SERBA DINAMIK HOLDINGS BERHAD

(COMPANY NO: 1167905-P)
INCORPORATED IN MALAYSIA

QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2017

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

1. Condensed Consolidated Statement of Profit or Loss and Comprehensive Income for the Second Quarter (Six-Month Period) ended 30 June 2017

a. Consolidated Profit or loss and Comprehensive Income

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 30/6/2017	Quarter Ended 25/05/16 - 30/06/16 (1)	Period Ended 30/6/2017	Period Ended 25/05/16 - 30/06/16 (1)
	RM'000	RM'000	RM'000	RM'000
Revenue	**649,704**	**151,953**	**1,262,127**	**151,953**
Cost Operation	(533,567)	(124,201)	(1,038,457)	(124,201)
Gross profit	**116,137**	**27,752**	**223,670**	**27,752**
Other Operating Income	4,443	51	4,791	51
Administrative Expenses	(24,216)	(9,233)	(42,142)	(9,233)
Result from operating income	**96,364**	**18,570**	**186,319**	**18,570**
Finance Income	954	315	1,056	315
Finance Costs	(7,918)	(3,815)	(16,336)	(3,815)
Net finance costs	(6,964)	(3,500)	(15,280)	(3,500)
Share of results of equity accounted associates	(1,086)	-	(1,515)	-
Profit before tax	**88,314**	**15,070**	**169,524**	**15,070**
Tax expense	(5,437)	(1,392)	(9,322)	(1,392)
Profit for the period	**82,877**	**13,678**	**160,202**	**13,678**
Items that may be reclassified subsequently to profit and loss:				
Foreign currency translation differences for foreign operations	(37,211)	(2,386)	(20,819)	(2,386)
Total comprehensive income for the period	**45,666**	**11,292**	**139,383**	**11,292**
Profit/(loss) for the period attributable to:				
Owner of the company	83,159	13,663	161,488	13,663
Non-controlling interest	(282)	15	(1,286)	15
Total profit for the period	**82,877**	**13,678**	**160,202**	**13,678**
Total Comprehensive income/(loss) for the period attributable to:				
Owner of the company	45,979	11,264	140,586	11,264
Non-controlling interest	(313)	28	(1,203)	28
Total profit for the period	**45,666**	**11,292**	**139,383**	**11,292**

b. Earnings per share

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 30/6/17	Quarter Ended 25/05/16 - 30/06/16 (1)	Period Ended 30/6/17	Period Ended 25/05/16 - 30/06/16 (1)
Basic/Diluted (sen)	**6.23**	**1.28**	**12.65**	**1.28**

Note:

(1) Comparative figures for the preceding year are presented from the date the company commenced operations on 25/05/2016 after its acquisition which is detailed in note A8.

2. Condensed Consolidated Statement of Financial Position as at 30 June 2017

	Unaudited	Audited
	At 30/6/17	At 31/12/2016
	RM'000	RM'000
Assets		
Property, plant and equipment	544,235	490,173
Investment in associates	44,704	12,220
Other investments	306	306
Intangible assets	3,836	3,836
Deferred tax assets	1,797	703
Total non-current assets	**594,878**	**507,238**
Inventories	611,088	486,349
Trade and other receivables	712,706	741,194
Deposit and prepayments	12,509	11,321
Current tax assets	217	931
Other Investments	51,039	52,446
Cash and cash equivalents	324,841	187,353
Total current assets	**1,712,400**	**1,479,594**
Total assets	**2,307,278**	**1,986,832**
Equity		
Share capital	928,194	531,800
Merger Reserve	(434,710)	(434,710)
Foreign Currency Translation Reserve	58,786	79,688
Other reserves	45,270	45,258
Retained earnings	719,284	587,178
Total equity attributable to owners of the company	**1,316,824**	**809,214**
Non-controlling interest	6,726	7,929
Total equity	**1,323,550**	**817,143**
Liabilities		
Deferred tax liabilities	14,345	14,355
Loans and borrowings	32,659	16,228
Employee benefits	526	492
Total non-current liabilities	**47,530**	**31,075**
Trade and other payables	412,877	501,009
Loan and borrowings	498,484	623,432
Current tax payable	24,837	14,173
Total current liabilities	**936,198**	**1,138,614**
Total liabilities	**983,728**	**1,169,689**
Total equity and liabilities	**2,307,278**	**1,986,832**
Net assets per share (sen)	**99.1**	**76.8**

3. Condensed Consolidated Statement of Cash Flows for the Second Quarter (Six-Month Period) ended 30 June 2017

	Unaudited 30/6/2017 RM'000	Audited 31/12/2016 RM'000
Cash flow from operating activities		
Profit before tax	**169,524**	**166,604**
Adjustment for :		
Depreciation of property, plant and equipment	32,938	32,952
Unrealised foreign exchange loss	-	(435)
Share of loss in associate	1,515	-
Finance income	(1,056)	(2,278)
Finance costs	16,336	19,790
Property, plant and equipment written off	-	16,205
Post-employment benefits	34	95
Operating profit before changes in working capital	219,291	232,933
Changes in working capital:		
Inventories	(129,261)	(186,570)
Trade and other receivables	22,884	(107,242)
Trade and other payables	(101,360)	118,300
Cash generated from operations	**11,554**	**57,421**
Interest paid	(468)	(609)
Tax paid	(450)	(401)
Net cash from operating activities	**10,636**	**56,411**
Cash flow from investing activities:		
Acquisition of property, plant and equipment	(91,025)	(109,527)
Acquisition of subsidiaries	-	64,312
Interest received	1,057	2,278
Changes in term deposits pledged to banks	(681)	(21,628)
Increase in other investments	1,407	(10,889)
Purchase of share in associates	(34,000)	-
Net cash used in investing activities	**(123,242)**	**(75,454)**
Cash flow from financing activities		
Interest paid	(15,868)	(19,181)
Proceeds from issuance of ordinary shares	407,100	-
(Repayment of)/ Net proceeds from loans and borrowings	(105,056)	81,955
Dividend Paid to the owner of the company	(29,370)	
Net cash from financing activities	**256,806**	**62,774**
Net increase in cash and cash equivalent	**144,200**	**43,731**
Effect of exchange rate fluctuation on cash held	-	-
Cash and cash equivalents at beginning of period	43,731	-
Cash and cash equivalents at end of period	**187,931**	**43,731**
Term deposits placed with licensed banks	208,712	133,031
Cash and bank balances	116,129	54,322
	324,841	**187,353**
Less: Bank overdrafts	(3,198)	(10,591)
Less: Deposits pledged	(133,712)	(133,031)
	187,931	**43,731**

4. Condensed Consolidated Statement of Changes in Equity for the Second Quarter (Six-Month Period) ended 30 June 2017

	Attributable to owners of the company							
	← Non distributable			→	Distributable			
	Share Capital	**Merger Reserve**	**Foreign Currency Translation Reserve**	**Other reserve**	**Retained Earnings**	**Total**	**Non-Controlling interest**	**Total Equity**
	RM'000	**RM'000**		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 31 December 2016	531,800	(434,710)	79,688	45,258	587,178	809,214	7,929	817,143
Issue of ordinary share	396,394	-	-	-	-	396,394	-	396,394
Foreign currency translation differences for foreign operations	-	-	(20,902)	-	-	(20,902)	83	(20,819)
Profit for the period	-	-	-	-	161,488	161,488	(1,286)	160,202
Total comprehensive income for the period	-	-	(20,902)	-	161,488	140,586	(1,203)	139,383
Dividend to owner of the company	-	-	-	-	(29,370)	(29,370)	-	(29,370)
Transfer to other reserve	-	-	-	12	(12)	-	-	-
At 30 June 2017	**928,194**	**(434,710)**	**58,786**	**45,270**	**719,284**	**1,316,824**	**6,726**	**1,323,550**

Note:

The new Companies Act 2016 ("New Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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

A1. Basis of Preparation

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

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial period ended 31 December 2016.

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 period ended 31 December 2016 except for the newly-issued Malaysian Financial Reporting Standard ("MFRS") and amendments to standards to be applied by all Entities Other Than Private Entities for the financial period beginning on or after 1 January 2017:-

- Amendments to MFRS 107: Disclosure Initiative
- Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to MFRS 12: Disclosure of Interest in Other Entities

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

MFRS/ Amendment/ Interpretation	Effective date
MFRS 9, *Financial Instruments (2014)*	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 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions	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
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

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

A2. Changes in accounting policies (Cont'd)

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

(i) MFRS 15, *Revenue from Contract 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 that may arise from the adoption of MFRS 15.

(ii) MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurements of financial assets. Upon adoption of MFRS 9, financial assets 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 that may arise from the adoption of 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)

(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 period ended 31 December 2016.

A4. Seasonality and cyclicality 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.

A7. Debt and equity securities

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

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

A8. Significant and subsequent events

(a) Significant event

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.

(b) Significant events during the year

i) On 8 February 2017, the Company was listed on Bursa Malaysia's main market. The listing exercise involved the issuance of 271.4 million shares in addition to an offer for sale by the existing shareholder of 118.0 million shares of the total enlarged capital of the company for a retail price of RM1.50 per share.

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

Mode of settlement		Timing	RM
(a)	A cash payment representing approximately 5.9% of the Purchase Consideration	Upon the execution of the SPA	2,000,000
(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
(c)	Balance of the remaining Purchase Consideration	On Completion Date	30,600,000

The acquired 400,000 ordinary shares represent 40% of the total issued share capital of Konsortium Amanie Joint Venture.

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.

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

A10. Contingent assets and liabilities

There were no material changes in contingent liabilities or contingent asserts arising since the last audited financial statements for the financial period ended 31 December 2016.

A11. Capital commitments

Capital commitments of the Group in respect of property, plant and equipment as of 30th June 2017 are as follows: -

	RM'000
Land	
Approved and contracted for	9,781

A12. Taxation

Taxation comprises the following:

	Individual Quarter		Cumulative Period	
	Quarter Ended 30/6/2017	Quarter Ended 25/05/16 - 30/06/16 (1)	Period Ended 30/6/2017	Period Ended 25/05/16 - 30/06/16 (1)
	RM'000	RM'000	RM'000	RM'000
Current Taxation:				
Malaysian Taxation	4,850	69	8,764	69
Foreign Taxation	1,646	188	1,662	188
Total Current Taxation	**6,496**	**257**	**10,426**	**257**
Deferred Taxation	(1,059)	1,135	(1,104)	1,135
Total Taxation	**5,437**	**1,392**	**9,322**	**1,392**

Note:

(1) Comparative figures for the preceding year are presented from the date the company commenced operations on 25/05/2016 after its acquisition which is detailed in note A8.

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.

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

B1. 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.

B2. Review of Performance

i) Current quarter vs Corresponding quarter of the preceding year

	Revenue		**Operating profit**	
	Quarter Ended		**Quarter Ended**	
	30/6/2017	**25/05/16 - 30/06/16 (1)**	**30/6/2017**	**25/05/16 - 30/06/16 (1)**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Business Segments:				
O&M	538,475	135,943	95,826	26,875
EPCC	110,276	15,640	20,091	757
Others	953	370	220	120
Group Revenue/Operating Profit	**649,704**	**151,953**	**116,137**	**27,752**
Corporate Expenses and Elimination			(27,823)	(12,682)
Profit Before Tax			**88,314**	**15,070**

Note:

(1) The preceding year figures are presented from the date the company assumed the role as holding company of the group on 25/05/2016 after the acquisition which is detailed in note A8.

For the quarter ended 30 June 2017 ("**Q2FY17**"), the Group recorded revenue of RM649.7 million which was 327.6% higher than corresponding quarter of the preceding year ("**Q2FY16**"). The operating profit for the quarter stood at RM116.1 million or 17.9% of total revenue. The Group also recorded profit before taxation of RM88.3 million, 486.0% higher as compared to profit before taxation of RM15.1 million in Q2FY16.

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

B2. Review of Performance (Cont'd)

i) Current quarter vs Corresponding quarter of the preceding year (Cont'd)

O&M remained the major contributor of revenue with a total contribution of 82.9% of the total revenue or RM538.5 million. The biggest country contributors for this revenue were Malaysia followed by Qatar and Bahrain, which generated 23.5%, 22.5%, and 17.1% of the revenue for the segment respectively. The segment recorded Operating profit of RM95.8 million or representing gross margin of 17.8%.

EPCC revenue for the quarter is RM110.3 million and contributed 17.0% of the total revenue which was mainly derived from operations in United Arab Emirates ("**UAE**") through contracts with New Thunder Technical Services as well as from One Power River Sdn. Bhd. for the construction of mini-hydro power plant in Kota Marudu, Sabah and Konsortium Amanie JV Sdn Bhd for the construction of water treatment plant in Terengganu. The segment recorded Operating profit of RM20.1 million or representing gross margin of 18.2%.

Other product and services recorded revenue of RM0.95 million or contributed to 0.1% of the total revenue. This was mainly derived from the provision of IT related services and technical training through approved training programs.

ii) Current quarter vs immediate preceding quarter

	Revenue		**Operating profit**	
	Period Ended		**Period Ended**	
	30/6/2017	**31/3/2017**	**30/6/2017**	**31/3/2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Business Segments:				
O&M	538,475	554,952	95,826	98,004
EPCC	110,276	56,472	20,091	9,319
Others	953	998	220	210
Group revenue/operating profit	**649,704**	**612,422**	**116,137**	**107,533**
Corporate Expenses and Elimination			(27,823)	(26,323)
Profit before tax			**88,314**	**81,210**

For quarter ended 30 June 2017, the Group recorded revenue of RM649.7 million which was 6.1% higher than immediate preceding quarter ("**Q1FY17**") mainly due to higher revenue from EPCC segment with two projects from Malaysia and one from UAE. Both O&M and other products and services revenue are relatively stable.

The operating profit for the quarter stood at RM116.1 million higher 8% than Q1FY17. The improvement in operating profit also due to better operating margin from EPCC segment. The Group also recorded profit before taxation of RM88.3 million, 8.7% higher than Q1FY17.

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

B2. Review of Performance (Cont'd)

iii) Current period vs Corresponding period of the preceding year

	Revenue		Operating profit	
	Period Ended		Period Ended	
	30/6/2017	25/05/16 - 30/06/16 (1)	30/6/2017	25/05/16 - 30/06/16 (1)
	RM'000	RM'000	RM'000	RM'000
Business Segments:				
O&M	1,093,428	135,943	193,831	26,875
EPCC	166,748	15,640	29,409	757
Others	1,951	370	430	120
Group revenue/operating profit	**1,262,127**	**151,953**	**223,670**	**27,752**
Corporate Expenses and Elimination			(54,146)	(12,682)
Profit before tax			**169,524**	**15,070**

The group cumulative revenue recorded a total of RM1,262 million with operating profit at RM223.7 million or 17.7% of total revenue. This is contributed by a strong operating profit from O&M segment which derive majority of the revenue from international market. The group cumulative profit before tax of RM169.5 million, higher RM154.5 million against corresponding period of the preceding year.

Segmental Revenue by countries

	Individual Quarter		Cumulative Quarter	
	30/6/2017	25/05/16 - 30/06/16 (1)	30/6/2017	25/05/16 - 30/06/16 (1)
	RM'000	RM'000	RM'000	RM'000
Business Segments:				
Malaysia	157,504	55,816	351,307	55,816
Turkmenistan	52,432	12,025	52,432	12,025
Qatar	116,159	29,113	245,821	29,113
Kuwait	16,372	4,446	34,743	4,446
UAE	47,044	14,551	79,378	14,551
Kingdom of Saudi Arabia	80,713	19,482	174,654	19,482
Indonesia	41,379	15,850	60,201	15,850
Oman	44,410	-	74,995	-
Bahrain	92,532	467	187,021	467
United Kingdom	1,159	203	1,575	203
Total	**649,704**	**151,953**	**1,262,127**	**151,953**

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

B2. Review of Performance (Cont'd)

Segmental Revenue by countries (Cont'd)

Malaysia remain the main contributor to the Group revenue with 24.2% mainly from both O&M services and EPCC contract of mini hydro power plants in Kota Marudu, Sabah and water treatment plant in Kuala Terengganu. Another country in Southeast Asia is Indonesia which contributed RM41.4 million or 6.4% of total revenue for the group.

Middle east region contributed 61.1% of the overall revenue for the quarter with strong activity from Qatar with RM116.2 million of revenue despite recent Qatar-gulf crisis. Bahrain and Saudi Arabia also major contributor with revenue totalling to RM92.5 million and RM80.7 million respectively of the total revenue for the quarter. Majority of the revenue from middle east region are from O&M services.

Turkmenistan contributed 8.1% of revenue or RM52.4 million mainly through our O&M contract with Petronas Carigali Turkmenistan Sdn Bhd and Taze Hill Economic Society. Europe contribute to RM1.2 million of revenue from our two subsidiaries in United Kingdom namely Quantum Offshore Limited and Serba Dinamik International Limited.

B3. (a) Commentary on prospects

The Malaysian economy has recorded a growth of 4.2% for 2016. This growth was driven by the manufacturing and services sectors on the supply sides and domestic consumption on the demand side. Malaysia recorded higher GDP growth in 1Q2017 at 5.6% mainly driven by higher private sector activity and further lifted by higher exports due to increase demand for manufactures products. This positive growth helps the Group in realising service contracts in hand and further open up new prospects therein.

Growth rate for the Middle East and North Africa regions has slowed to 2.7% in 2016 due to the political issues, fiscal consolidation and oil production constraints. However, this growth is expected to recover to a 3.1% pace in 2017, with oil importers registering the strongest gains. The Group's positioning in these regions are mainly in O&M scope and is not highly affected by this slowdown.

On the Oil and Gas front, the Brent Crude price declined from USD56.82/bbl on 31st December 2016 to USD47.08/bbl by 30th June 2017 on concerns about rising global supply as North American shale supply remain strong. However, oil price is expected to remain between $45-$55 with the continued support from OPEC with their initiative to cut production and improvement on global demand. Historically the O&M segment will not be affected by the oil price movement.

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

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

For the power generation industry, the total power generating capacity is expected to grow in the Middle East and Asia Pacific at a CAGR of 2.0% and 2.5% respectively between 2016 to 2020. The Middle East region is expected to invest more than $300 billion to develop their power sector by 2020. This is driven by the increase in electricity demand due to population growth and urbanisation, rising income levels, industrialisation etc. In Malaysia, a total of 19 power projects with a combined installed capacity of 9,912 MW is planned to be developed from 2015 to 2025. For 2017, the electricity sales is projected to grow between 1.0% to 2.0% driven by demand from commercial and domestics sectors. The growth will contribute positively to the Group as this sector is a priority in order to reduce the dependency on oil and gas sector.

In order to ensure the company's continued sustainability, the Group plans to leverage on its core competencies of operating within both the Oil & Gas and power generation industries as well as expanding into water treatment and utilities. The O&M business segment is expected to remain as the major contributor of the Group's revenue while the EPCC segment will experience increased growth for 2017.

Overall, the management is optimistic about the future prospects including our business presence in Qatar which will lead the company to successfully meet its targets for the year. The management is also of the view that the Group will continue to generate positive result for 2017.

Sources:

- *BNM Quarterly Bulletin, Bank Negara Malaysia;*
- *Global Economic Prospects: Weak Investment in Uncertain Times, The World Bank;*
- *Peninsular Malaysia Electricity Supply Outlook 2017, Suruhanjaya Tenaga Malaysia*
- *OPEC Monthly Oil Market Report, OPEC;*
- *Bloomberg and Reuters*

(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.

(The rest of the page is left intentionally blank)

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

B4. Status of corporate proposals announced

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

(i) Utilisation of Proceeds from 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	RM '000	%	Actual Utilisation RM '000	% Utilised
Expansion of business and operational facilities	Within 12 to 36 months	300,000	73.7	54,382	18.1
Working capital	Within 36 months	29,300	7.2	20,000	68.3
Repayment of bank borrowings/financing	Within 12 months	60,000	14.7	60,000	100.0
Estimated listing expenses	Within 6 months	17,800	4.4	17,800	100.0
Total gross proceeds		**407,100**	**100.0**	**152,182**	**37.4**

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

(ii) Certificate of Completion and Compliance ("CCC")

As disclosed in the Prospectus dated 30 December 2016, for properties where application of CCC is required to be made within 12 months from the date of the Listing, 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 Group 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	Application submitted and awaiting approval from the authorities
3.	Service centre on Lot No. 3B (1R1/05), Rancha-rancha Light Industrial Estate, off Jalan Rancha-rancha, Federal Territory of Labuan	Application submitted and awaiting approval from the authorities
4.	Service centre on Lot 9, Jalan Arsat, MPL Light Industrial Estate, Federal Territory of Labuan	CCC obtained

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

(ii) Certificate of Completion and Compliance ("CCC") (Cont'd)

For Lot 5845, Block 5 Kuala Baram Land District, Kuala Baram/ Lutong Road, Miri, Sarawak, the Group has submitted 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. Financing/ Borrowings

The Group's financing/ borrowings as at 30 June 2017 are as follows:

In RM'000	As at 30th June 2017					
	Long term		Short term		Total borrowings	
	Foreign Currency	RM Currency	Foreign Currency	RM Currency	Foreign Currency	RM Currency
Secured	1,003	31,656	355,004	143,480	356,007	175,136
Unsecured	-	-	-	-	-	-
	As at 31st December 2016					
	Long term		Short term		Total borrowings	
	Foreign Currency	RM Currency	Foreign Currency	RM Currency	Foreign Currency	RM Currency
Secured	1,213	15,015	371,254	252,178	372,467	267,193
Unsecured	-	-	-	-	-	-

Financing/ Borrowings denominated in foreign currency are as follows:

Currency	30/6/2017 RM'000	31/12/2016 RM'000
USD	345,330	370,538
IDR	10,677	1,929

Currently, the Group does not have any hedging policy for financing / borrowings denominated in foreign currency due to the financing / borrowings is used to finance the Group international business which is also denominated in foreign currency. Also, most of our financing / borrowings are short term in nature. The Group monitors the foreign currency movement and will take necessary steps to minimise the risk whenever deemed appropriate.

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 the Directors have no knowledge of any proceeding pending or threatened or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial or business position of the Group.

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

B7. Dividend

The Board of Directors has declared a first interim single-tier tax-exempt dividend of 1.50 sen per ordinary share in respect of the financial year ending 31 December 2017, to be paid on 20 September 2017. The entitlement date for the dividend payment is 30 August 2017.

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

(i) Shares transferred to the depositor's securities account before 4.00pm on 30 August 2017 in respect of transfers; and

(ii) Shares bought on Bursa Malaysia Securities Berhad cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

The total dividends for the six months ended 30 June 2017 is 3.70 sen per ordinary share

B8. Earnings per ordinary share

Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per share at 30 June 2017 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary share outstanding, calculated as follows:

	Individual Quarter		Cumulative Quarter	
	30/6/2017	25/05/16 - 30/06/16 (1)	30/6/2017	25/05/16 - 30/06/16 (1)
	RM'000	RM'000	RM'000	RM'000
Profitable attributable to ordinary shareholders	83,159	13,633	161,488	13,633
Weighted average number of ordinary shares	1,335,000	1,063,600	1,276,197	1,063,600
Basic and diluted earnings per ordinary share (sen)	**6.23**	**1.28**	**12.65**	**1.28**

B9. Profit for the period

This is arrived after (charging)/crediting

	Individual quarter ended	Cumulative period
	30/6/17	30/6/17
	RM'000	RM'000
Finance income	954	1,056
Finance expense	(7,918)	(16,336)
Depreciation and amortization	(17,282)	(32,938)

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

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:

	30/6/17 RM'000	**31/12/16 RM'000**
Total retained earnings of the Company and its subsidiaries:		
- Realised	738,074	641,751
- Unrealised	(12,548)	(14,629)
Less: Consolidated adjustments	(6,242)	(39,944)
Retained earnings as per financial statements	**719,284**	**587,178**

By order of the Board

Shah Alam, Selangor Darul Ehsan

11th Aug 2017