



SERBA DINAMIK HOLDINGS BERHAD

(COMPANY NO: 1167905-P)
INCORPORATED IN MALAYSIA

**QUARTERLY REPORT ON THE
CONSOLIDATED RESULTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED
31st March 2019**

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

1. **Condensed Consolidated Statement of Profit or Loss and Comprehensive Income for the Quarter and Year-To-Date ended 31st March 2019**

a. Consolidated Profit or loss and Comprehensive Income

	Individual quarter		Changes %	Cumulative quarter		Changes %
	Quarter ended 31/03/19	Quarter ended 31/03/18		Period ended 31/03/19	Period ended 31/03/18	
	RM'000	RM'000		RM'000	RM'000	
Revenue	984,387	730,825	34.7%	984,387	730,825	34.7%
Cost of sales/services	(806,011)	(600,632)		(806,011)	(600,632)	
Gross profit	178,376	130,193	37.0%	178,376	130,193	37.0%
Other operating income	2,529	334		2,529	334	
Administrative & other operating expenses	(35,332)	(27,669)		(35,332)	(27,669)	
Results from operating activities	145,573	102,858	41.5%	145,573	102,858	41.5%
Finance income	1,592	1,261		1,592	1,261	
Finance costs	(25,975)	(8,461)		(25,975)	(8,461)	
Net finance costs	(24,383)	(7,200)	238.6%	(24,383)	(7,200)	238.6%
Share of results of equity accounted associates	3,295	860		3,295	860	
Profit before tax	124,485	96,518	29.0%	124,485	96,518	29.0%
Tax expense	(12,106)	(3,784)		(12,106)	(3,784)	
Profit for the period	112,379	92,734	21.2%	112,379	92,734	21.2%
Items that may be reclassified subsequently to profit and loss:						
Foreign currency translation differences for foreign operations	(8,907)	(36,826)		(8,907)	(36,826)	
Share of other comprehensive income of equity accounted associates	(3,168)	-		(3,168)	-	
Total comprehensive income for the period	100,304	55,908	79.4%	100,304	55,908	79.4%
Profit/(loss) for the period attributable to:						
Owners of the company	112,151	92,648		112,151	92,648	
Non-controlling interest	228	86		228	86	
Total profit for the period	112,379	92,734	21.2%	112,379	92,734	21.2%
Total comprehensive income/(loss) for the period attributable to:						
Owners of the company	100,094	56,137		100,094	56,137	
Non-controlling interest	210	(229)		210	(229)	
Total profit for the period	100,304	55,908	79.4%	100,304	55,908	79.4%

b. Earnings per share

	Individual quarter		Cumulative quarter	
	Quarter ended 31/03/19	Quarter ended 31/03/18	Period ended 31/03/19	Period ended 31/03/18
Basic/Diluted (sen)	7.64	6.51	7.64	6.51

2. Condensed Consolidated Statement of Financial Position as at 31st March 2019

	Unaudited	Audited
	At	At
	31/03/19	31/12/18
	RM'000	RM'000
Assets		
Property, plant and equipment	1,358,769	1,273,090
Investment in associates	306,079	305,911
Other investments	503	503
Intangible assets	5,876	6,404
Deferred tax assets	280	501
Total non-current assets	1,671,507	1,586,409
Inventories	834,765	848,250
Contract assets	94,819	61,177
Trade and other receivables	1,097,246	957,277
Deposit and prepayments	92,066	67,265
Current tax assets	3,706	3,634
Other investments	49,193	69,952
Cash and cash equivalents	518,769	760,791
	2,690,564	2,768,346
Asset classified as held for sale	16,000	16,000
Total current assets	2,706,564	2,784,346
Total assets	4,378,071	4,370,755
Equity		
Share capital	1,344,347	1,344,347
Merger Reserve	(434,709)	(434,709)
Foreign Currency Translation Reserve	11,102	23,159
Other reserves	45,269	45,269
Retained earnings	1,188,485	1,110,109
Total equity attributable to owners of the company	2,154,494	2,088,175
Non-controlling interest	4,300	4,090
Total equity	2,158,794	2,092,265
Liabilities		
Trade and other payables	40,123	55,183
Deferred tax liabilities	30,963	30,707
Loans and borrowings	921,841	1,107,505
Employee benefits	641	643
Total non-current liabilities	993,568	1,194,038
Trade and other payables	406,800	426,509
Contract liabilities	18,559	18,559
Loan and borrowings	775,495	603,951
Current tax payable	24,855	35,433
Total current liabilities	1,225,709	1,084,452
Total liabilities	2,219,277	2,278,490
Total equity and liabilities	4,378,071	4,370,755
Net assets per share (RM)	1.47	1.42

3. **Condensed Consolidated Statement of Cash Flows for the Year-to-date ended 31st March 2019**

	Unaudited	Unaudited
	31/03/19	31/03/18
	RM'000	RM'000
Cash flow from operating activities		
Profit before tax	124,485	96,518
Adjustment for :		
Depreciation of property, plant and equipment	29,789	18,472
Amortisation of intangible assets	528	-
Unrealised foreign exchange loss/(gain)	11,918	1,501
Share of (profit)/loss in associate	(3,295)	(860)
Finance income	(1,592)	(1,261)
Finance costs	25,975	8,461
Post-employment benefits	(2)	(9)
Share of other comprehensive income of associates	3,168	-
Operating profit before changes in working capital	190,974	122,822
Changes in working capital:		
Inventories	11,660	(46,598)
Trade and other receivables	(119,000)	18,792
Trade and other payables	24,641	(80,359)
Contract assets	(33,642)	-
Cash generated from operations	74,633	14,657
Interest paid	(268)	(91)
Tax paid	(12,216)	(3,050)
Net cash from operating activities	62,149	11,516
Cash flow from investing activities:		
Acquisition of property, plant and equipment	(178,687)	(55,011)
Acquisition of subsidiaries	(342)	(4,004)
Interest received	1,592	1,261
Changes in term deposits pledged to banks	83,823	(1,003)
(Increase)/Decrease in other investments	(39,153)	2,197
Acquisition of intangible assets	-	(578)
Acquisition of associates	-	(19,286)
Net cash used in investing activities	(132,767)	(76,424)
Cash flow from financing activities		
Interest paid	(35,975)	(8,438)
Proceeds from issuance of ordinary shares	-	420,128
Net (repayment)/proceeds from loans and borrowings	(12,096)	(65,315)
Dividend paid to the shareholders of the company	(33,775)	(23,496)
Net cash (used in)/from financing activities	(81,846)	322,879
Net (decrease)/increase in cash and cash equivalents	(152,464)	257,971
Effect of exchange rate fluctuation on cash held	-	(1)
Cash and cash equivalents at beginning of year	631,514	158,469
Cash and cash equivalents at end of year	479,050	416,439
Term deposits placed with licensed banks	250,080	149,596
Cash and bank balances	268,688	405,946
	518,768	555,542
Less: Bank overdrafts	(8,903)	(7,092)
Less: Deposits pledged	(30,815)	(132,011)
	479,050	416,439

4. **Condensed Consolidated Statement of Changes in Equity for the Year-to-date ended 31st March 2019**

	Attributable to owners of the company						Non-controlling interest	Total equity
	Non distributable			Distributable				
	Share capital	Merger reserve	Foreign currency translation reserve	Other reserve	Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 st December 2017	928,194	(434,709)	19,265	45,269	825,833	1,383,852	3,877	1,387,729
Issue of ordinary share	427,200	-	-	-	-	427,200	-	427,200
Share issue expenses	(11,047)	-	-	-	-	(11,047)	-	(11,047)
Foreign currency translation differences for foreign operations	-	-	447	-	-	447	(189)	258
Share of other comprehensive income of an associate	-	-	3,447	-	-	3,447	-	3,447
Profit for the year	-	-	-	-	391,477	391,477	1,365	392,842
Total comprehensive income for the year	-	-	3,894	-	391,477	395,371	1,176	396,547
Dividend to owners of the company	-	-	-	-	(107,201)	(107,201)	-	(107,201)
Disposal of a subsidiary	-	-	-	-	-	-	(963)	(963)
At 31st December 2018	1,344,347	(434,709)	23,159	45,269	1,110,109	2,088,175	4,090	2,092,265
Foreign currency translation differences for foreign operations	-	-	(8,889)	-	-	(8,889)	(18)	(8,907)
Share of other comprehensive income of an associate	-	-	(3,168)	-	-	(3,168)	-	(3,168)
Profit for the period	-	-	-	-	112,151	112,151	228	112,379
Total comprehensive income for the period	-	-	(12,057)	-	112,151	100,094	210	100,304
Dividend to owners of the company	-	-	-	-	(33,775)	(33,775)	-	(33,775)
At 31st March 2019	1,344,347	(434,709)	11,102	45,269	1,188,485	2,154,494	4,300	2,158,794

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 year ended 31 December 2018.

A2. Changes in accounting policies

The accounting policies adopted by the Group in this interim financial statement are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2018 except for the newly-issued Malaysian Financial Reporting Standard ("MFRS") and amendments to standards to be applied by all Entities Other Than Private Entities for the financial period beginning on or after 1 January 2019: -

- MFRS 16, *Leases*
- Amendments to MFRS 3, *Business Combinations*
- Amendments to MFRS 9, *Financial Instruments*
- Amendments to MFRS 11, *Joint Arrangements*
- Amendments to MFRS 112, *Income Taxes*
- Amendments to MFRS 119, *Employee Benefits*
- Amendments to MFRS 123, *Borrowing Costs*
- Amendments to MFRS 128, *Investments in Associates*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*

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
Amendments to MFRS 3, <i>Business Combinations (Annual Improvements to MFRS Standards 2015-2018 Cycle)</i>	1 January 2020
Amendments to MFRS 101, <i>Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material</i>	1 January 2020
MFRS 17, <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10, <i>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</i>	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 2020 for the accounting standard that is effective for annual periods beginning on or after 1 January 2020. The Group does not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group.

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

(a) Basis of measurement

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

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

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



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

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 2018.

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.

A7. Debt and equity securities

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

A8. Significant events during the financial year and subsequent events

- i) On 15 March 2019, the Group via SDSB, a wholly owned subsidiary of the Company has subscribed 1,000,000 ordinary shares representing 100% shareholding in SG Rek Sdn Bhd ("SGR") for a total cash consideration of approximately RM8,000,000.
- ii) On 5 April 2019, the Group via SDIT, a wholly owned subsidiary of the Company has subscribed 250,000 ordinary shares representing 100% shareholdings in SDIT International Ltd ("SDITIL") for a cash consideration of USD250,000.
- iii) On 9 May 2019, the Group has issued and finalized a Sukuk Wakalah programme, and raised approximately USD300 million for the purpose of general working capital and refinancing of existing debts with tenure of 3 years, payable semi-annually, and with maturity on 2022 respectively.

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 disclosed as above and in Note A8.

A10. Contingent assets and liabilities

There were no material changes in contingent liabilities or contingent assets arising since the last audited financial statements for the financial year ended 31 December 2018.

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

A11. Capital commitments

Capital commitments of the Group in respect of property, plant and equipment as of 31st March 2019 are as follows: -

	RM'000
Land and Building	
Approved and contracted for	574,353

A12. Taxation

Taxation comprises the following:

	Individual quarter		Cumulative quarter	
	Quarter ended 31/03/19	Quarter ended 31/03/18	Period ended 31/03/19	Period ended 31/03/18
	RM'000	RM'000	RM'000	RM'000
Current Taxation:				
Malaysian Taxation	11,544	4,000	11,544	4,000
Foreign Taxation	405	20	405	20
Total Current Taxation	11,949	4,020	11,949	4,020
Deferred Taxation	157	(236)	157	(236)
Total Taxation	12,106	3,784	12,106	3,784

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

Based on recent Malaysian 2019 budget, the government has gazetted abolishment of election to pay tax of RM20,000 per annum effective 1 January 2019. The rate of tax imposed on Labuan business activities is 3% of net profits.

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

B1. Segment Information

The Group has 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 ("MRO"), inspection, repair and maintenance of static equipment and structure ("IRM"), maintenance of process control and instrumentation and other related services.
- EPCC - Engineering, procurement, construction and commissioning 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		Variance	
	Quarter ended		Quarter ended		Revenue	Operating Profit
	31/03/19	31/03/18	31/03/19	31/03/18		
	RM'000	RM'000	RM'000	RM'000	%	%
Business Segments:						
O&M	858,731	634,478	157,809	114,483	35.3	37.8
EPCC	111,226	94,364	17,248	15,225	17.9	13.3
Others	14,430	1,983	3,319	485	627.6	584.3
Group Revenue/ Operating Profit	984,387	730,825	178,376	130,193	34.7	37.0
Corporate Expenses and Elimination			(53,891)	(33,675)		60.0
Profit Before Tax			124,485	96,518		29.0

For the quarter ended 31 March 2019 ("Q1FY19"), the Group recorded revenue of RM984.4 million which was 34.7% higher than corresponding quarter of the preceding year ("Q1FY18") due to strong activities from O&M. The operating profit for the quarter stood at RM178.4 million or 18.1% of total revenue. The Group also recorded profit before taxation of RM124.5 million, 29.0% higher as compared to profit before taxation of RM96.5 million in Q1FY18.

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 contribute 87.2% of revenue in Q1FY19 with an increase of RM224.3 million or 35.3% against Q1FY18. The increase was due to higher activities from our MRO activity in Malaysia, Indonesia and middle east region such as Qatar, UAE & Bahrain while IRM activity showed some slight decline against Q1FY18. The segment recorded an improved operating profit of RM157.8 million which represents a gross margin of 18.4%.

EPCC revenue recorded a total of RM111.2 million, increased by RM16.9 million against Q1FY18 and contributed 11.3% of the total revenue of the Group. Additional revenue was derive from our hydro-power plants in Laos which mark the first contribution from the country. The segment recorded an operating profit of RM17.2 million yielding a gross margin of 15.5%.

Other product and services recorded revenue of RM14.4 million or 1.5% of the total revenue. This was mainly derived from the provision of IT related services which relating to customize solutions involving software developments in country such as Qatar & India.

ii) Current quarter vs immediate preceding quarter

	Revenue		Operating profit		Variance	
	Quarter ended		Quarter ended		Revenue	Operatin g Profit
	31/03/19	31/12/18	31/03/19	31/12/18		
	RM'000	RM'000	RM'000	RM'000	%	%
Business Segments:						
O&M	858,731	873,321	157,809	163,280	(1.7)	(3.4)
EPCC	111,226	103,750	17,248	16,803	7.2	2.6
Others	14,430	927	3,319	199	1,456.4	1,567.8
Group revenue/ operating profit	984,387	977,998	178,376	180,282	0.7	(1.1)
Corporate Expenses and Elimination			(53,891)	(45,452)		18.6
Profit before tax			124,485	134,830		(7.7)

For quarter ended 31 March 2019, the Group recorded a slight increase of revenue of 0.7% from immediate preceding quarter ("Q4FY18") mainly due to increase revenue from other product and services and also EPCC revenue with additional activity from our hydro-power plants project in Laos. Overall Operating profit stood at RM178.4 million, a difference of RM1.9 million or 1.1% lower against Q4FY18.

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

B2. Review of Performance (Cont'd)

ii) Current quarter vs immediate preceding quarter (Cont'd)

O&M revenue lowered by RM14.6 million or 1.7% lower than Q4FY18 as some countries showed a significant decreased in activity, namely Turkmenistan, Bahrain & Qatar. The decline in O&M revenue was partially offsetted by an increase in revenue from countries such as UAE, Indonesia and Malaysia. Operating profit decreased in line with revenue and GP margin reduced by 0.3%.

EPCC revenue recorded an increase of RM7.5 million or 7.2% higher against Q4FY18 which is mainly derived from our contract with New Thunder Technical Services in UAE and Nam Taep 123 Hydropower Company Limited in Laos. Operating profit also recorded an increase from RM16.8 million in Q4FY18 to RM17.2 million in Q1FY19 resulting in 15.5% of gross profit margin.

Other product and services recorded an improved in revenue and higher in operating profit mainly due to better margin from our IT related services.

iii) Current period vs Corresponding period of the preceding year

	Revenue		Operating profit		Variance	
	Period ended		Period ended		Revenue	Operating Profit
	31/03/19	31/03/18	31/03/19	31/03/18		
	RM'000	RM'000	RM'000	RM'000	%	%
Business Segments:						
O&M	858,731	634,478	157,809	114,483	35.3	37.8
EPCC	111,226	94,364	17,248	15,225	17.9	13.3
Others	14,430	1,983	3,319	485	627.6	584.3
Group revenue/ operating profit	984,387	730,825	178,376	130,193	34.7	37.0
Corporate Expenses and Elimination			(53,891)	(33,675)		60.0
Profit before tax			124,485	96,518		29.0

The group's year to date ("YTD") revenue recorded a total of RM984.4 million with operating profit at RM178.4 million or 18.1% of total revenue. This is an improvement against the same period last year with 34.7% and 37.0% for revenue and operating profit respectively. O&M have shown a revenue increase of 35.3% mainly from Malaysia, middle east region as well as from Indonesia. O&M operating profit also showed an increase of 37.0% against the corresponding period of the preceding year.

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

B2. Review of Performance (Cont'd)

iii) Current period vs Corresponding period of the preceding year (Cont'd)

EPCC and other product & services also showed a revenue increase of RM16.9 million and RM12.4 or 17.9% and 627.6% respectively. The operating profit for both business segments also improved by RM2.0 million and RM2.8 or 13.3% and 584.3% increase against the corresponding period of the preceding year.

Despite the increase in the corporate expense and elimination year on year, the group's cumulative profit before tax improved to RM124.5 million, RM28.0 million higher than the corresponding period of the preceding year.

iv) Segmental Revenue by countries

	Individual quarter		Cumulative quarter	
	31/03/19	31/03/18	31/03/19	31/03/18
	RM'000	RM'000	RM'000	RM'000
Malaysia	306,885	200,705	306,885	200,705
Indonesia	45,677	4,106	45,677	4,106
Laos	7,735	-	7,735	-
South East Asia	360,297	204,811	360,297	204,811
Turkmenistan	37,687	44,218	37,687	44,218
India	3,272	-	3,272	-
Central Asia	40,959	44,218	40,959	44,218
Bahrain	83,410	51,949	83,410	51,949
UAE	216,325	163,992	216,325	163,992
Qatar	227,355	157,279	227,355	157,279
Oman	-	17,713	-	17,713
Kingdom of Saudi Arabia	54,244	77,850	54,244	77,850
Kuwait	-	12,497	-	12,497
Middle East	581,334	481,280	581,334	481,280
Tanzania	1,521	-	1,521	-
United Kingdom	276	516	276	516
Total	984,387	730,825	984,387	730,825

On geographical segmentation, Malaysia remained as the biggest revenue contributor by country, recording a total of RM306.9 million for Q1FY19 or 31.2% of total revenue recording an improvement against Q1FY18. The improvement in revenue is mainly contributed by higher call out works for O&M and EPCC activity.



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

B2. Review of Performance (Cont'd)

iv) Segmental Revenue by countries (Cont'd)

The middle east region continued to be the highest revenue contributor for the group at regional level. Middle east contributed 59.1% of the overall revenue for the quarter or RM581.3 million, an increase of RM100.1 million against Q1FY18. The increase was mainly contributed by higher call out activity in Qatar and UAE. However slower activity in Kingdom of Saudi Arabia, Oman and Kuwait resulted in lower revenue as compared to their middle east counter parts.

Our central asia region contributed RM41.0 million or 4.2% of total revenue for the Group, with the revenue recognised from Turkmenistan amounting to RM37.7 million during the quarter while India contributed the balance. Indonesia contributed 4.6% of total revenue for the quarter or RM45.7 million and europe contributed RM0.3 million of revenue.

South east asia region through Laos contributed first revenue of RM7.7 million to the Group or 0.8% of current quarter which derived from our EPCC contract for the development of 30MW hydropower plants in Huoaphan Province, Laos.

B3. (a) Commentary on prospects

Malaysia GDP recorded a higher growth of 4.7% for 4Q2018 (3Q2018: 4.4%) supported by continued expansion in domestic demand and a positive growth in net exports. Private sector expenditure remained the main driver of demand, while a rebound in real exports of goods and services contributed towards the positive growth of net exports. The global economy expansion continued, albeit at a more moderate pace in the 4Q2018. With the exception of the US, major advanced and emerging market economies recorded more moderate growth.

IMF in their recent report projected global growth is set to moderate in the near term, then pick up modestly. Global growth is now projected at 3.3% in 2019 and 3.6% in 2020, a decrease of 0.4% and 0.1% for both 2019 and 2020. The current forecast envisages that global growth will level off in the first half of 2019 and firm up after that. The projected pickup in the second half of 2019 is predicated on an ongoing build-up of policy stimulus in China, recent improvements in global financial market sentiment, the waning of some temporary drags on growth in the euro area, and a gradual stabilization of conditions in stressed emerging market economies, including Argentina and Turkey.

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

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

On the Oil and Gas front, oil prices have slightly increased month on month with the Brent Crude price being traded at USD64.43/bbl in March 2019. Oil prices were supported by increasing confidence that the oil market will balance later this year, the better performance of equity markets and growing optimism regarding the possibility of a US-China deal on trade matters. 2019 has a more positive outlook with expected increase in both upstream and downstream activities. PETRONAS' capital investment is set to be higher than 2018 with anticipated amount of approximately RM50 billion for 2019. This shows the confidence of the national oil company towards the industry and creates more opportunity for service providers to expand their business.

Middle East oil & gas industry has also shifted its focus from the upstream towards the downstream segments, as the region seeks to diversify by increasing exports of specialised refined petrochemicals products. Some notable plants are expected to come on stream such as the Jazan refinery in Saudi Arabia and expansion of Jebel Ali refinery in UAE which is expected to complete in 2019. This will create more opportunity for the Group to expand its business further in the region.

In terms of power industry, electricity generation and consumption has been on an increasing trend in Malaysia and is expected to continue growing in 2019. Laos also has seen significant growth in their power industry over the years and this will continue as it is set to become the "Battery of South East Asia" by 2020. The Company is actively pursuing for more opportunity in the power sector from both countries to boost its market share and strengthening its position as an engineering provider in the sector.

For 2019, the Company is expecting to strengthen its position in Middle East and South East Asia which have contributed to the company's earnings for the past years. More growth is expected to come from Central Asia as the Company plans to expand further by gaining more market share in the three countries i.e. Turkmenistan, Kazakhstan and Uzbekistan which the Company is currently operating in. We will also see more progress in Africa especially in Tanzania with our Chlor-alkali project. Our geographical expansion will help to cushion and offset any unforeseen geopolitical risks for the Company to maintain its business goals and continue driving profitability in the future.

Overall, the management is optimistic about the prospects of the Group and of the view that the Group will continue to generate positive results in the future.

Sources:

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



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

B3. (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) Utilisation of Proceeds from Initial Public Offering on 8 February 2017

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

<u>Details of utilisation of proceeds</u>	<u>Estimated timeframe for utilisation</u>	<u>RM '000</u>	<u>%</u>	<u>Actual Utilisation RM '000</u>	<u>% Utilised</u>
Expansion of business and operational facilities	Within 12 to 36 months	300,000	73.7	197,051	65.7
Working capital	Within 36 months	29,300	7.2	29,300	100.0
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	304,151	74.7

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

Post Listing, we have utilised a total of RM304.1 million of the IPO proceeds out of which RM197.1 million was used for expansion of our business as follows:-

- i. Approximately RM70.0 million was utilised for the establishment of the new MRO and IRM centre in Bintulu Sarawak.
- ii. Approximately RM20.0 million was utilised for the establishment of a new facility and upgrading of existing facility in Johor Malaysia.
- iii. Approximately RM15.0 million was utilised for upgrading our existing operational facilities in Malaysia and UAE.
- iv. Approximately RM30.0 million was utilised for acquiring our corporate office building in Selangor, Malaysia.
- v. Approximately RM62.1 million was utilised for investment and acquisition.

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

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

(ii) Utilisation of Proceeds from Private Placement on 30 January 2018

The gross proceeds from the Private Placement of RM427.20 million shall be utilised in the following manner:

<u>Details of utilisation of proceeds</u>	<u>Estimated timeframe for utilisation</u>	<u>RM '000</u>	<u>%</u>	<u>Actual Utilisation RM '000</u>	<u>% Utilised</u>
Partial Development of Pengerang eco Industrial Park ("PeIP")	Within 24 months	270,486	63.3	119,880	44.3
Partial Development of Pengerang International Commercial Centre ("PiCC")	Within 24 months	38,301	9.0	16,975	44.3
Working capital for the EPCC work in Tanzania	Within 24 months	111,113	26.0	28,847	26.0
Estimated private placement expenses	Immediately	7,300	1.7	7,300	100.0
Total gross proceeds		427,200	100.0	173,002	40.5

The utilisation of the proceeds as disclosed above should be read in conjunction with the Announcement made by the Company dated 9 January 2018.

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

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

No.	Details	Status
1.	Lot 973, Block 26 Kemena Land District, Kidurong Industrial Estate, Bintulu, Sarawak	CCC obtained
2.	Lot 5845, Block 5 Kuala Baram Land District, Kuala Baram/ Lutong Road, Miri, Sarawak	Application was submitted on 19 September 2017 and approval is expected to be obtained within 12 to 24 months from the date of application.
3.	Service centre on Lot No. 3B (1R1/05), Ranca-ranca Light Industrial Estate, off Jalan Ranca-ranca, Federal Territory of Labuan	Application was submitted on 20 December 2017 and approval is expected to be obtained within 12 to 24 months from the date of application.
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)

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

(iv) 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 on 19 September 2017. The Group has successfully obtained the approval from State Planning Authority on 16 January 2019.

B5. Other Operating Income

The Group's Other Operating income as at 31st March 2019 are as follows:

	Individual quarter		Cumulative quarter	
	31/03/19 RM'000	31/03/18 RM'000	31/03/19 RM'000	31/03/18 RM'000
Foreign Exchange gain	934	319	934	319
Rental Income	553	2	553	2
Others	1,042	12	1,042	12
Total	2,529	333	2,529	333

B6. Trade Receivables

The Group's Trade Receivables Ageing analysis as at 31st March 2019 are as follows:

In RM'000	31/03/19		31/12/18	
	Amount RM'000	%	Amount RM'000	%
Not past due	957,927	87.3	896,524	93.7
0 – 30 days past due	72,031	6.6	2,991	0.3
31 – 120 days past due	9,518	0.9	6,857	0.7
Past due more than 120 days	24,178	2.2	17,245	1.8
Total Trade Receivables	1,063,655	96.9	923,617	96.5
Other Receivables	33,591	3.1	33,660	3.5
Total Trade & Other Receivables	1,097,246	100.0	957,277	100.0

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

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

B7. Financing/ Borrowings

The Group's financing/ borrowings as at 31st March 2019 are as follows:

In RM'000	As at 31 st March 2019					
	Long term		Short term		Total borrowings	
	Foreign Currency	RM'000 Currency	Foreign Currency	RM'000 Currency	Foreign Currency	RM'000 Currency
Secured	4,847	127,452	652,764	112,731	657,611	240,183
Unsecured	-	789,542	-	10,000	-	799,542
In RM'000	As at 31 st December 2018					
	Long term		Short term		Total borrowings	
	Foreign Currency	RM'000 Currency	Foreign Currency	RM'000 Currency	Foreign Currency	RM'000 Currency
Secured	186,888	131,627	496,629	97,322	683,517	228,949
Unsecured	-	788,990	-	10,000	-	798,990

Financing/ Borrowings denominated in foreign currency are as follows:

Currency	31/03/19 RM'000	31/12/18 RM'000
USD	652,630	678,225
IDR	4,981	5,292

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.

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

B8. Significant related party transactions

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

Nature of transaction	Cumulative quarter	
	31/03/19 RM'000	31/03/18 RM'000
Contractor charges	-	1,580
Professional service charges	1,532	981
Revenue from operation and maintenance	(10)	(127)

(b) The following transactions were with associates

Nature of transaction	Cumulative quarter	
	31/03/19 RM'000	31/03/18 RM'000
Contract revenue	(9,297)	(27,935)

B9. Foreign Exchange Exposure/Hedging Policy

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

B10. Material Impairment of Assets

There is no material impairment of assets by the Group for the period ended 31st March 2019.

B11. Material litigation

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

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

B12. Dividend

The Board of Directors have declared a first interim single-tier tax-exempt dividend of 2.30 sen per ordinary share in respect of the financial year ending 31 March 2019, to be paid on 28 June 2019. The entitlement date for the dividend payment is 17 June 2019.

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 17 June 2019 in respect of transfers; and
- (ii) Shares bought on Bursa Malaysia Securities Berhad cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

The total dividends for the financial year ending 31 March 2019 is 2.30 sen per ordinary share.

B13. Earnings per ordinary share

Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per share at 31st March 2019 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary share outstanding, calculated as follows:

	Individual quarter		Cumulative quarter	
	31/03/19	31/03/18	31/03/19	31/03/18
	RM'000	RM'000	RM'000	RM'000
Profitable attributable to ordinary shareholders	112,151	92,648	112,151	92,648
Weighted average number of ordinary shares	1,468,500	1,424,000	1,468,500	1,424,000
Basic earnings per ordinary share (sen)	7.64	6.51	7.64	6.51

The Group has no potential dilutive ordinary shares in issue as at the end of the financial period and therefore, diluted earnings per share has not been presented.

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

B14. Profit for the period

This is arrived after (charging)/crediting

	Individual quarter ended	Cumulative quarter
	31/03/19	31/03/19
	RM'000	RM'000
Finance income	1,592	1,592
Finance expense	(25,975)	(25,975)
Depreciation and amortization	(29,789)	(29,789)

By order of the Board

Shah Alam, Selangor Darul Ehsan

29th May 2019