
Operations and maintenance	9%	9%
Engineering, procurement, construction and commissioning	9%	9%
Information and communication technology	9%	9%
Education and training	9%	Not applicable

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

12. Deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group

	Assets		Liabilities		Net	
	30.6.2021 RM'000	31.12.2019 RM'000	30.6.2021 RM'000	31.12.2019 RM'000	30.6.2021 RM'000	31.12.2019 RM'000
Property, plant and equipment	-	115	(62,151)	(58,298)	(62,151)	(58,183)
Capital allowance carried forward	-	-	-	25,220	-	25,220
Post employment benefits	606	140	-	-	606	140
Others	-	-	2,172	2,172	2,172	2,172
Deferred tax assets/ (liabilities)	606	255	(59,979)	(30,906)	(59,373)	(30,651)
Set off of tax	-	-	-	-	-	-
Net deferred tax assets/ (liabilities)	606	255	(59,979)	(30,906)	(59,373)	(30,651)

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12. Deferred tax assets/(liabilities) (continued)

Deferred tax assets and liabilities are attributable to the following:

Group

	At 1.1.2019 RM'000	Recognised in profit or loss RM'000	At 31.12.2019/ 1.1.2020 RM'000	Effect of movement in exchange rates RM'000	Recognised in profit or loss RM'000	At 30.6.2021 RM'000
Property, plant and equipment	(32,524)	(25,659)	(58,183)	681	(4,649)	(62,151)
Capital allowance carried forward	-	25,220	25,220	-	(25,220)	-
Post employment benefits	135	5	140	-	466	606
Others	2,183	(11)	2,172	-	-	2,172
	<u>(30,206)</u>	<u>(445)</u>	<u>(30,651)</u>	<u>681</u>	<u>(29,403)</u>	<u>(59,373)</u>

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13. Inventories

	Group 30.6.2021 RM'000	31.12.2019 RM'000
At cost		
Material on site	-	908,124
Spare parts and consumables	6,924	11,437
Property development	331,780	-
	338,704	919,561
At net realisable value		
Materials on site	1,213,724	-
Total	1,552,428	919,561
Recognised in profit or loss		
Inventories recognised as cost of contracts with customers	3,359,762	1,621,400
Write down to net realisable value	552,594	-
Total recognised in profit or loss	3,912,356	1,621,400

During the financial period, a portion of a development have been transferred from property, plant and equipment and right-of-use assets to inventories (see Notes 6 and 7), as there is an existing potential buyer for a portion of the development. As at the end of the financial period, the property development cost amounted to RM331,779,998.

14. Contract balances

	Group 30.6.2021 RM'000	31.12.2019 RM'000
Contract assets	671,206	321,558
Contract liabilities	(132,815)	(35,736)

(a) Contract assets/(liabilities)

The contract assets primarily relate to the Group's rights to consideration for work completed but yet to bill at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 90 to 120 days.

The contract liabilities primarily relate to the advance consideration received from customers for construction contract, which revenue is recognised overtime during the construction period.

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14. Contract balances (continued)**(a) Contract assets/(liabilities) (continued)**

Significant changes to contract assets and contract liabilities balances during the period are as follows:

	Group
	30.6.2021
	RM'000
	31.12.2019
	RM'000
Contract assets at the beginning of the period not transferred to trade receivables due to change in time frame	188,539
	53,786

(b) Impairment assessment on contract assets

Credit risk on contract assets arose from O&M and EPCC projects undertaken by the Group. As at end of the reporting period, the maximum exposure to credit risk arising from contract assets is represented by the carrying amount in the statement of financial position. Management has taken reasonable steps to ensure the contract assets are not credit impaired.

15. Trade and other receivables

	Group		Company
	30.6.2021	31.12.2019	30.6.2021
	RM'000	RM'000	RM'000
			31.12.2019
			RM'000
Trade			
Third parties	1,760,887	1,204,311	-
Less: Allowance for impairment losses	(346,473)	-	-
Subtotal	1,414,414	1,204,311	-
Non-trade			
Amount due from subsidiaries	-	-	2,871,292
Amount due from associates	113,138	40,216	-
Other receivables	159,303	11,605	-
	272,441	51,821	2,876,972
Less: Allowance for impairment losses	(47,884)	-	-
Subtotal	224,557	51,821	1,797,507
Total	1,638,971	1,256,132	2,876,972

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15. Trade and other receivables (continued)

Amount due from subsidiaries are unsecured, subject to interest at range of 4.89% to 6.99% (2019: 4.95% to 5.30%) per annum and repayable on demand.

Amount due from associates are unsecured, subject to interest at range of 4.89% to 6.99% (2019: 4.95% to 5.30%) per annum and repayable on demand.

The Group entered into a non-recourse Receivables Purchase Framework Agreement with a licensed bank, of which the Group may request the bank to purchase certain trade receivables. An amount of RM92,223,001 (2019: RM106,403,767) have been derecognised from the statement of financial statement as at reporting date, because the Group has transferred substantially all the risk and reward – primary credit risk to the licensed bank.

Trade receivables denominated in foreign currencies comprise the following amounts.

	30.6.2021	31.12.2019
	RM'000	RM'000
United States Dollar ("USD")	<u>1,108,334</u>	<u>878,283</u>

16. Deposits and prepayments

	Group		Company	
	30.6.2021	31.12.2019	30.6.2021	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Deposits for:				
- land	4,186	20,243	-	-
- investments	3,265	772	-	-
- others	145,960	37,850	1,217	-
	153,411	58,865	1,217	-
Prepayments	94,702	50,051	3,976	-
	<u>248,113</u>	<u>108,916</u>	<u>5,193</u>	<u>-</u>

17. Cash and cash equivalents

	Group		Company	
	30.6.2021	31.12.2019	30.6.2021	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Fixed deposits placed with licensed banks	189,174	222,514	5,616	68,864
Cash and bank balances	308,238	1,084,076	18,284	19,300
	<u>497,412</u>	<u>1,306,590</u>	<u>23,900</u>	<u>88,164</u>

Fixed deposits amounting to RM54,746,884 (2019: RM35,906,959) with maturity of more than three months, are pledged for banking facilities granted to the Group respectively (see Note 21).

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17. Cash and cash equivalents (continued)

Cash and bank balances included the following balances denominated in foreign currency:

	Group		Company	
	30.6.2021	31.12.2019	30.6.2021	31.12.2019
	RM'000	RM'000	RM'000	RM'000
USD	175,082	893,498	-	-

18. Capital and reserves**(a) Share capital**

	30.6.2021	Group and Company	30.6.2021	31.12.2019
	Unit	31.12.2019	RM'000	RM'000
		Unit		
Ordinary shares				
Issued and fully paid with no par value				
Opening balance	3,083,849,878	1,468,500,000	1,344,347	1,344,347
Issued during the financial period/ year				-
- Cash	643,337,000	-	965,309	-
- Share split	-	734,249,957	-	-
- Bonus issue	-	881,099,921	-	-
Share issue expenses	-	-	(18,144)	-
	643,337,000	1,615,349,878	947,165	-
	3,727,186,878	3,083,849,878	2,291,512	1,344,347

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

On 5 May 2020, the Company has completed a private placement exercise, in which the Company issued 306,507,000 new shares at an issue price of RM1.49 per share totalling RM456,695,430.

On 3 February 2021, the Company has completed another private placement exercise, in which the Company issued 336,830,000 new shares at an issue price of RM1.51 per share totalling RM508,613,300.

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18. Capital and reserves (continued)

(a) Share capital (continued)

In the previous financial year, the number of ordinary shares of the Company was increased from 1,468,500,000 units to 3,083,849,878 units following the listing of the subdivided shares and bonus shares, as detailed below on the Main Market of Bursa Securities on 4 December 2019;

- i. number of subdivided shares of 734,249,957 pursuant to share split involving a subdivision of every two existing ordinary shares into three shares; and
- ii. number of bonus shares of 881,099,921 pursuant to bonus issue on the basis of two bonus shares for every five subdivided shares;

The issuance of 881,099,921 free warrants on the basis of two warrants for every five subdivided shares has been completed on 13 December 2019 following the listing and quotation of the warrants on the Main Market of Bursa Securities.

(b) Warrants

No warrants were exercised during the financial period. As at period end, 881,099,921 warrants remained unexercised.

(c) Treasury shares

In March 2020, the Company made multiple repurchase transactions of shares totalling 18,779,000 shares for its issued share capital in the open market at an average price ranging from RM1.27 to RM1.97 per share. The total consideration paid was RM31,865,817. The repurchase shares were financed by internally generated funds. The shares repurchased are retained as treasury shares.

In October and November 2020, the Company made multiple repurchase transactions of shares totalling 3,283,800 shares for its issued share capital in the open market at an average price ranging from RM1.50 to RM1.60 per share. The total consideration paid was RM5,020,880. The repurchase shares were financed by internally generated funds. The shares repurchased are retained as treasury shares.

On 4 December 2020, the Company sold its treasury shares totalling 4,500,000 shares from its repurchased share capital in the open market at a range of average price of RM1.84 to RM1.90 per share. The total consideration received was RM8,384,797. The shares resale are offsetted against the existing treasury shares.

(d) Merger reverse

Pursuant to the restructuring in relation to the initial public offering, the Company has acquired the shares in SDGB for a purchase consideration of RM531,799,999. The difference, net of tax, between the carrying value and purchase consideration was treated as merger reserve.

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18. Capital and reserves (continued)

(e) Foreign currency translation reserve

	Group	
	30.6.2021	31.12.2019
	RM'000	RM'000
Foreign currency translation reserve	26,338	12,503

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

(f) Other reserves

	Group	
Note	30.6.2021	31.12.2019
	RM'000	RM'000
Statutory reserve	-	272
Capital redemption reserve	36,000	36,000
Capital gain on equity conversion	8,994	8,994
	44,994	45,266

i. Statutory reserve

In accordance with the provisions of the Bahrain Commercial Companies Law, Decree Number 21 of 2012 in a indirect subsidiary's Memorandum and Articles of Association, an amount equivalent to 10% of the indirect subsidiary's net profit before appropriation is required to be transferred to a non-distributable reserve account until such time as a minimum of 50% of the share capital is set aside.

ii. Capital redemption reserve

Capital redemption reserve was in relation to redeemable preference shares redeemed by subsidiaries, for which amount equivalents to the nominal value of such shares were transferred from retained earnings.

iii. Capital gain on equity conversion

Capital gain on equity conversion was in relation to share swap right exercised by one of its subsidiary.

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19. Trade and other payables

	Group		Company	
	30.6.2021	31.12.2019	30.6.2021	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Non-current				
Other payables	63,523	57,748	-	-
Current				
Trade payables and accruals	360,110	178,063	254	192
Other payables and accruals	133,035	223,561	725	2,969
Amount due to subsidiaries	-	-	13,189	193,922
Amount due to associates	1,049	1,033	-	-
	494,194	402,657	14,168	197,083
	557,717	460,405	14,168	197,083

- (a) The amount due to subsidiaries are unsecured, subject to interest at range of 4.89% to 6.99% (2019: 4.95% to 5.30%) and are repayable on demand.
- (b) The amount due to associates are unsecured, interest free and are repayable on demand.
- (c) Trade and other payables denominated in foreign currencies comprise the following amounts.

	Group		Company	
	30.6.2021	31.12.2019	30.6.2021	31.12.2019
	RM'000	RM'000	RM'000	RM'000
USD	179,292	134,840	-	-

- (d) In the previous financial year, the Group through its subsidiary, SDGB had entered into a Share Sale Agreement ("SSA") with a third party vendor on 16 October 2019 to subscribe 6,500 ordinary shares of Get Development Sdn. Bhd. ("GDSB") representing 65% equity interest for a consideration of RM50 million. Resulting from this transaction, GDSB had become a subsidiary of the Group on 16 October 2019.
- (e) In addition, both SDGB and the third party vendor have a call and a put option respectively which allows the third party vendor to sell his remaining 35% equity interest in GDSB to SDGB at a future date at an exercisable option price of RM200 million. As at 30 June 2021, the Group has recognised the option liability of RM63.5 million (2019: RM57.8 million).
- (f) Included in other payables of the Group is an amount of RM25,962,614 (2019: RM61,316,620) which arose from non-recourse Receivables Purchase Framework Agreement with a licensed bank.

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20. Lease liabilities

	Note	Group 30.6.2021 RM'000	31.12.2019 RM'000
Current			
Contractual payment for land use rights	b	15,062	53,275
Finance lease liabilities	c	5,079	3,824
Other lease liabilities	d	3,659	1,351
		23,800	58,450
Non-current			
Contractual payment for land use rights	b	-	15,063
Finance lease liabilities	c	10,122	8,075
Other lease liabilities	d	2,541	1,283
		12,663	24,421
Total lease liabilities		36,463	82,871

(a) Maturity of lease liabilities

The lease liabilities are payable as follows:

	Future minimum lease payments RM'000	Interest or profit RM'000	Present value of minimum lease payments RM'000
Financial period 30.6.2021			
Contractual payment for land use rights			
Less than one year	15,062	-	15,062
Finance lease liabilities			
Less than one year	5,852	773	5,079
Between one and two years	4,652	467	4,185
Between two and five years	5,669	416	5,253
More than five years	724	40	684
	16,897	1,696	15,201
Other lease liabilities			
Less than one year	4,001	342	3,659
Between one and two years	1,826	108	1,718
Between two and five years	873	50	823
	6,700	500	6,200

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20. Lease liabilities (continued)

(a) Maturity of lease liabilities (continued)

The lease liabilities are payable as follows:

	Future minimum lease payments RM'000	Interest or profit RM'000	Present value of minimum lease payments RM'000
Financial period 31.12.2019			
Contractual payment for land use rights			
Less than one year	55,180	1,905	53,275
Between one and two years	15,063	-	15,063
	<u>70,243</u>	<u>1,905</u>	<u>68,338</u>
Finance lease liabilities			
Less than one year	4,466	641	3,825
Between one and two years	4,189	507	3,682
Between two and five years	4,556	298	4,258
More than five years	145	11	134
	<u>13,356</u>	<u>1,457</u>	<u>11,899</u>
Other lease liabilities			
Less than one year	1,490	140	1,350
Between one and two years	720	76	644
Between two and five years	713	73	640
	<u>2,923</u>	<u>289</u>	<u>2,634</u>

(b) Contractual payment for land use rights

- i. The Group through its subsidiary, SDSB had entered into a Joint Venture Agreement ("JVA A") with a third party ("the Land Owner A") on 16 August 2018 to develop a land (the project is hereinafter referred to as "the Proposed Development" and the land, as "the Project Land A").

Through the JVA A, Land Owner A shall contribute the Project Land A for the Proposed Development and SDSB shall undertake the Proposed Development pursuant to and in accordance with the provision of the JVA A. SDSB shall be solely responsible for the entire costs and expenses of the Proposed Development and obtaining all funds and necessary financing in respect thereof.

Pursuant to the JVA A, SDSB is obliged to pay to Land Owner A an amount of RM46.0 million and has been fully paid as of year end.

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20. Lease liabilities (continued)

(b) Contractual payment for land use rights (continued)

- ii. SDSB had also entered into another Joint Venture Agreement ("JVA B") with a third party ("the Land Owner B") on 28 November 2018 to develop a land (the Proposed Development in (i) and the land, as "the Project Land B").

Through the JVA B, Land Owner B shall contribute the Project Land B for the Proposed Development and SDSB shall undertake the Proposed Development pursuant to and in accordance with the provision of the JVA B. SDSB shall be solely responsible for the entire costs and expenses of the Proposed Development and obtaining all funds and necessary financing in respect thereof.

Pursuant to the JVA B, SDSB is obliged to pay to Land Owner B an amount of RM150 million. As of 30 June 2021, the outstanding balance owing to Land Owner B is RM15.1 million.

On 3rd March 2020, SDSB has transferred the power of attorney for JVA A and JVA B to Serba Dinamik Development Sdn. Bhd. a wholly own subsidiary of SDGB.

(c) Finance lease liabilities

Finance lease liabilities relate to leases of motor vehicles, tools and equipment and plant and machinery recognised in accordance with MFRS 16: Leases.

(d) Other lease liabilities

Other lease liabilities are relating to leases of buildings recognised in accordance with MFRS 16: Leases.

21. Loans and borrowings

	Group		Company	
	30.6.2021	31.12.2019	30.6.2021	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Non-current				
Term loans (Islamic) - secured	360,081	148,993	-	-
Term loans (Islamic) - unsecured	1,202,225	778,825	731,022	778,825
Term loan - secured	-	339	-	-
Sukuk (Islamic) - unsecured	729,084	2,010,467	-	-
	<u>2,291,390</u>	<u>2,938,624</u>	<u>731,022</u>	<u>778,825</u>

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21. Loans and borrowings (continued)

	Group		Company	
	30.6.2021	31.12.2019	30.6.2021	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Current				
Bank overdrafts				
(Islamic) - secured	4,472	2,554	-	-
Bank overdrafts - secured	3,238	3,443	-	-
Bankers' acceptances - secured	-	283	-	-
Term loans (Islamic) - secured	51,148	17,010	-	-
Term loans (Islamic) - unsecured	290,944	90,000	219,000	90,000
Term loan - secured	40	402	-	-
Revolving credits				
(Islamic) - secured	173,278	274,549	-	-
Revolving credits (Islamic) - unsecured	103,800	-	103,800	-
Revolving credits - secured	7,219	12,662	-	-
Sukuk (Islamic) - unsecured	1,014,425	-	100,000	-
	1,648,564	400,903	422,800	90,000
Total	3,939,954	3,339,527	1,153,822	868,825

(a) Sukuk (Islamic) – unsecured

In the previous financial year, the Group via SD International Sukuk Limited, a wholly owned indirect subsidiary of the Company, issued and finalised a Sukuk Wakalah programme, and raised approximately USD300.0 million for the purpose of general working capital and refinancing of existing debts with tenure of 3 years, payable semi-annually at an annual profit rate of 6.30%, and with maturity in year 2022.

Also, in the previous financial year, the Group via SD International Sukuk II Limited, a wholly owned indirect subsidiary of the Company, issued and finalised a Sukuk Wakalah programme, and raised approximately USD200.0 million for the purpose of general working capital with tenure of 5 years and 3 months, payable semi-annually at an annual profit rate of 6.99%, and with maturity in year 2025.

During the financial period, the Company has issued and finalised a Sukuk Wakalah Programme, and raised approximately RM100.0 million for general corporate purposes with tenure of 1 year at annual profit rate of 4.35%, and with maturity in year 2022.

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21. Loans and borrowings (continued)

(a) Sukuk (Islamic) – unsecured (continued)

On 28 October 2020, the Group via SD International Sukuk Limited and SD International Sukuk II Limited has completed its undertaking on optional redemption on the Trust Certificates from the holder of USD300.0 million Trust Certificates due 2025 ("Series 1 Certificates") and USD200.0 million Trust Certificates due 2025 ("Series 2 Certificates") for cash based on the terms and conditions contained in the tender offer memorandum dated 9 October 2020.

The Group has redeemed USD77.8 million Series 1 Certificates and USD19.9 million from Series 2 Certificates. As such, the outstanding balance for the Trust Certificates are USD222.2 million for Series 1 Certificates and USD180.1 million for Series 2 Certificates.

(b) Islamic facilities

The Group's Islamic term loans, bank overdrafts and revolving credits facilities of RM1,904,397,962 (2019: RM1,034,827,512), RM4,472,104 (2019: RM2,553,913) and RM277,077,692 (2019: RM274,548,812) respectively are for Islamic facilities under Bai' Inah and Murabahah contract.

(c) Security

The bank overdrafts, bankers' acceptances and revolving credit facilities of the Group are secured by the following:

- i. legal charges over on freehold lands, leasehold lands and certain buildings of the Group (see Note 6 and 7).
- ii. secured by the facility agreements and pledged fixed deposits (See Note 10 and Note 17).

The term loans of the Group are secured by the following:

- i. general and supplemental facilities agreement.
- ii. first and second legal charges over freehold lands, leasehold lands and certain buildings of the Group (see Note 6 and 7).
- iii. corporate guarantee from the Company and the subsidiaries.

The revolving credits (Islamic) of the Group are secured by the following:

- i. secured by pledged term deposits (See Note 10 and Note 17).
- ii. corporate guarantee from the Company.

(d) Significant covenants on loans and borrowings

The Group is required to maintain a gearing ratio not exceeding 2.00 times in respect of the banking facilities granted by five licensed banks to the Group. The total outstanding borrowings of the Group with the said banks as at 30 June 2021 is RM2,135,330,214 (2019: RM250,505,595). The Group did not breached the covenants during and as at the end of the financial period.

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22. Employment benefits

In accordance with Indonesian Labor Law No. 13/2003, the Group provides post employment benefits to the eligible employees of an indirect subsidiary upon terminating their employment or upon attaining retirement age. The benefits payable are determined based on the employees' length of service and compensation at termination or retirement.

The Group operates the post employment benefits plan for eligible employees of an indirect subsidiary who are Indonesians with age 20 years and above, and with continuous service of at least a year from date of hire. The benefits payable on retirement are based on length of service, input factor and base pay. The retirement age is 55 years for employees of the subsidiary. The post employment benefit plan exposes the Group to actuarial risks such as longevity risk, financial risks such as change in discount rates and demographic risk such as turnover rate not being borne out.

The following table shows a reconciliation from the opening balance to the closing balance for defined benefit liability and its components.

	Group	
	Financial	Financial
	period	year
	30.6.2021	31.12.2019
	RM'000	RM'000
At beginning of the period/year	691	643
Included in profit or loss		
Current service cost	(178)	48
At end of the period/year	513	691

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting date:

	Group	
	30.6.2021	31.12.2019
	Per annum	Per annum
Average years of service of employees	6.76 years	5.78 years
Annual discount rate	7.20%	8.20%
Salary increment rate	12.0%	5.0%
Normal pension rate	56 years	56 years
Mortality rate	Table Mortality	Table Mortality
	Indonesia (TMI)	Indonesia (TMI)

Sensitivity analysis

There is no sensitivity analysis performed as any change will be insignificant to the Group.

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23. Revenue and cost of contracts with customers

	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000
Revenue		
Group		
Operation and maintenance ("O&M")	7,390,794	3,895,228
Engineering, procurement, construction and commissioning ("EPCC")		
- Contract revenue	164,750	139,231
- Others	625,859	369,800
Information and communication technology ("ICT")	418,636	122,759
Education and training ("E&T")	6,130	1,603
Total revenue from contract with customers	<u>8,606,169</u>	<u>4,528,621</u>
Company		
Dividends	274,415	141,431
Management fee	17,428	25,669
Profit income	79,506	93,826
Total other revenue	<u>371,349</u>	<u>260,926</u>
Cost of contracts with customers		
Group		
Cost of sales/services	7,032,710	3,594,678
Construction cost	148,048	123,109
	<u>7,180,758</u>	<u>3,717,787</u>
Company		
Cost of services	<u>-</u>	<u>-</u>

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23. Revenue and cost of contracts with customers (continued)

(a) Disaggregation of revenue

	O&M		EPCC		ICT		E&T		Consolidated	
	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000
Group Primary geographical markets										
Malaysia	2,291,694	1,061,738	380,820	236,885	3,170	5,333	6,130	1,603	2,681,814	1,305,559
Qatar	2,148,020	1,157,714	-	-	168,430	85,549	-	-	2,316,450	1,243,263
United Arab Emirates	1,155,423	749,355	281,471	140,591	177,556	-	-	-	1,614,450	889,946
Bahrain	572,328	382,011	-	-	-	-	-	-	572,328	382,011
Saudi Arabia	291,042	188,287	-	-	-	-	-	-	291,042	188,287
Indonesia	187,416	128,973	14,772	11,147	5,426	15,323	-	-	207,614	155,443
Oman	493,396	-	-	-	-	-	-	-	493,396	-
Turkmenistan	142,986	175,325	33,226	-	-	-	-	-	176,212	175,325
India	-	-	-	-	43,216	16,554	-	-	43,216	16,554
Other countries	108,489	51,825	80,320	120,408	20,838	-	-	-	209,647	172,233
	7,390,794	3,895,228	790,609	509,031	418,636	122,759	6,130	1,603	8,606,169	4,528,621
Timing and recognition										
Over time	2,146,849	1,958,093	603,716	400,526	412,094	122,759	6,129	1,603	3,168,788	2,482,981
Point in time	5,243,945	1,937,135	186,893	108,505	6,542	-	1	-	5,437,381	2,045,640

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23. Revenue and cost of contracts with customers (continued)

(b) Disaggregation of revenue

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment term	Variable element in consideration	Warranty
O&M	<p>Revenue from O&M services is derived from provision of manpower services and supply of materials.</p> <p>For manpower services, the revenue is recognised over the period in which the services are rendered.</p> <p>Revenue from supply of materials is recognised at point in time when the customer accepts the delivery of the goods.</p>	Credit period of 90 days from invoice date.	Not applicable.	Generally, the warranty on the maintenance service covers a period of 3 to 12 months after the services have been satisfactorily performed.
EPCC – contract revenue	Revenue is recognised overtime using the cost incurred method.	Based on agreed milestones.	There would be liquidated and ascertained damages for late delivery	Defect liability period of 12 to 24 months is given to the customers.
EPCC – others	<p>Revenue from other EPCC services is derived from provision of manpower services and supply of materials.</p> <p>For manpower services, the revenue is recognised over the period in which the services are rendered.</p> <p>Revenue from supply of materials is recognised at point in time when the customer accepts the delivery of the goods.</p>	Credit period of 90 days from invoice date.	Not applicable.	Not applicable.
ICT	Revenue is recognised overtime when customer receives benefits as entity performs.	Credit period of 90 days from invoice date.	Not applicable.	Not applicable.
E&T	Revenue is recognised overtime when customer receives benefits as entity performs.	Credit period of 90 days from invoice date.	Not applicable.	Not applicable.

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23. Revenue and cost of contracts with customers (continued)**(c) Transaction price allocated to the remaining performance obligations**

The following table shows revenue from performance obligations that are unfulfilled (or partially unfulfilled) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

Group	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000	Total RM'000
EPCC	2,461,311	3,464,695	3,057,852	1,161,160	10,145,018

(d) Significant judgements and assumptions arising from revenue recognition

The Group applied the following judgement and assumptions that significantly affect the determination of the amount and timing of revenue recognised. For construction contracts, the Group measured the performance of construction work done by comparing the actual costs incurred with the estimated total costs required to complete the construction. Significant judgements are required to estimate the total contract costs to completion. In making these estimates, management relied on professionals' estimates and also on past experience of completed projects. A change in the estimates will directly affect the revenue to be recognised.

24. Results from operating activities

	Group		Company	
	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000
Results from operating activities are arrived at after charging:				
Auditors' remuneration				
Statutory audit				
- Auditors of the Company	1,212	489	130	80
- Other auditors	370	73	30	-
Non-statutory audit				
- Auditors of the Company	-	560	-	560
- Other auditors	-	99	-	-

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24. Results from operating activities (continued)

	Group		Company	
	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000
Material expenses/ (income)				
Amortisation of license and rights	-	1,142	-	-
Depreciation of property, plant and equipment	325,491	137,658	-	-
Depreciation of right-of- use assets	24,916	5,605	-	-
Foreign exchange loss/ (gain):			-	
- realised	5,131	2,636	(4)	-
- unrealised	(10,990)	(606)	(3,075)	-
Personnel expenses (including key management)				
- wages, salaries and others	226,356	113,040	471	6,173
- contributions to state plans	6,904	1,895	10,059	118
Loss on disposal of trade receivables	12,771	8,040	-	-
Loss on disposal of equity accounted associate	6,212	-	-	-
Impairment of goodwill from investment in subsidiary	3,371	-	-	-
Impairment of trade and other receivables	394,998	-	-	-
Inventories written down	552,592	-	-	-
Expenses/(income) arising from leases				
Expenses relating to short-term leases	32,007	19,858	-	-
Expenses relating to leases of low-value assets	-	55	-	-

The Group leases tools and equipment and residential premises with contract terms between one and two years. These leases are classified as short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

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25. Finance income and costs

	Group		Company	
	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000
Profit and interest costs				
Profit and interest costs of financial liabilities that are not at fair value through profit or loss:				
- term loans, revolving credits and bankers' acceptances	115,412	57,445	88,241	-
- bank overdrafts	1,241	7,481	-	2,618
- overdue, late payment and trade finance cost	1,593	3,409	106	2
- Sukuk coupon/profit	212,304	81,071	166	52,362
- premium for Sukuk redemption	-	52,320	-	52,320
- interest or profit expense on lease liabilities	2,293	1,047	-	-
- subsidiaries	-	-	7,743	-
Recognised in profit or loss	332,843	202,773	96,256	107,302
Profit and interest income				
Profit and interest income of financial assets that are not at fair value through profit or loss:				
- fixed deposits	12,578	21,522	4,973	4,175
- gain on sukuk repayment	23,809	-	-	-
Recognised in profit or loss	36,387	21,522	4,973	4,175

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26. Taxation

	Group		Company	
	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000
<u>Current tax expenses</u>				
Malaysia				
- current period/year	63,161	32,249	3,817	4,047
- prior years	(3,521)	13,493	2,550	2,807
Overseas - current period/year	1,731	658	-	-
	61,371	46,400	6,367	6,854
<u>Deferred tax expense (Note 12)</u>				
- current period/year	(38,827)	10,121	-	-
- prior years	68,230	(9,676)	-	-
	29,403	445	-	-
	90,774	46,845	6,367	6,854

Reconciliation of income tax expense applicable to the results of the Group and of the Company at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000
(Loss)/Profit before taxation	(94,599)	544,828	241,107	147,078
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	(22,703)	130,342	57,866	35,299
Tax exempt income	-	-	(65,859)	(33,943)
Tax effects of different tax rates in foreign jurisdictions	374	(96)	-	-
- non-deductible expenses	312,746	50,289	11,810	2,691
- profit from foreign source not subject to Malaysian tax	(264,352)	(137,507)	-	-
Over/underprovision of income tax in prior years	(3,521)	13,493	-	-
Under/(over) provision of deferred tax in prior years	68,230	(9,676)	2,550	2,807
Tax expense for the period/year	90,774	46,845	6,367	6,854

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27. Compensation to key management personnel

Compensation paid/payable to key management personnel are as follows:

	Group		Company	
	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000
Directors of the Group or the Company				
- fees	2,034	978	2,034	978
- remuneration	3,954	2,007	3,954	2,007
- other short-term employee benefits	2,482	1,469	2,482	1,469
	8,470	4,454	8,470	4,454
Other key management personnel				
- remuneration	1,925	1,284	1,925	1,284
- other short-term employee benefits	810	638	810	638
	2,735	1,922	2,735	1,922
	11,205	6,376	11,205	6,376

Other key management personnel comprise persons other than the Directors of group entities, having authority and responsibility for planning, directing and controlling the activities of the group entities either directly or indirectly.

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28. (Loss)/earnings per ordinary share

The calculation of basic and diluted earning per ordinary share at 30 June 2021 was based on the profit or loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Financial period from 1.1.2020 to 30.6.2021 RM'000	Group Financial year from 1.1.2019 to 31.12.2019 RM'000
Consolidated (loss)/profit for the period/year attributable to the owners of the Company	(175,839)	496,640
Weighted average number of shares	3,709,624,078	3,083,849,878
Basic and diluted (loss)/earnings per ordinary share (sen)	(4.74)	16.10

No warrants were exercised during the financial period. The warrants are anti-dilutive and hence, the diluted earnings per share is equal to the basic earnings per share.

29. Dividend paid

Dividends recognised by the Company:

2021	Sen per share	Total amount RM'000	Date of payment
Fourth interim 2019	1.40	43,047	30 March 2020
First interim	1.20	40,458	26 June 2020
Second interim	1.30	43,831	29 September 2020
Third interim	1.35	45,532	30 December 2020
Fourth interim	1.60	59,354	30 March 2021
		232,222	

2019	Sen per share	Total amount RM'000	Date of payment
Fourth interim 2018	2.30	33,775	28 March 2019
First interim	2.30	33,775	28 June 2019
Second interim	2.70	39,650	30 September 2019
Third interim	1.11	34,231	30 December 2019
		141,431	

The Directors do not recommend any final dividend to be paid for the period under review.

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30. Significant related party transactions

(a) Identity of related parties

For the purposes of the financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the parties or exercise significant influence over the parties in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control. Related party may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group or the Company either directly or indirectly and entity that provides key management personnel services to the Group. Key management personnel include all the Directors of the Group or the Company, and certain members of senior management of the Group or the Company.

The Group has related party relationships with its significant investors, subsidiaries, associate and key management personnel.

(b) Transactions with related parties

Significant related party transactions, other than the compensation paid to key management personnel (see Note 27) and those disclosed elsewhere in the financial statements, are as follows:

	Group		Company	
	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000
Transactions with related parties				
Contractor charges	30	750	-	-
Professional service charges	24,220	5,264	-	-
Revenue from operation and maintenance	(63)	(16)	-	-
Transactions with associates				
Revenue from engineering, procurement, construction and commissioning project	(29,949)	(6,192)	-	-
Contract revenue	(129,400)	(139,231)	-	-

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30. Significant related party transactions (continued)

(b) Transactions with related parties (continued)

The outstanding balances of the related parties, if any together with their terms and conditions are disclosed in the respective notes to the financial statements.

31. Operating segments

The Group has three 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 (being the Chief Operating Decision Maker), reviews internal management reports quarterly. The following describes the operations in each of the Group's reportable segments.

O&M – Operations and maintenance which includes maintenance, repair and overhaul of rotating equipment, inspection, repair and maintenance of static equipment and structure, maintenance of process control and instrumentation, and other related services.

EPCC – Engineering, procurement, construction and commissioning which includes, among others, piping system, process control and instrumentation, equipment installation, power generation plant, gas compression plant, auxiliary power generation and fire-fighting system, and other related services.

ICT – Information and communication 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.

There are varying levels of integration between the reportable segments. Inter-segment pricing is determined on negotiated terms.

Performance is measured based on segment profit before tax as included in the internal management reports. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

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31. Operating segments (continued)

Segment assets and liabilities

For decision making and resources allocation, the Group Chief Executive Officer reviews the statements of financial position of respective subsidiaries. As such, information on segment assets and segment liabilities is not presented.

	O&M		EPCC		ICT		E&T		Consolidated	
	Financial period from	Financial year from	Financial period from	Financial year from	Financial period from	Financial year from	Financial period from	Financial year from	Financial period from	Financial year from
	1.1.2020 to	1.1.2019 to	1.1.2020 to	1.1.2019 to	1.1.2020 to	1.1.2019 to	1.1.2020 to	1.1.2019 to	1.1.2020 to	1.1.2019 to
	30.6.2021	31.12.2019	30.6.2021	31.12.2019	30.6.2021	31.12.2019	30.6.2021	31.12.2019	30.6.2021	31.12.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	<u>7,390,794</u>	<u>3,895,228</u>	<u>790,609</u>	<u>509,031</u>	<u>418,636</u>	<u>122,759</u>	<u>6,130</u>	<u>1,603</u>	<u>8,606,169</u>	<u>4,528,621</u>
Segment profit	<u>1,238,345</u>	<u>710,923</u>	<u>110,901</u>	<u>77,791</u>	<u>73,288</u>	<u>21,231</u>	<u>2,877</u>	<u>889</u>	<u>1,425,411</u>	<u>810,834</u>

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31. Operating segments (continued)

Segment assets and liabilities

	O&M		EPCC		ICT		E&T		Consolidated	
	Financial period from	Financial year from	Financial period from	Financial year from	Financial period from	Financial year from	Financial period from	Financial year from	Financial period from	Financial year from
	1.1.2020	1.1.2019	1.1.2020	1.1.2019	1.1.2020	1.1.2019	1.1.2020	1.1.2019	1.1.2020	1.1.2019
	to	to	to	to	to	to	to	to	to	to
	30.6.2021	31.12.2019	30.6.2021	31.12.2019	30.6.2021	31.12.2019	30.6.2021	31.12.2019	30.6.2021	31.12.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Unallocated costs									(1,196,131)	(119,791)
Finance income									36,387	21,522
Finance costs									(332,843)	(202,773)
Share of results of equity accounted associates									(27,423)	35,036
(Loss)/Profit before tax									(94,599)	544,828
Income tax expense									(90,774)	(46,845)
(Loss)/Profit for the period/year									(185,373)	497,983

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31. Operating segments (continued)

Segment assets and liabilities (continued)

	O&M		EPCC		ICT		E&T		Consolidated	
	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000
Included in the segment profit or loss										
Depreciation of property, plant and equipment	249,078	116,099	26,644	15,172	14,108	3,659	208	47	290,038	134,977
Unallocated depreciation of property, plant and equipment									35,453	2,681
Unallocated depreciation of right-of-use assets									24,916	5,605
Unrealised foreign exchange loss/ (gain)									(10,990)	(606)

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31. Operating segments (continued)**Geographical segments**

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The presentation of non-current assets as below is at gross before elimination of inter-company balances.

	Group	
	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000
Revenue		
Malaysia	2,681,814	1,305,559
Qatar	2,316,450	1,243,263
United Arab Emirates	1,614,450	889,946
Bahrain	572,328	382,011
Saudi Arabia	291,042	188,287
Indonesia	207,614	155,443
Oman	493,396	-
Turkmenistan	176,212	175,325
India	43,216	16,554
Other countries	209,647	172,233
	8,606,169	4,528,621
	30.6.2021 RM'000	31.12.2019 RM'000
Non-current assets		
Malaysia	3,843,083	3,178,777
Indonesia	27,442	28,110
Other countries	27,726	10,631
	3,898,251	3,217,518

Major customers

The following are the major customers individually accounting for 10% or more of group revenue:

		Group	
	Segment	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000
Customer A	O&M	1,447,972	707,712
Customer B	O&M	1,021,314	504,924

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32. Financial risk management policies

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows:

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk primarily from their trade receivables. The Group's or the Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior year.

Trade receivables

Risk management objectives, policies and processes for managing the risk

The customers of the Group are principally involved in the oil and gas industry. The Group uses ageing analysis to monitor the credit quality of the receivables.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

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32. Financial risk management policies (continued)

(a) Credit risk (continued)

Trade receivables (continued)

Concentration of credit risk

As at the end of the reporting period, there are no significant concentration of credit risk other than the amounts due from two (2019: three) counterparties of RM567,566,143 (2019: RM442,268,295).

The exposure of credit risk for trade receivables as at the end of the reporting period by geographical region is:

	Group	
	30.6.2021	31.12.2019
	RM'000	RM'000
Malaysia	259,022	301,511
Asia	138,707	130,158
Middle East	1,013,353	772,628
Europe	3,332	14
	<u>1,414,414</u>	<u>1,204,311</u>

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 90-150 days. Above 90 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the account receivables team.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, receivables that are written off could still be subject to enforcement activities.

The Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default.

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32. Financial risk management policies (continued)

(a) Credit risk (continued)

Other investments

Risk management objectives, policies and processes for managing the risk

Investments are allowed in liquid securities in licensed financial institutions and equity investments in both listed and non-listed entities.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has invested in domestic securities, domestic and international equities accordingly. The maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Other investments of the Group (see Note 10) are categorised as fair value through profit or loss. The Group does not have overdue investments that have not been impaired.

The investments are unsecured.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Intercompany balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries and monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position and the Company do not recognise any allowance for impairment loss.

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32. Financial risk management policies (continued)

(a) Credit risk (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Group and the Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM3,939,953,956 (2019: RM3,339,527,000) representing the outstanding banking facilities of the subsidiaries as at end of the reporting period except as disclosed in Note 40.2.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

Risk management objectives, policies and processes for managing the risk

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is no expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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32. Financial risk management policies (continued)**(b) Liquidity risk (continued)**Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the reporting period based on undiscounted contractual undiscounted repayments.

	Contractual interest or profit rate/coupon %	Carrying amount RM'000	Contractual undiscounted cash flow RM'000	Maturity			
				Less than 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
Group							
Financial period as at 30 June 2021							
Lease liabilities	1.05 – 9.55	36,463	38,659	24,915	6,478	6,542	724
Bank overdraft (Islamic) - secured	3.27 – 7.76	4,472	4,472	4,472	-	-	-
Bank overdrafts - secured	4.47 – 9.42	3,238	3,238	3,238	-	-	-
Revolving credits - secured	5.64 – 6.92	7,219	7,219	7,219	-	-	-
Term loans (Islamic) - secured	3.27 – 8.40	411,229	680,644	68,517	107,292	279,784	225,051
Term loans (Islamic) - unsecured	3.89 – 5.42	1,493,169	1,613,518	373,718	401,592	838,208	-
Term loan - secured	7.25 – 11.00	40	41	41	-	-	-
Revolving credits (Islamic) - secured	3.95 – 7.42	173,278	173,278	173,278	-	-	-
Revolving credits (Islamic) - unsecured	2.00 – 6.92	103,800	103,800	103,800	-	-	-
Sukuk (Islamic) - unsecured	4.35 – 6.99	1,743,509	1,990,474	1,115,565	52,519	822,390	-
Trade and other payables	-	557,717	557,717	494,194	-	-	63,523
		4,534,134	5,173,060	2,368,957	567,881	1,946,924	289,298

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32. Financial risk management policies (continued)

(b) Liquidity risk (continued)

Maturity analysis (continued)

	Contractual interest or profit rate/coupon %	Carrying amount RM'000	Contractual undiscounted cash flow RM'000	Maturity			
				Less than 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
Group							
Financial year as at 31 December 2019							
Lease liabilities	1.05 – 9.55	82,871	86,522	61,136	19,972	5,269	145
Bank overdraft (Islamic) - secured	8.00 – 9.00	2,554	2,554	2,554	-	-	-
Bank overdrafts - secured	8.00 – 9.00	3,443	3,443	3,443	-	-	-
Revolving credits - secured	7.85 – 9.10	12,662	12,662	12,662	-	-	-
Term loans (Islamic) - secured	1.40 – 15.50	166,003	188,388	19,559	46,607	50,584	71,638
Term loans (Islamic) - unsecured	5.40 – 6.00	868,825	971,461	123,491	165,787	682,183	-
Term loan - secured	4.25 – 4.77	741	753	413	234	106	-
Bankers' acceptances - secured	3.50	283	283	283	-	-	-
Revolving credits (Islamic) - secured	3.00 – 9.10	274,549	274,549	274,549	-	-	-
Sukuk (Islamic) - unsecured	4.95 – 6.99	2,010,467	2,488,728	134,631	134,631	1,403,134	816,332
Trade and other payables	-	460,405	460,405	402,657	-	-	57,748
	-	3,882,803	4,489,748	1,035,378	367,231	2,141,276	945,863

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32. Financial risk management policies (continued)

(b) Liquidity risk (continued)

Maturity analysis (continued)

				Maturity			
	Contractual interest or profit rate/coupon %	Carrying amount RM'000	Contractual undiscounted cash flow RM'000	Less than 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
Company							
Financial period as at 30 June 2021							
Term loans (Islamic) - unsecured	4.91 – 5.42	950,022	1,192,029	288,145	309,145	594,739	-
Revolving credit (Islamic) - unsecured	2.00 – 2.09	103,800	103,800	103,800	-	-	-
Sukuk (Islamic) - unsecured	4.35	100,000	100,000	100,000	-	-	-
Trade and other payables	—	14,168	14,168	14,168	-	-	-
Financial guarantees *	—	-	859,638	859,638	-	-	-
Financial year as at 31 December 2019							
Term loans (Islamic) - unsecured	5.40 – 6.00	868,825	971,461	123,491	165,787	682,183	-
Trade and other payables	—	197,083	197,083	197,083	-	-	-
Financial guarantees *	—	-	427,813	427,813	-	-	-

* Being corporate guarantees granted for banking facilities of certain subsidiaries and associate (see Note 20), which will only be encashed in the event of the default by the subsidiaries and associate. These financial guarantees do not have an impact on the Group contractual cash flows.

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32. Financial risk management policies (continued)

(c) Market risk

Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales, purchases and borrowings that are denominated in a currency other than the functional currency of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD").

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period are as follows:

Balances denominated in USD

	Group	
	30.6.2021	31.12.2019
	RM'000	RM'000
Trade receivables	13,494	17,511
Cash and cash equivalents	6,869	1,721
Trade payables	(5,764)	(9,242)
Net exposure in the statement of financial position	14,599	9,990

Currency risk sensitivity analysis

A 10% sensitivity strengthening of the Ringgit Malaysia ("RM") against USD at the end of the reporting period would have decreased equity and post-tax profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remained constant.

	Group	
	Financial	Financial
	period from	year from
	1.1.2020 to	1.1.2019 to
	30.6.2021	31.12.2019
	RM'000	RM'000
USD	1,110	759

A 10% weakening of the Ringgit Malaysia ("RM") against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

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32. Financial risk management policies (continued)

(c) Market risk (continued)

Interest and profit rates risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest or profit rates. For the Islamic and conventional facilities respectively, the Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest or profit rates. The Group is also exposed to interest or profit rate risk on the term deposits placed with licensed banks. Investment in equity securities and short term receivables and payables are not significantly exposed to interest or profit rate risk.

Risk management objectives, policies and processes for managing the risk

The Group monitors its exposure to changes in interest or profit rates on a regular basis. Borrowings are negotiated with a view to secure the best possible terms including rates of interest and profit rate, to the Group.

Exposure to interest and profit rates risk

The interest and profit rates profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	30.6.2021 RM'000	31.12.2019 RM'000
Group		
Fixed rates instruments		
Financial assets	143,317	107,408
Financial liabilities	(1,751,219)	(2,099,335)
	(1,607,902)	(1,991,927)
Floating rate instruments		
Financial liabilities	(2,188,735)	(1,323,063)
Company		
Fixed rates instruments		
Financial liabilities	(100,000)	(868,825)
Floating rate instruments		
Financial liabilities	(1,053,822)	-

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32. Financial risk management policies (continued)

(c) Market risk (continued)

Interest and profit rates risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial liabilities at 'fair value through profit or loss' and does not designate derivatives as hedging instrument under fair value hedge accounting method. Therefore, a change in interest rate at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest and profit rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000
Group		
Floating rate instruments		
- Financial period as at 30 June 2021	16,634	(16,634)
- Financial year as at 31 December 2019	<u>10,055</u>	<u>(10,055)</u>
Company		
Floating rate instruments		
- Financial period as at 30 June 2021	<u>8,009</u>	<u>(8,009)</u>

Other price risk

Equity price risk arises from the Group or the Company's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by management.

There is no sensitivity analysis performed as any change will be insignificant to the Group.

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33. Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The fair values of other investments is disclosed in Note 10, which is based on their quoted closing market prices and the net asset value of the unit trust at their reporting date.

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33. Fair value information (continued)

The table below analyses non-current financial instruments carried at fair value and with those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

Group	Fair value of financial instruments carried at fair value		Fair value of financial instruments carried at fair value		Fair value of financial instruments not carried at fair value		Total fair value	Carrying amount
	Level 1 RM'000	Total RM'000	Level 2 RM'000	Total RM'000	Level 3 RM'000	Total RM'000		
Financial period as at 30 June 2021								
Financial assets								
Other investments	34,737	34,737	21,824	21,824	-	-	56,561	56,561
Financial liabilities								
Term loans (Islamic)	-	-	-	-	1,562,306	1,562,306	1,562,306	1,562,306
Term loans	-	-	-	-	-	-	-	-
Sukuk (Islamic)	-	-	-	-	729,084	729,084	729,084	729,084
	-	-	-	-	2,291,390	2,291,390	2,291,390	2,291,390
Financial year as 31 December 2019								
Financial assets								
Other investments	816	816	13,700	13,700	-	-	14,516	14,516
Financial liabilities								
Term loans (Islamic)	-	-	-	-	927,818	927,818	927,818	927,818
Term loans	-	-	-	-	339	339	339	339
Sukuk (Islamic)	-	-	-	-	2,010,467	2,010,467	2,010,467	2,010,467
	-	-	-	-	2,938,624	2,938,624	2,938,624	2,938,624

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33. Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event of change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial period.

Level 3 fair value

Level 3 fair value is estimated using observable inputs for the financial assets and liabilities.

The table below shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and input used
Term loans and finance lease liabilities	Discounted cash flow using a rate based on the current market rate of borrowing the respective Group entities at the reporting date.

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34. Capital management

The Group objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group's strategy is to maintain the debt-to-equity ratio not exceeding 2.00 times. The debt-to-equity ratio at the end of reporting period/year is as follows:

	Group	
	30.6.2021	31.12.2019
	RM'000	RM'000
Total loans and borrowings (Note 21)	3,939,954	3,339,527
Finance lease liabilities (Note 20)	15,201	11,899
Less: Cash and cash equivalents (Note 17)	(497,412)	(1,306,590)
Less: Other investments (Note 10)	(53,191)	(51,172)
Net debt	<u>3,404,552</u>	<u>1,993,664</u>
Total equity	<u>2,969,302</u>	<u>2,439,885</u>
Net debt-to-equity ratios	<u>1.15</u>	<u>0.82</u>

There was no change in the Group's approach to capital management during the financial period.

The Group's maintaining a maximum debt-to-equity ratio of 2.00 is also to comply with bank covenants, failing which, the banks may call an event of default. The Group did not breached this covenant during and as at the financial period end (see Note 21).

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35. Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Amortised cost ["AC"]
- (b) Fair value through profit or loss ["FVTPL"]

Group	Carrying amount RM'000	AC RM'000	FVTPL RM'000
Financial period as at 30 June 2021			
Non-derivative financial assets			
Other investments	109,752	53,191	56,561
Trade and other receivables	1,638,971	1,638,971	-
Cash and cash equivalents	497,412	497,412	-
	<u>2,246,135</u>	<u>2,189,574</u>	<u>56,561</u>
Non-derivative financial liabilities			
Trade and other payables	557,717	557,717	-
Lease liabilities	36,463	36,463	-
Loans and borrowings	3,939,954	3,939,954	-
	<u>4,534,134</u>	<u>4,534,134</u>	<u>-</u>
Financial year as at 31 December 2019			
Non-derivative financial assets			
Other investments	65,688	51,172	14,516
Trade and other receivables	1,256,132	1,256,132	-
Cash and cash equivalents	1,306,590	1,306,590	-
	<u>2,628,410</u>	<u>2,613,894</u>	<u>14,516</u>
Non-derivative financial liabilities			
Trade and other payables	460,405	460,405	-
Lease liabilities	82,871	82,871	-
Loans and borrowings	3,339,527	3,339,527	-
	<u>3,882,803</u>	<u>3,882,803</u>	<u>-</u>
Company			
Financial period as at 30 June 2021			
Non-derivative financial assets			
Trade and other receivables	2,876,972	2,876,972	-
Cash and cash equivalents	23,900	23,900	-
	<u>2,900,872</u>	<u>2,900,872</u>	<u>-</u>
Non-derivative financial liabilities			
Trade and other payables	14,168	14,168	-
Loans and borrowings	1,153,822	1,153,822	-
	<u>1,167,990</u>	<u>1,167,990</u>	<u>-</u>

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35. Categories of financial instruments (continued)

Company	Carrying amount RM'000	AC RM'000	FVTPL RM'000
Financial year as at 31 December 2019			
Non-derivative financial assets			
Trade and other receivables	1,797,507	1,797,507	-
Cash and cash equivalents	88,164	88,164	-
	<u>1,885,671</u>	<u>1,885,671</u>	<u>-</u>
Non-derivative financial liabilities			
Trade and other payables	197,083	197,083	-
Loans and borrowings	868,825	868,825	-
	<u>1,065,908</u>	<u>1,065,908</u>	<u>-</u>

36. Net gains and losses arising from financial instruments

	Group		Company	
	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000	Financial period from 1.1.2020 to 30.6.2021 RM'000	Financial year from 1.1.2019 to 31.12.2019 RM'000
Net gains/(losses) on:				
Financial assets at fair value through profit or loss	23,616	13,482	4,973	4,175
Financial liabilities measured at amortised cost	(319,560)	(202,332)	(93,181)	(107,302)
	<u>(295,944)</u>	<u>(188,850)</u>	<u>88,208</u>	<u>(103,127)</u>

37. Capital commitment

	Group	
	30.6.2021 RM'000	31.12.2019 RM'000
Land and buildings		
Contracted but not provided for:	<u>190,105</u>	<u>436,440</u>

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38. Acquisition of subsidiaries and non-controlling interests

(a) Acquisition of subsidiaries

On 4 June 2020, the Group via SDIL, a wholly owned indirect subsidiary of the Company has entered into a Share Sale Agreement to acquire 1,360,001 ordinary shares representing 80% equity interest in Wellahead Holding Limited for a cash consideration of RM18.4 million and is recognised as a subsidiary.

On 16 December 2020, the Group via SDGB, a wholly owned subsidiary of the Company entered into a Share Sale Agreement to acquire 20,000,000 ordinary shares representing 100% equity interest in Serba Dinamik Education Sdn. Bhd. (formerly known as Prestariang Education Sdn. Bhd.) for a consideration of RM2.5 million and is recognised as a subsidiary.

	Recognised fair value at date of acquisition		
	Serba Dinamik Education Sdn. Bhd. RM'000	Wellahead Holdings Limited RM'000	Total RM'000
Property, plant and equipment	264	4,350	4,614
Right-of-use assets	-	217	217
Inventories	-	133	133
Trade and other receivables	5,457	3,462	8,919
Deposits and prepayments	1,671	265	1,936
Cash and cash equivalents	611	5,942	6,553
Deferred tax liabilities	-	(380)	(380)
Current tax payables	-	(1)	(1)
Trade and other payables	(22,378)	(1,594)	(23,972)
Contract liabilities	(1,119)	-	(1,119)
Lease liabilities	-	(846)	(846)
Net identifiable assets and liabilities	(15,494)	11,548	(3,946)
Goodwill	17,995	6,891	24,886
Purchase consideration	2,501	18,439	20,940
Less: Cash and cash equivalents acquired	(611)	(5,942)	(6,553)
Net cash outflow on acquisition of subsidiaries	1,890	12,497	14,387

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38. Acquisition of subsidiaries and non-controlling interests (continued)

(b) Incorporation of subsidiaries

On 30 June 2020, the Group via SDGB, a wholly owned subsidiary of the Company has subscribed 90 ordinary shares representing 90% shareholdings in SDMAX Sdn. Bhd. for RM90.

On 5 November 2020, the Group via SDGB, a wholly owned subsidiary of the Company, has subscribed 100 ordinary shares representing 100% shareholdings in Serba Dinamik Cybersecurity Sdn. Bhd. for RM100.

On 26 February 2021, the Group via SDITIL, a wholly owned indirect subsidiary of the Company, has subscribed 8 ordinary shares representing 80% shareholdings in Serba Dinamik IT Solutions Pty. Ltd. for RM10.

On 1 March 2021, the Group via SDIL, a wholly owned indirect subsidiary of the Company has subscribed 1,000 ordinary shares representing 100% shareholding in SD International Sukuk III Limited for a cash consideration of RM4,056.

On 18 March 2021 the Group via SDX, a wholly owned indirect subsidiary of the Company, has subscribed 1 ordinary share representing 100% shareholdings in Timbang Majujaya Sdn. Bhd. for RM1.

On 2 June 2021, the Group via SDIT, a wholly owned indirect subsidiary of the Company, has subscribed 100 ordinary shares representing 100% shareholdings in DVP Sdn. Bhd. for RM100.

On 22 June 2021, the Group via SDIT, a wholly owned indirect subsidiary of the Company, has subscribed 100 ordinary shares representing 100% shareholdings in Dinamik Digital Berhad for RM100.

The incorporation of the above subsidiaries, at their respective dates of incorporation, has no material impact on the results of the Group for the current financial period.

(c) Disposal of a subsidiary

On 28 May 2020, the Group via SDIL, a wholly owned indirect subsidiary of the Company has disposed 99% equity interest in Serba Dinamik International Petroleum Services Company W.L.L. with a consideration of BHD462,968 which is equivalent to approximately RM5.4 million.

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39. Significant events

(a) Coronavirus outbreak

On 11 March 2020, the World Health Organisation declared the Coronavirus ("Covid-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the Covid-19 outbreak in Malaysia. The Covid-19 outbreak also resulted in travel restrictions, lockdown and other precautionary measures imposed in various countries. The emergence of the Covid-19 outbreak has brought significant economic uncertainties in Malaysia and markets in which the Group operates.

In developing the disclosures, the Group has performed an assessment of the overall impact of the situation on the Group's operations, including the recoverability of the carrying amounts of assets and liabilities and concluded that there is no material adverse effects on the financial statements for the financial period ended 30 June 2021.

As at the date of these financial statements which have been authorised for issuance, the Covid-19 situation is still evolving and uncertain. It is not practicable for the Group to estimate the financial impact of these events. It is however certain that the worldwide measures against the spread of the coronavirus will have direct and indirect effects on its operations. The Group will continuously monitor the impact to minimise the impact of the outbreak on the Group's operations.

(b) Sukuk (Islamic)

On 28 October 2020, the Group via SD International Sukuk Limited and SD International Sukuk II Limited has completed its undertaking on optional redemption on the Trust Certificates from the holder of USD300.0 million Trust Certificates due 2022 ("Series 1 Certificates") and USD200.0 million Trust Certificates due 2025 ("Series 2 Certificates") for cash on the terms and conditions contained in the tender offer memorandum dated 9 October 2020.

The Group has redeemed USD77.8 million Series 1 Certificates and USD19.9 million from Series 2 Certificates. As such, the outstanding balance for the Trust Certificates are USD222.2 million for Series 1 Certificates and USD180.1 million for Series 2 Certificates.

(c) Change in financial year end

During the financial period, the Company changed its financial year end from 31 December 2020 to 30 June 2021. The Company is hereby presenting eighteen (18) months accounts from 1 January 2020 to 30 June 2021.

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40. Subsequent events

40.1 Material litigation

(a) The Company vs. KPMG PLT

On 22 June 2021, the Company has filed a Writ of Summon ("WOS") together with the Statement of Claim ("SOC") at the High Court of Malaya at Shah Alam against the former auditor, KPMG PLT ("KPMG").

The circumstances leading to the filing of the WOS and SOC by the Company is based on the Company's contention that KPMG has failed and/or neglected to complete the audit report until and unless a third party independent reviewer is being appointed and to verify the findings as raised by KPMG. Yet prior to such verification, KPMG had taken steps in breach of its professional obligation to cause unwarranted and adverse speculation in the open market resulting in loss and damage on the Company.

The Company contends that the findings raised by KPMG that were still subject to review and verification (as requested by KPMG) were incomplete and premature to be disclosed to third parties. The issues faced by KPMG were entirely attributable to their own negligence in the course of the audit process.

Furthermore, the Company is of the view that KPMG's act of halting the audit process pending a third party independent review was in the circumstances a further breach of professional duty as it has inevitably delayed the preparation of the audit report and would under normal circumstances create adverse speculation in the market.

Ultimately the Company takes the position that KPMG's actions taken collectively, amounts to professional negligence and a breach of statutory duties pursuant to the Capital Markets and Services Act 2007.

The claims pursuant to the WOS and SOC are as follows:

- i) General damages;
- ii) Punitive damages;
- iii) Aggravated damages;
- iv) Interest at the rate of 5% per annum on such damages as may be awarded in favour of the Plaintiff from the date of filing of this Writ until the date of realisation; and
- v) Costs

Apart from the amount claimed by the Company and the corresponding legal costs, the WOS together with the SOC are not expected to have any other material adverse financial impact on the Company for the financial period 30 June 2021. Both WOS and SOC are not expected to have any business and operational impacts on the Company.

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40. Subsequent events (continued)

40.1 Material litigation (continued)

(b) The Company vs Bursa Malaysia Securities Berhad ("Bursa")

On 3 November 2021, the Company has filed an Originating Summons ("OS") at the High Court of Malaya at Kuala Lumpur against Bursa.

The circumstances leading to the filing of the OS by the Company is based on, inter alia, the Company's contention that the instruction given by Bursa dated 28 June 2021 and 2 July 2021 respectively to the Company to appoint Ernst & Young Consulting Sdn. Bhd. ("EY Consulting") as a special auditor to conduct a "Special Independent Review" made pursuant to paragraphs 2.23 and 2.24 of the Main Market Listing Requirements is in excess of Bursa's power. It is also the Company's contention that Bursa's instruction to the Company dated 22 October 2021 to announce a "Factual Findings Update" made by EY Consulting is also in excess of its power and ought to be declared as null and void.

The Company is also seeking interim injunctive relief against Bursa pending the full and final disposal of OS to restrain Bursa from:

- i) making any announcement or otherwise publish, distribute or make available to anyone the "Factual Findings Update" prepared by EY Consulting;
- ii) exercising any power to do anything, to instruct and/or otherwise issue any directive against the Company pursuant to paragraph 2.24 of the Main Market Listing Requirement ("MMLR") pending the full and final disposal of the OS herein;
- iii) from issuing any notice to the Company and the directors of the Company to show cause for any purported breach of the MMLR.

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40. Subsequent events (continued)

40.1 Material litigation (continued)

(b) The Company vs Bursa Malaysia Securities Berhad ("Bursa") (continued)

The OS is to seek the following reliefs:

- i) A declaration that the instruction given by Bursa dated 28 June 2021 and 2 July 2021 to the Company to appoint EY Consulting as a special auditor to conduct a "Special Independent Review" made pursuant to paragraphs 2.23 and 2.24 of the Main Market Listing Requirements ("MMLR") is in excess of power, null and void and of no effect.
- ii) A declaration that the instruction given by Bursa to the Company dated 22 October 2021 to announce a "Factual Findings Update" made by EY Consulting is in excess of power, null and void and of no effect.
- iii) A declaration that Bursa had failed to comply with paragraph 2.24 of the MMLR.
- iv) A declaration that Bursa has no power to instruct and/or direct the Company to take any steps, action and/or engage in any conduct which may contravene or otherwise may not comply with MMLR 9.03.
- v) A declaration that Bursa has no power to instruct and/or direct the Company to take any steps, action and/or engage in any conduct which may contravene or otherwise may not comply with MMLR 9.35A.
- vi) A declaration that Bursa's conduct and/or action on 22 October 2021 in suspending the trading of the securities of the Company listed on the Main Market of Bursa under stock code 5279 and 5279WA is in excess of power, null and void and of no effect.
- vii) A declaration that Bursa's conduct and/or action on 27 October 2021 in continuing the suspension of trading of the securities of the Company listed on the Main Market of Bursa under stock code 5279 and 5279WA is in excess of power, null and void and of no effect.
- viii) A declaration that Bursa had acted in contravention of s.11(3)(a) of the Capital Markets and Services Act 2007 ("CMSA").
- ix) A declaration that Bursa has no power to direct and/or instruct the form and contents of any matter that the Company may be required to announce.
- x) A declaration that Bursa has no power to direct and/or instruct the Company.
- xi) A declaration that Bursa has no power to suspend trading of the securities of the Company by reason of the Company not making an announcement of any matter, even though Bursa may consider such failure to announce a breach of the MMLR that may subject the Company to disciplinary proceedings.

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40. Subsequent events (continued)

40.1 Material litigation (continued)

(b) The Company vs Bursa Malaysia Securities Berhad ("Bursa") (continued)

- xii) A declaration that the decision of Bursa to suspend and further suspend the trading in the securities of the Company lacked procedural fairness and violated the rules of natural justice.
- xiii) An order that Bursa do forthwith remove the suspension of trading of the securities of the Company listed on the Main Market of Bursa under stock code 5279 and 5279WA.
- xiv) An order that Bursa be and is hereby restrained from taking steps, engaging in any conduct or otherwise taking any action to announce the whole or any part of the "Factual Findings Update".
- xv) An order that Bursa be restrained from issuing any instructions to the Company to appoint any person to act as a special auditor of the Company to review or investigate the affairs of the Company and/or any of its subsidiaries.
- xvi) An order that Bursa be restrained from issuing any instruction to the Company to undertake any special independent review or any review and/or investigation into the affairs of the Company and/or any of its subsidiaries.
- xvii) Damages to be assessed by this Honourable Court;
- xviii) Costs;
- xix) Any other order and/or direction that this Honourable Court shall deem fit and proper.

The High Court had fixed the hearing of the OS and the Company's application for injunctive reliefs on 17 January 2022.

Apart from the potential damages to be assessed and costs which may be awarded against Bursa and the corresponding legal costs, the OS is not expected to have any other material financial impact on the Company for the financial period ending 30 June 2022. The OS is not expected to have any business and operational impacts on the Company.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

40. Subsequent events (continued)

40.1 Material litigation (continued)

(c) The Company vs EY Consulting

On 5 November 2021, the Company had filed an Originating Summons ("OS") at the High Court of Malaya at Kuala Lumpur against EY Consulting.

The circumstances leading to the filing of the OS by the Company is based on, inter alia, the Company's contention that the appointment of EY Consulting as a special auditor to conduct a "Special Independent Review" made pursuant to paragraphs 2.23 and 2.24 of the MMLR was void ab initio:

- i) EY Consulting is not registered with the Audit Oversight Board;
- ii) EY Consulting is not an auditor whether as defined in the MMLR or the Companies Act 2016.

It is also the Company's contention that EY Consulting's appointment is unsuitable because:

- i) EY Consulting's affiliate is the auditor of Bursa Securities Malaysia Berhad ("Bursa") and hence lacked independence;
- ii) EY Consulting had acted contrary to its undertakings in the letter of engagement when it provided a "Factual Finding Update" to the Securities Commission without seeking the Company's consent;
- iii) EY Consulting expected the Company to seek its consent to release the "Factual Finding Update" when it was not an auditor, it did not subject itself to any professional standards in the performance of its work and it disclaimed responsibility for its work.

The Company is also seeking interim injunctive relief against EY Consulting pending the full and final disposal of OS to restrain EY Consulting from releasing, revealing, divulging and/or disseminating any findings, report, memorandum, opinion about the Company and its group of companies, whether in whole or in part, to anyone, in any format, whether in print, electronically, or via any media or forum.

In addition, the Company is also seeking restitution and/or damages against EY Consulting.

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(Incorporated in Malaysia)

40. Subsequent events (continued)

40.1 Material litigation (continued)

(c) The Company vs EY Consulting (continued)

The OS is to seek the following reliefs:

- i) A declaration that EY Consulting is not an “auditor” within the meaning of the MMLR;
- ii) A declaration that EY Consulting had misrepresented to the Company that they could be appointed pursuant to paragraph 2.23 and 2.24 of the MMLR;
- iii) A declaration that the appointment of EY Consulting and the letter of engagement executed between EY Consulting and the Company dated 2 July 2021 was void ab initio;
- iv) An order that EY Consulting, whether by its servants, agents and/or representatives, be and are hereby restrained from releasing, revealing, divulging and/or disseminating any findings, report, memorandum, opinion about the Company and its group of companies, whether in whole or in part, to anyone, in any format, whether in print, electronically, or via any media or forum;
- v) Restitution; and/or
- vi) Damages to be assessed;
- vii) Costs;
- viii) Such other reliefs that deemed fit by this Honourable Court.

The Company had on 6 December 2021 filed an application to join the Securities Commission Malaysia and Bursa as a party to the OS. All the relevant parties had attended the case management before the High Court on 8 December 2021. The High Court had fixed the next case management on 6 January 2022.

Apart from the potential damages to be assessed and costs which may be awarded against EY Consulting and the corresponding legal costs, the OS is not expected to have any other material financial impact on the Company for the financial period ending 30 June 2022. The OS is not expected to have any business and operational impacts on the Company.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

40. Subsequent events (continued)

40.1 Material litigation (continued)

(d) Bursa vs the Company

On 25 November 2021, the Company received an Originating Summons ("OS") from the High Court of Malaya at Kuala Lumpur from Bursa.

The Originating Summons is to seek the following reliefs:

- i) A declaration that the Company has contravened or has breached and is in continuing contravention and breach of its binding obligations under the MMLR when it refused or failed to comply with the instructions or directive issued by the Plaintiff (Bursa) on 22 October 2021 to the Company pursuant to paragraph 2.23 (1) of the MMLR ("Directive") read together with paragraph 2.04 of the MMLR, namely, the Company was required but failed or refused to make a public announcement on or before 26 October 2021 for thorough public dissemination of the Factual Findings Update as at 30 September 2021 ("Factual Findings Update") prepared by EY Consulting, the independent reviewer ("IR") appointed by the Company, to carry out a special independent review ("SIR") of the financial affairs of the Company for the year ended 31 December 2020, and pursuant to which the Factual Findings Update was prepared by EY.
- ii) An order that the Company makes a public announcement of the Factual Findings Update of EY Consulting following its SIR pursuant to paragraph 2.23(1) of the MMLR within 2 clear dates from the date of this order.
- iii) An order that the public announcement of the Factual Findings Update shall contain the statements set out in 3(a), 3(b), 3(c)(i),(ii),(iii) and (iv), 3(d), 3(e), 3(f) and 3(g) below.
 - (a) On 14 June 2021, EY Consulting was appointed by the Company as the IR to carry out the SIR to assess the accuracy and veracity of the matters raised by the Company's former external auditors, KPMG, pertaining to, and in the course of carrying out, the annual statutory audit of the Company for the year ended 31 December 2020.
 - (b) The matters raised by KPMG formed the subject matter of a report issued by KPMG under s.320 of the CMSA dated 5 May 2021 ("s.320 Report") to the Securities Commission Malaysia ("SC") and the Plaintiff. The s.320 Report relates to the recognition by the Company and its subsidiaries of its revenue, purchases, receivables, payables and materials on site balances which may adversely affect to a material extent the financial position of the Company and its subsidiaries for the year ended 31 December 2020.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

40. Subsequent events (continued)

40.1 Material litigation (continued)

(d) Bursa vs the Company (continued)

The scope of SIR undertaken by EY Consulting

(c) The defined parameters of the SIR undertaken by EY Consulting comprises of the 4 scopes which were agreed upon between the Plaintiff, EY Consulting and the Company are as set out below.

1. Scope 1: To assess the validity and veracity of the transactions and balances highlighted by KPMG in the s.320 Report in respect of 11 identified customers on sales transactions, trade receivables and materials on site and to quantify the possible financial impact, if any.
2. Scope 2: to assess the validity and veracity of the Company's purchases from 6 identified local suppliers highlighted by KPMG in the s.320 Report.
3. Scope 3: To assess the validity and veracity of the IT contracts/ transactions entered into with 6 identified customers and 2 identified suppliers highlighted by KPMG in the s.320 Report and to assess the appropriateness of the revenue and costs recognized in the financial year in relation to the identified customers and suppliers.
4. Scope 4: To assess the existence (where possible) and validity of the transactions and balances of 1 identified customer and 1 identified supplier located in Bahrain highlighted by KPMG in the s.320 Report.

The updated factual findings of EY Consulting pursuant to the SIR

- (d) In relation to Scope 1, in respect of the highlighted concerns raised by KPMG in the s.320 Report concerning 11 identified customers of the Company, EY Consulting, following investigations, casts doubt on the veracity of the transactions with the 11 identified customers. The total sum involving the 9 out of the 11 identified customers are in excess of RM435.0 million.
- (e) In relation to Scope 2, in respect of the highlighted concerns raised by KPMG in the s.320 Report concerning 6 identified local suppliers, EY Consulting, following investigations, raised concerns on the veracity of the transactions with the 6 identified local suppliers. The recorded transactions and other amounts are in excess of RM638.0 million.

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40. Subsequent events (continued)

40.1 Material litigation (continued)

(d) Bursa vs the Company (continued)

- (f) In relation to Scope 3, in respect of the highlighted concerns raised by KPMG in the s.320 Report concerning the veracity of IT contracts entered into by the Company's subsidiary, SDIT International Limited, with 6 identified customers and 2 identified suppliers and the inability of KPMG to determine the appropriateness of the contracts / transactions and to ascertain the appropriateness of the revenue and cost recognised, EY Consulting, following investigations, found anomalies with respect to the contracts with 5 of the identified customers and 1 of the identified suppliers. In addition, EY Consulting in conducting the SIR also found anomalies with respect to other customers and suppliers not identified by KPMG. The total sum involved is in excess of USD76.0 million.
- (g) In relation to Scope 4, in respect of the highlighted concerns raised by KPMG in the s.320 Report in relation to 1 identified customer and 1 identified supplier in Bahrain, EY Consulting, following investigations, found that the Bahrain customer could be related to the Company and that EY Consulting also casts doubt with respect to the veracity of the transactions with the Bahrain supplier. Invoices and delivery orders of the Bahrain customer is in excess of USD12.0 million.
- iv) An order directing the Company to include in the same public announcement the impact of the Factual Findings Update of EY Consulting pursuant to the SIR in the aggregate sum of RM1.1 billion and USD88.0 million (making a total of RM1.4 billion, calculated as at 22 October 2021, being the date of the Directive) on the business, financial status and operations of the Company.
- v) An order directing the Company to include in the same public announcement:
 - (a) the impact of the Factual Findings Update of EY Consulting pursuant to the SIR on the Company's business, financial status and operations of the Company;
 - (b) the course of action or steps, which the Company proposes to take in order to address the Factual Findings Update of EY Consulting pursuant to the SIR; and
 - (c) the timeline required by the Company to carry out and complete each of the proposed course of action or steps.

Serba Dinamik Holdings Berhad

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40. Subsequent events (continued)

40.1 Material litigation (continued)

(d) Bursa vs the Company (continued)

- vi) An order directing the Company to complete the SIR with EY Consulting, and in the event of the premature resignation of EY Consulting to continue as IR, or termination of EY Consulting as IR by the Company, an order directing the Company to appoint an independent reviewer with international affiliation, which has adequate experience and resources and with a presence in Bahrain and such other overseas locations, where the customers and suppliers which were highlighted by KPMG are located, to replace EY Consulting as IR within 14 market days from the date of this order, to complete the SIR.
- vii) An order directing the Company, its agents or servants to furnish bi-weekly written updates of the SIR to the Plaintiff, whether formally demanded or not by the Plaintiff.
- viii) Costs on an indemnity basis;
- ix) Such further and/or other relief and/or directions as this Honourable Court deems fit.

On 26 November 2021, the Company filed an application to redact the Factual Findings Update and the relevant paragraphs in the affidavit in support that made reference to the Factual Findings Update.

On 29 November 2021, the Court presiding over the OS directed that the affidavit(s) which contain the Factual Findings Update be locked out from the court system for view and/or download by all parties except for Court.

On 14 December 2021, the Company filed an application to expunge the Factual Findings Update and the relevant paragraphs in the affidavit in support that made reference to the Factual Findings Update.

The Court had fixed the hearing of the OS on 3 January 2022 and a case management on 20 December 2021.

Apart from the potential damages to be assessed and costs which may be awarded against Bursa and the corresponding legal costs, the OS is not expected to have any other material financial impact on the Company for the financial period ended 30 June 2021.

The OS is not expected to have any business and operational impacts on the Company.

Serba Dinamik Holdings Berhad

(Incorporated in Malaysia)

40. Subsequent events (continued)

40.2 Default in interest payment for USD Sukuk (Islamic)

On 15 December 2021, the Company has announced that SDIS, a wholly-owned subsidiary of SDIL, which in turn is a wholly-owned subsidiary of the Company, has defaulted in its payment of interest amounted to USD6,499,962 due on 9 December 2021 pursuant to the USD Sukuk.

SDIS is unable to meet its obligation to pay the interest in a timely manner due to cash flow constraints of the Company. This constraint is due to COVID-19 pandemic which has resulted in unfavourable condition in the operation of the Company.

41. Comparative figures

- (a) The comparative figures are derived from financial statements audited by a firm of chartered accountants other than Nexia SSY PLT.
- (b) During the financial period, the Company changed its financial year end from 31 December 2020 to 30 June 2021. Accordingly, the comparative figures for the statements of comprehensive income, statements of changes in equity, statements of cash flows and the related notes are for twelve months from 1 January 2019 to 31 December 2019 and are therefore not comparable.

Serba Dinamik Holdings Berhad
(Incorporated in Malaysia)

Statement by Directors
Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah and Dato' Awang Daud Bin Awang Putera, being two of the Directors of Serba Dinamik Holdings Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 10 to 148 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as at 30 June 2021 and of their financial performance and cash flows for the financial period then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 22 December 2021.

**Dato' Dr. Ir. Ts. Mohd Abdul Karim
Bin Abdullah**
Director

**Dato' Awang Daud Bin
Awang Putera**
Director

Shah Alam

Statutory Declaration
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah, being the Director primarily responsible for the financial management of Serba Dinamik Holdings Berhad do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 148 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the
abovenamed Dato' Dr. Ir. Ts. Mohd Abdul Karim
Bin Abdullah at Shah Alam in the state of Selangor
on 22 December 2021.

**Dato' Dr. Ir. Ts. Mohd Abdul
Karim Bin Abdullah**
Director

Before me,

Independent Auditors' Report to the Members of Serba Dinamik Holdings Berhad

Registration No: 201501042584 (1167905-P)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Serba Dinamik Holdings Berhad, which comprise the statements of financial position as at 30 June 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 148.

We do not express an opinion on the accompanying financial statements of the Group and the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

The chronological events summarised below and where applicable, detailed in the Notes on the Financial Statements highlights the backdrop of circumstances and scenario under which we were appointed auditors of the Company.

- 5 May 2021 - In the course of the performance of its duties as auditor and prior to completion of its audit, KPMG reported to Bursa Malaysia Securities Berhad ("Bursa") and the Securities Commission pursuant to Section 320(1) of the Capital Markets & Services Act 2007 ("CMSA") that there were matters which may affect to a material extent the financial position of the Group and of the Company;
- 7 May 2021 - The financial year end of the Company was changed to 30 June 2021;
- 22 June 2021 - The Company filed a Writ of Summon together with the Statement of Claim at the High Court of Malaya at Shah Alam against KPMG;
- 23 June 2021 - KPMG resigned as auditors;
- 2 July 2021 - The Board under the directive from Bursa pursuant to paragraph 2.23 and 2.24 of the Main Market Listing Requirements of Bursa had formally appointed Ernst & Young Consulting Sdn. Bhd. (formerly known as Ernst & Young Advisory Services Sdn. Bhd.) ("EY") as the special independent reviewer to assist the Board in undertaking a special independent review of the matters raised by KPMG.
- 3 August 2021 - We were appointed as auditors of the Company.

As statutory auditors, we have undertaken the audit procedures necessary to enable us to conclude on the appropriateness of, inter alia, the Group's recognition of revenue, purchases, receivables, payables and inventories for the 18-month period up to 30 June 2021. These procedures have been impeded by time limitations and occurrence of additional significant events impacting the completion of our audit. Other considerations were that in view of the timing of our appointment, we were not in a position to observe the counting of physical inventories at the end of the period. Alternative means to verify the inventory quantities held at 30 June 2021 is still pending. Additionally, there are significant matters which we require that are outstanding at the date of our report and we have not been able to compile sufficient appropriate audit evidence to provide a basis for our audit opinion.

Independent Auditors' Report to the Members of Serba Dinamik Holdings Berhad (continued)

Registration No: 201501042584 (1167905-P)
(Incorporated in Malaysia)

Basis for Disclaimer of Opinion (continued)

The Group and the Company have triggered events of default for various contracts and obligations in respect of these contracts (Note 40.2). These events or conditions indicate existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Be that as it may, the financial statements of the Group and of the Company have been prepared on a going concern basis, the validity of which is highly dependent on the successful implementation of the Directors' plans in responding to the conditions above (Note 2).

Our scope of services in our letter of engagement makes reference to the availability of the EY Review report for the purpose of completing our audit. The EY Independent Review is ongoing and a situation has arisen where as a consequence of a directive of Bursa on 22 October 2021 to the Company to announce preliminary factual findings of EY by 26 October 2021, the Company had responded to the said directive on 3 November 2021 with the filing of an Originating Summons at the High Court of Malaya at Kuala Lumpur against Bursa (Note 40.1(b)). On 5 November 2021, the Company also filed an Originating Summons at the High Court of Malaya at Kuala Lumpur against EY pertaining to the said Independent Review (Note 40.1(c)). At the date of our report, the High court had fixed the next case management for legal suit against EY on 6 January 2022 and the hearing for legal suit against Bursa on 17 January 2022. The outcome of these legal suits extends beyond the timelines determined by Bursa to the Company for submission of the Annual Report.

The aforementioned actions have constrained our completion of the audit. Under these onerous circumstances and potential interaction of the above uncertainties and their possible cumulative effects on the financial statements, we are unable to express an opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws* (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report to the Members of Serba Dinamik Holdings Berhad (continued)

Registration No: 201501042584 (1167905-P)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group's and of the Company's financial statements in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, and to issue an auditors' report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that:

- (a) the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.
- (b) the accounting and other records for the matters as described in the *Basis for Disclaimer of Opinion* section have not been properly kept by the Company in accordance with the provisions of the Act.
- (c) we have not obtained all the information and explanations that we required.

Other Matters

- (a) The financial statements of the Group and of the Company for the financial year ended 31 December 2019 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 6 May 2020.
- (b) This report is made solely to the Members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Nexia SSY PLT
LLP0019490-LCA & AF 002009
Chartered Accountants

Jason Sia Sze Wan
No. 02376/05/2022 J
Chartered Accountant

Shah Alam
22 December 2021



SERBA DINAMIK HOLDINGS BERHAD

(Company No. 201501042584 (1167905 - P))

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