



**SERBA DINAMIK HOLDINGS BERHAD**

(COMPANY NO: 1167905-P)

INCORPORATED IN MALAYSIA

**QUARTERLY REPORT ON THE  
CONSOLIDATED RESULTS  
FOR THE FOURTH QUARTER ENDED  
31 DECEMBER 2016**

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



1. **Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Fourth Quarter (Twelve-Month Period) ended 31 December 2016<sup>(1)</sup> (Unaudited)**

a. Revenue

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding year Corresponding Quarter	Current financial period	Preceding financial period
	31/12/16	31/12/15 <sup>(2)</sup>	25/05/16-31/12/16	25/05/15-31/12/15 <sup>(2)</sup>
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	<b>731,769</b>	<b>NA</b>	<b>1,395,229</b>	<b>NA</b>
Cost Operation	(600,845)	NA	(1,137,958)	NA
<b>Gross profit</b>	<b>130,924</b>	<b>NA</b>	<b>257,271</b>	<b>NA</b>
Other Operating Income	410	NA	483	NA
Administrative Expenses	(18,340)	NA	(73,115)	NA
<b>Result from operating income</b>	<b>112,994</b>	<b>NA</b>	<b>184,639</b>	<b>NA</b>
Finance Income	1,412	NA	1,799	NA
Finance Costs	(10,486)	NA	(19,064)	NA
Net finance costs	(9,074)	NA	(17,265)	NA
<b>Profit before tax</b>	<b>103,920</b>	<b>NA</b>	<b>167,374</b>	<b>NA</b>
Tax expense	(7,216)	NA	(11,241)	NA
<b>Profit for the period</b>	<b>96,704</b>	<b>NA</b>	<b>156,133</b>	<b>NA</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Foreign currency translation differences for foreign operations	3,713	NA	(479)	NA
<b>Total comprehensive income for the period</b>	<b>100,417</b>	<b>NA</b>	<b>155,654</b>	<b>NA</b>
<b>Profit for the period attributable to:</b>				
Owner of the Company	100,223	NA	156,148	NA
Non-controlling interest	194	NA	(494)	NA
<b>Total profit for the period</b>	<b>100,417</b>	<b>NA</b>	<b>155,654</b>	<b>NA</b>

b. Earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding year Corresponding Quarter	Current financial period	Preceding financial period
	31/12/16	31/12/15 <sup>(2)</sup>	25/05/16-31/12/16	25/05/15-31/12/15 <sup>(2)</sup>
<b>Basic/Diluted (sen)</b>	<b>9.42</b>	<b>NA</b>	<b>14.68</b>	<b>NA</b>

Note:

- (1) The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 30 December 2016 and the accompanying explanatory notes attached to these interim financial statements.
- (2) No comparative figures for the preceding year and preceding quarter are presented as this is the second interim financial report on the consolidated results for the period ended 31 December 2016 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

NA Not applicable.



2. **Condensed Consolidated Statement of Financial Position as at 31 December 2016<sup>(1)</sup> (Unaudited)**

	Unaudited	Unaudited
	As at end of current financial period 31/12/16	Preceding financial period 31/12/2015 <sup>(2)</sup>
	RM'000	RM'000
<b>Assets</b>		
Property, plant and equipment	489,984	NA
Investment in associates	12,220	NA
Other investments	106	NA
Intangible assets	3,836	NA
Deferred tax assets	668	NA
<b>Total non-current assets</b>	<b>506,814</b>	<b>NA</b>
Inventories	465,844	NA
Trade and other receivables	698,095	NA
Deposit and prepayments	8,193	NA
Current tax assets	44	NA
Other Investments	-	NA
Cash and cash equivalents	227,542	NA
<b>Total current assets</b>	<b>1,399,718</b>	<b>NA</b>
<b>Total assets</b>	<b>1,906,532</b>	<b>NA</b>
<b>Equity</b>		
Share capital	531,800	NA
Merger Reserve	(434,710)	NA
Other reserves	77,899	NA
Retained earnings	592,173	NA
<b>Total equity attributable to owners of the company</b>	<b>767,162</b>	<b>NA</b>
Non-controlling interest	6,946	NA
<b>Total equity</b>	<b>774,108</b>	<b>NA</b>
<b>Liabilities</b>		
Deferred tax liabilities	15,587	NA
Loans and borrowings	19,242	NA
Employee benefits	500	NA
<b>Total non-current liabilities</b>	<b>35,329</b>	<b>NA</b>
Trade and other payables	497,831	NA
Loan and borrowings	586,823	NA
Current tax payable	12,441	NA
<b>Total current liabilities</b>	<b>1,097,095</b>	<b>NA</b>
<b>Total liabilities</b>	<b>1,132,424</b>	<b>NA</b>
<b>Total equity and liabilities</b>	<b>1,906,532</b>	<b>NA</b>
<b>Net assets per share (sen)<sup>(3)</sup></b>	<b>72.74</b>	<b>NA</b>

Note:

- (1) The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 30 December 2016 and the accompanying explanatory notes attached to these interim financial statements.
- (2) No comparative figures for the preceding year and preceding quarter are presented as this is the second interim financial report on the consolidated results for the period ended 31 December 2016 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.



**3. Condensed Consolidated Statement of Financial Position as at 31 December 2016<sup>(1)</sup> (Cont'd)**  
**(Unaudited)**

(3) *Based on the issued and paid up share capital of 1,063,600,000 ordinary shares after the Pre-IPO Exercise but before the IPO as detailed in Note B4.*

NA *Not applicable*

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4. **Condensed Consolidated Statement of Cash Flows for the Fourth Quarter (Twelve-Month Period) ended 31 December 2016<sup>(1)</sup> (Unaudited)**

	Unaudited	Unaudited
	As at end of current financial period	As at end of preceding financial period
	31/12/16	31/12/15 <sup>(2)</sup>
	RM'000	RM'000
<b>Cash flow from operating activities</b>		
Profit before tax	167,374	NA
Adjustment for :		
Depreciation of property, plant and equipment	28,641	NA
Allowance for diminution in value of other investments	54	NA
Unrealised foreign exchange loss	230	NA
Finance income	(1,799)	NA
Finance costs	19,064	NA
Post-employment benefits	96	NA
Property, plant and equipment written off	431	NA
Operating profit before changes in working capital	214,091	NA
<b>Changes in working capital:</b>		
Inventories	(190,341)	NA
Trade and other receivables	(127,706)	NA
Trade and other payables	138,886	NA
<b>Cash generated from operations</b>	<b>34,930</b>	<b>NA</b>
Tax paid	(364)	NA
Interest paid	(695)	NA
<b>Net cash from operating activities</b>	<b>33,871</b>	<b>NA</b>
<b>Cash flow from investing activities:</b>		
Acquisition of property, plant and equipment	(108,253)	NA
Interest received	1,799	NA
Increase in term deposits pledged to banks	(15,102)	NA
Increase in other investments	(8,830)	NA
Purchase of intangible assets	(2)	NA
<b>Net cash used in investing activities</b>	<b>(130,388)</b>	<b>NA</b>
<b>Cash flow from financing activities</b>		
Interest paid	(18,369)	NA
Net proceeds from loans and borrowings	92,039	NA
<b>Net cash from financing activities</b>	<b>73,670</b>	<b>NA</b>
<b>Net decrease in cash and cash equivalent</b>	<b>(22,847)</b>	<b>NA</b>
Effect of exchange rate fluctuation on cash held	3,838	NA
Cash and cash equivalents at beginning of period	62,491	NA
<b>Cash and cash equivalents at end of period</b>	<b>43,482</b>	<b>NA</b>
Term deposits placed with licensed banks	173,816	NA
Cash and bank balances	53,726	NA
	<b>227,542</b>	<b>NA</b>
Less: Bank overdrafts	(10,244)	NA
Less: Deposits pledged	(173,816)	NA
	<b>43,482</b>	<b>NA</b>



**4. Condensed Consolidated Statement of Cash Flows for the Fourth Quarter (Twelve-Month Period) ended 31 December 2016<sup>(1)</sup> (Cont'd) (Unaudited)**

Note:

- (1) *The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 30 December 2016 and the accompanying explanatory notes attached to these interim financial statements.*
- (2) *No comparative figures for the preceding year and preceding quarter are presented as this is the second interim financial report on the consolidated results for the period ended 31 December 2016 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.*
- NA Not applicable.

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5. **Condensed Consolidated Statement of Changes in Equity for the Fourth Quarter (Twelve-Month Period) ended 31 December 2016<sup>(1)</sup> (Unaudited)**

	Attributable to owners of the company				Total	Non-Controlling interest	Total Equity
	Non distributable		Distributable				
	Share Capital	Deficit in business combination	Other reserve	Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 2 December 2015	1*	-	-	-	1*	-	1*
Issue of ordinary share	531,799	-	-	-	531,799	-	531,799
Effect of acquisition of a subsidiary	-	(434,710)	77,899	436,025	79,215	7,440	86,655
Foreign currency translation differences for foreign operations	-	-	-	(133)	(133)	(346)	(479)
Profit for the period	-	-	-	156,281	156,281	(148)	156,133
Total comprehensive income for the period	-	-	-	156,148	156,148	(494)	155,654
<b>At 31 December 2016</b>	<b>531,800</b>	<b>(434,710)</b>	<b>77,899</b>	<b>592,173</b>	<b>767,162</b>	<b>6,946</b>	<b>774,108</b>

\* Represents an amount of RM1.

Note:

(1) The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 30 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

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

**A1. Basis of Preparation**

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

This is the Company's second interim financial report on its consolidated results for the fourth quarter ended 31 December 2016 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and as such, there are no comparative figures for the preceding year's corresponding period.

These interim financial statements should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 30 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

**A2. Changes in accounting policies**

The accounting policies adopted by the Group in this interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2015 and financial period ended 30 June 2016 except for the following new MFRS. The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group:

<b>MFRS/ Amendment/ Interpretation</b>	<b>Effective date</b>
Amendments to MFRS 12, Disclosure of Interest in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2017
Amendments to MRTS 107, Statement of Cash Flows – Disclosure Initiative	1 January 2017
Amendments to MFRS 112, Recognition of Deferred tax Assets for Unrealized Losses	1 January 2017
Amendments to MFRS 2, Share – based payments – clarification and measurement of Share-Based payment transaction	1 January 2018
Amendments to MFRS 7, Financial Instruments Disclosure – Mandatory Effective Date of MFRS 9 and Transition Disclosure	1 January 2018
MFRS 9, Financial Instruments	1 January 2018
MFRS 15, Revenue from Contracts with Customers	1 January 2018
Clarifications to MFRS 15, Revenue from Contracts with Customers	1 January 2018
IC Interpretation 22, Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2018
Amendments to MFRS 4, Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 128, Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2018
Amendments to MFRS 140, Investment Property – Transfers of Investment Property	1 January 2018



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

**A2. Changes in accounting policies (Cont'd)**

<b>MFRS/ Amendment/ Interpretation</b>	<b>Effective date</b>
MFRS 16, Leases	1 January 2019
Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be confirmed

The Group plans to apply:

- from the annual period beginning on 1 January 2017 for those amendments that are effective for annual periods beginning on 1 January 2017.
- from the annual period beginning on 1 January 2018 for MFRS 9, MFRS 15, Clarifications to MFRS 15, IC Interpretation 22, and Amendments to MFRS 128, which are effective for annual period beginning on or after 1 January 2018.
- from the annual period beginning on 1 January 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements of the Group and the Company except as mentioned below:

**(i) MFRS 15, Revenue from Contracts with Customers**

MFRS 15 replaces the guidance in MFRS 111, Construction Contracts, MFRS 118, Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue Barter Transactions Involving Advertising Services. Upon adoption MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 15.

**(ii) MFRS 9, Financial Instruments**

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial asset will be measured at either fair value or amortised cost. It is expected that the Group's investment in unquoted shares will be measured at fair value through other comprehensive income.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 9.

**(iii) MFRS 16, Leases**

MFRS 16 replaces the guidance in MFRS 117, Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

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

**A2. Changes in accounting policies (Cont'd)**

**(iv) Amendments to MFRS 128, Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)**

The amendments clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates and joint ventures at fair value.

The Group is currently assessing the financial impact that may arise from the adoption of the amendments.

**(a) Basis of measurement**

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

**(b) Functional and presentation currency**

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

**(c) Use of estimates and judgements**

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

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

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

**A3. Auditors' report**

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2015 and period ended 30 June 2016.

**A4. Seasonality and cyclicity of operations**

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

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

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

**A6. Changes in estimates**

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

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

**A7. Debt and equity securities**

There were no unusual items affecting the debt and equity securities for the current financial period.

**A8. Significant and subsequent events**

**i) Significant events**

On 25 May 2016, the Company entered into the Share Purchase Agreement with the shareholders of Serba Dinamik Group Berhad ("SDGB") ("Selling Shareholders") for the purchase by the Company from the Selling Shareholders of the entire issued and paid up share capital of SDGB comprising 73,978,860 ordinary share of RM1.00 each for total consideration of RM531,799,999 which was fully satisfied by the issuance of the total of 1,063,599,998 ordinary share of RM0.50 each in the Company to the Selling Shareholders in proportion to the shares in SDGB held by each of the Selling Shareholder. Since then, the Company became the holding company of SDGB.

**ii) Events during the year**

On 1 January 2016, a subsidiary of the Group, Serba Dinamik Sdn Bhd, entered into a sale of shares agreement for the acquisition of 100% equity interest in Supreme Vista Industries Sdn Bhd for a cash consideration of RM2,004,255. The acquisition is expected to be completed in the third quarter of 2017 following the payment of the balance sum, which is payable in instalments until the completion date. The completion date will be the date of the final and full payment by Serba Dinamik Sdn Bhd.

On 20 February 2017, Serba Dinamik Sdn. Bhd. ("SDSB"), a wholly owned subsidiary of Serba Dinamik Holdings Berhad entered into a Share Purchase Agreement ("SPA") for the acquisition of 400,000 ordinary shares in Konsortium Armanie Joint Venture Sdn. Bhd. ("KAJV") representing 40% of the total issues share capital for a total cash consideration of RM 34,000,000 payable as follows:

Mode of settlement	Timing	RM	Status*
(a) A cash payment representing approximately 5.9% of the Purchase Consideration	Upon the execution of the SPA	2,000,000	Paid
(b) A cash payment representing approximately 4.1% of the Purchase Consideration	Upon the completion of the legal and technical due diligence or on the Completion Date (whichever is the later)	1,400,000	Paid
(c) Balance of the remaining Purchase Consideration	On Completion Date	30,600,000	To be completed

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

**A8. Significant and subsequent events (Cont'd)**

**ii) Events during the year (Cont'd)**

The completion of the SPA is to take place within forty-five (45) business days from the date of the execution of the SPA (or such other date as may be agreed in writing between SDSB and the Vendors).

**A9. Changes in the composition of the Group**

There was no change in the composition of the Group during the current financial period other than that as disclosed in note A8.

**A10. Contingent assets and liabilities**

There were no unusual items affecting the contingent liabilities for the current financial period. The 100% corporate guarantee on the RM130.00 million and USD15.00 million (exchange rate of USD1.00 to RM4.44 as at 27 February 2017) Islamic financing facilities undertaken by the Group's associate, Adat Sanjung Sdn Bhd's wholly-owned indirect subsidiary, One River Power Sdn. Bhd. have been reduced to a proportionate 30% share of the corporate guarantee based on the Group's equity interest in Adat Sanjung Sdn Bhd upon the registration of the Prospectus in respect of the Group's Listing.

**A11. Capital commitments**

There were no capital commitments for capital expenditure for the current financial period, save for the total investment of approximately USD1.12 million (exchange rate of USD1.00 to RM4.44 as at 27 February 2017) for the 0.8 MW gas power plant for Ambon City Centre Shopping Mall.

**A12. Taxation**

Taxation comprises the following:

	Individual Quarter		Cumulative Period	
	Current Year Quarter	Preceding year Corresponding Quarter	Twelve Months to	Twelve Months to
	31/12/16	31/12/15 <sup>(1)</sup>	31/12/16	31/12/15 <sup>(1)</sup>
	RM'000	RM'000	RM'000	RM'000
<b>Current Taxation:</b>				
Malaysian Taxation	6,123	NA	6,203	NA
Foreign Taxation	369	NA	878	NA
<b>Total Current Taxation</b>	<b>6,492</b>	<b>NA</b>	<b>7,081</b>	<b>NA</b>
<b>Deferred Taxation</b>	<b>724</b>	<b>NA</b>	<b>4,160</b>	<b>NA</b>
<b>Total Taxation</b>	<b>7,216</b>	<b>NA</b>	<b>11,241</b>	<b>NA</b>



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

**A12. Taxation (Cont'd)**

Note:

(1) *No comparative figures for the preceding year are presented as this is the second interim financial report on the consolidated results for the period ended 31 December 2016 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.*

*N/A Not applicable.*

The Group are subject to income tax at the applicable statutory tax rates in Malaysia and overseas with foreign subsidiaries. Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions. Under the preferential tax treatments given to Labuan entities incorporated or registered under the Labuan Companies Act 1990, a subsidiary has qualified and elected to pay tax of RM 20,000 per annum. Income derived from sources outside Malaysia and received in Malaysia is exempt from Malaysian income tax by virtue of Subparagraph 28(1), Schedule 6 of the Income Tax Act 1967.

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

**B1. Review of Performance**

**i) Current quarter vs Corresponding quarter of the preceding year**

	Revenue		Operating profit	
	From 01 October Until 31 December		From 01 October Until 31 December	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
<b>Business Segments:</b>				
O&M	632,719	NA	113,851	NA
EPCC	98,518	NA	16,945	NA
Others	532	NA	128	NA
<b>Group Revenue/Operating Profit</b>	<b>731,769</b>	<b>NA</b>	<b>130,924</b>	<b>NA</b>
Corporate Expenses and Elimination			(27,004)	NA
<b>Profit Before Tax</b>			<b>103,920</b>	NA

**Group Level Review**

The group recorded a revenue of RM731.77 million which was mostly generated by our O&M segment followed by the EPCC segment and the other supporting services segment respectively. Our revenue was mainly derived from foreign operations whereby our Middle East operations contributed 56.4% of our total revenue for the quarter. The local operations remained as our largest contributing country whereby 34.2% of our revenue was generated from our local contracts.

Business Segments Review:

**O&M**

Our O&M operations remained as the major contributor for our revenue with a total contribution of 86.5% of the total revenue or RM632.7 million. The biggest contributors for this revenue were Malaysia followed by Qatar and the Kingdom of Saudi Arabia, which generated 31.0%, 21.8%, and 15.0% of the revenue for the segment respectively.

**EPCC**

Our EPCC operations for the quarter contributed 13.5% of the total revenue which was mainly derived from our Malaysian operations. The majority of the revenue for this segment came from our contracts with Sarawak Shell Sdn. Bhd., Petronas Methanol (Labuan) Sdn Bhd and Petrofac E&C Sdn. Bhd.

**Others**

The revenue of our other supporting services segment's contribution remained at 0.07% of the total revenue. This was mainly derived from the provision of IT related services and technical training through our approved training programs.

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

**B1. Review of Performance (Cont'd)**

**ii) Current period vs Corresponding period of the preceding year**

	Revenue		Operating profit	
	From Date of Incorporation until 31 December		From Date of Incorporation until 31 December	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
<b>Business Segments:</b>				
O&M	1,237,488	N/A	231,093	N/A
EPCC	154,433	N/A	25,465	N/A
Others	3,308	N/A	713	N/A
<b>Group revenue/operating profit</b>	<b>1,395,229</b>	N/A	<b>257,271</b>	<b>N/A</b>
Corporate Expenses and Elimination		N/A	(89,897)	N/A
<b>Profit before tax</b>			<b>167,374</b>	<b>N/A</b>

**Group Level Review**

Serba Dinamik Holdings Berhad started generating income after the acquisition of Serba Dinamik Group, which was completed on the 25<sup>th</sup> of May 2016. Prior to this acquisition, the company did not have any revenue generating activities. Post-acquisition, Serba Dinamik holdings generated RM1.4 billion up to 31/12/2016 which was mainly contributed by its O&M segment.

**B2. Segment Information**

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, reviews internal management report quarterly. The following described the operations in each of the Group's reportable segments.

- O&M - Operation and maintenance which include 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 include among others, piping systems, process control and instrumentation, equipment installation, power generation plant, gas compression plant, auxiliary power generation and firefighting system and other related services
- Others - Technical training, information, communication and technology ("ICT") solutions and supply of products and parts.

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

B2. Segment Information (Cont'd)

Segmental revenue by business activities

	From Date incorporated until 31 December 2016	
	Revenue	Segment profit
	RM'000	RM'000
O&M	1,237,488	231,093
EPCC	154,433	25,465
Others	3,308	713
<b>Total</b>	<b>1,395,229</b>	<b>257,271</b>
Unallocated costs		(72,632)
Finance income		1,799
Finance Costs		(19,064)
<b>Profit before tax</b>		<b>167,374</b>

Segmental Revenue by countries

	Individual Quarter		Cumulative Quarter	
	From 01 October Until 31 December		From Date of Incorporation until 31 December	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
<b>Business Segments:</b>				
Malaysia	250,105	N/A	493,373	N/A
Turkmenistan	772	N/A	30,839	N/A
Qatar	138,344	N/A	260,249	N/A
Kuwait	22,163	N/A	47,163	N/A
UAE	71,828	N/A	113,636	N/A
Kingdom of Saudi Arabia	95,066	N/A	164,659	N/A
Indonesia	66,808	N/A	108,605	N/A
Oman	22,394	N/A	33,812	N/A
Bahrain	62,801	N/A	141,405	N/A
United Kingdom	1,488	N/A	1,488	N/A
<b>Total</b>	<b>731,769</b>	<b>N/A</b>	<b>1,395,229</b>	<b>N/A</b>





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

**B3. (a) Commentary on prospects**

The Malaysian economy has recorded a growth of 4.3% and 4.5% for the third and fourth quarters of 2016 respectively. This growth was driven by the manufacturing and services sectors on the supply sides and domestic consumption on the demand side. Furthermore, domestic investment will continue to be anchored by the on-going implementation of infrastructure projects and capital spending in the manufacturing and services sectors.

On the Oil and Gas front, the Brent Crude spot price continued its recovery and had reached a 97% higher position than its 2016 low of USD27/bbl in January 2016. This recovery is further witnessed by the decline in OECD inventories in the 3<sup>rd</sup> quarter of 2016. As global supply and demand come closer to a balance we anticipate an improvement in the future prospects of the industry and on our future earnings.

Serba Dinamik Holdings as an energy engineering solutions provider plans to leverage on its expertise and reputation to strengthen its global positioning in the countries it currently operates in. This will be done with an additional focus on the power generation and water treatment industries as the demand for power and water is significantly growing in South East Asia and the Middle East presenting the Group with many potential opportunities.

Overall, the management is optimistic about the future prospects which will lead the company to successfully meet its targets for the year.

(Sources: Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2016, Bank Negara Malaysia;  
PWC Oil price update Q4 2016, PwC)

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

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

**B4. Status of corporate proposals announced**

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

**(i) Initial Public Offering ("IPO")**

The Company had on 30 December 2016 issued its Prospectus to undertake the IPO of 389,400,000 ordinary shares of RM0.50 each in our Company, representing approximately 29.17% of the enlarged issued and paid-up share capital of our Company, comprising the following:

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

**(i) Initial Public Offering ("IPO") (Cont'd)**

- (a) an offer for sale by the Selling Shareholders of up to 118,000,000 offer shares, representing up to 8.84% of the enlarged issued and paid-up share capital of our Company; and
- (b) a public issue of 271,400,000 issue shares, representing 20.33% of the enlarged issued and paid-up share capital of our Company.  
which involves:
  - (1) Institutional offering involving the offering of up to 341,300,000 IPO shares (comprising up to 118,000,000 offer shares and 223,300,000 issue shares) at the institutional price, representing up to approximately 25.57% of the enlarged issued and paid-up share capital of our Company in the following manner:
    - (i) up to 118,000,000 offer shares and 35,525,000 issue shares to Bumiputera investors approved by the MITI; and
    - (ii) 187,775,000 issue shares to Malaysian institutional and selected investors (other than Bumiputera investors approved by the Ministry of International Trade and Industry).
  - (2) Retail offering involving the offering of 48,100,000 issue shares at the retail price, representing approximately 3.60% of the enlarged issued and paid-up share capital of our Company in the following manner:
    - (i) 21,400,000 issue shares reserved for application by the eligible persons.
    - (ii) 26,700,000 issue shares are reserved for application by the Malaysian Public, of which 13,350,000 issue shares have been set aside for application by Bumiputera individuals, companies, co-operatives, societies and institutions.

**(ii) Listing**

The listing of and quotation for the Company's enlarged issued and paid-up share capital of RM1,335,000,000 ordinary shares of RM0.50 each on the Main Market of Bursa Malaysia Securities Berhad was completed on 8 February 2017.

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

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

**(iii) Utilisation of Proceeds from Public Issue**

The gross proceeds from the Public Issue of RM407.10 million shall be utilised in the following manner:

Details of utilisation of proceeds	Estimated timeframe for utilisation from the date of our Listing	RM '000		Amount Utilised to the date of this report	
			%	RM '000	% Utilised
Expansion of business and operational facilities	Within 12 to 36 months	300,000	73.69	-	-
Working capital	Within 36 months	29,300	7.20	10,000	34.13
Repayment of bank borrowings/financing	Within 12 months	60,000	14.74	60,000	100.00
Estimated listing expenses	Within 6 months	17,800	4.37	13,718	77.07
<b>Total gross proceeds</b>		<b>407,100</b>	<b>100.00</b>	<b>83,718</b>	

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 30 December 2016.

**(iv) Certificate of Completion and Compliance ("CCC")**

As disclosed in the Prospectus dated 30 December 2016, for properties where application of CCC is required to be made within 12 months from the date of the Listing, the updates of the properties are as follows:

No.	Details	Status
1.	Lot 973, Block 26 Kemena Land District, Kidurong Industrial Estate, Bintulu, Sarawak	The Company is in the process of preparing an application for the CCC
2.	Lot 5845, Block 5 Kuala Baram Land District, Kuala Baram/ Lutong Road, Miri, Sarawak	The Company is in the process of preparing an application for the CCC
3.	Service centre on Lot No. 3B (1R1/05), Ranca-ranca Light Industrial Estate, off Jalan Ranca-ranca, Federal Territory of Labuan	Application submitted on 8 February 2017. Awaiting approval from the authorities
4.	Service centre on Lot 9, Jalan Arsat, MPL Light Industrial Estate, Federal Territory of Labuan	The landlord is in the process of preparing an application for the CCC

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

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

**(i) Certificate of Completion and Compliance (“CCC”) (Cont'd)**

For Lot 5845, Block 5 Kuala Baram Land District, Kuala Baram/ Lutong Road, Miri, Sarawak, the company is in the midst of preparing the application for the conversion of the land status from agricultural status to industrial status. The company is currently operating under a provisional approval to operate for five years effective from 11 January 2016

**B5. Borrowings**

The Group's borrowings as at 31 December 2016 are as follows:

	<b>31/12/16 RM'000</b>	<b>31/12/15 RM'000<sup>(1)</sup></b>
<u>Short term borrowings</u>		
Secured	586,823	NA
Unsecured	-	NA
	<b>586,823</b>	<b>NA</b>
<u>Long term borrowings</u>		
Secured	19,242	NA
Unsecured	-	NA
	<b>19,242</b>	<b>NA</b>
<b>Total</b>	<b>606,065</b>	<b>NA</b>

Borrowings denominated in foreign currency are as follows:

Currency	<b>31/12/16 RM'000</b>	<b>31/12/15 RM'000<sup>(1)</sup></b>
USD	370,538	NA
IDR	1,929	NA

Note:

(1) No comparative figures for the preceding year are presented as this is the second interim financial report on the consolidated results for the period ended 31 December 2016 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

N/A Not applicable.

**B6. Material litigation**

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

**B7. Dividend**

No dividends were declared for the period ended 31/12/2016.

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

**B8. Earnings per ordinary share**

**Basic and diluted earnings per ordinary share**

The calculation of basic and diluted earnings per share at 31 December 2016 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary share outstanding, calculated as follows:

	From 01 October until 31 December 2016	From date of incorporation Until 31/12/2016
	RM'000	RM'000
Profitable attributable to ordinary shareholders	100,223	156,148
Weighted average number of ordinary shares	1,063,600	1,063,600
<b>Basic and diluted earnings per ordinary share (sen)</b>	<b>9.42</b>	<b>14.68</b>

**B9. Profit for the period**

This is arrived after (charging)/crediting

	Individual quarter ended	Cumulative period
	31/12/16	25/05/15-31/12/16
	RM'000	RM'000
Interest income	1,412	1,799
Interest expense	(10,486)	(19,064)
Depreciation	(12,143)	(28,641)
Allowance for diminution in value of other investments	-	(54)
Property, plant and equipment written off	-	(431)
Unrealised foreign exchange gain/ (loss)	1,506	(230)

**B10. Breakdown of realised and unrealised profits or losses**

The breakdown of the retained earnings of the Group, into realised and unrealised earnings, is as follows:

	31/12/16 RM'000	31/12/15 RM'000 <sup>(1)</sup>
Total retained earnings of the Company and its subsidiaries:		
- Realised	596,503	NA
- Unrealised	977	NA
Less: Consolidated adjustments	(5,307)	NA
<b>Retained earnings as per financial statements</b>	<b>592,173</b>	<b>NA</b>



By order of the Board

Shah Alam, Selangor Darul Ehsan

28 February 2017