



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

**QUARTERLY REPORT ON THE
CONSOLIDATED RESULTS
FOR THE QUARTER AND YEAR ENDED
31st December 2020**

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

1. Consolidated Consolidated Statement of Profit or Loss and Comprehensive Income for the quarter and year ended 31st December 2020

a. Consolidated Profit or loss and Comprehensive Income

	Individual quarter		Changes %	Cumulative quarter		Changes %
	Quarter ended 31/12/20	Quarter ended 31/12/19		Year ended 31/12/20	Year ended 31/12/19	
	RM'000	RM'000		RM'000	RM'000	
Revenue	1,815,648	1,360,549	33.4%	6,014,075	4,528,621	32.8%
Cost of sales/services	(1,507,853)	(1,105,644)		(4,960,224)	(3,717,787)	
Gross profit	307,795	254,905	20.7%	1,053,851	810,834	30.0%
Other operating income	12,372	2,295		19,521	8,382	
Administrative and other operating expenses	(59,512)	(35,755)		(162,827)	(128,173)	
Results from operating activities	260,655	221,444	17.7%	910,545	691,043	31.8%
Finance income	26,188	5,642		34,801	21,522	
Finance costs	(58,408)	(108,443)		(226,439)	(202,773)	
Net finance costs	(32,220)	(102,801)	68.7%	(191,638)	(181,251)	5.7%
Share of results of equity accounted associates	(1,111)	20,474		(12,570)	35,036	
Profit before tax	227,324	139,118	63.4%	706,337	544,828	29.6%
Tax expense	(25,221)	1,130		(74,248)	(46,845)	
Profit for the quarter/year	202,103	140,248	44.1%	632,089	497,983	26.9%
Items that may be reclassified subsequently to profit and loss:						
Foreign currency translation differences for foreign operations	(36,512)	(32,332)		(45,712)	(8,660)	
Share of other comprehensive Income/(loss) of equity accounted associates	47	(538)		198	(1,918)	
Total comprehensive income for the quarter/year	165,638	107,378	54.3%	586,575	487,405	20.3%
Profit for the financial quarter/year attributable to:						
Owners of the Company	202,149	140,883		631,745	496,640	
Non-controlling interest	(46)	(635)		344	1,343	
Profit for the quarter/year	202,103	140,248	44.1%	632,089	497,983	26.9%
Total comprehensive income for the quarter/year attributable to:						
Owners of the Company	165,547	108,023		586,309	485,984	
Non-controlling interest	91	(645)		266	1,421	
Total comprehensive income for the quarter/year	165,638	107,378	54.3%	586,575	487,405	20.3%

b. Earnings per share

	Individual quarter		Cumulative quarter	
	Quarter ended 31/12/20	Quarter ended 31/12/19	Year ended 31/12/20	Year ended 31/12/19
	Basic (sen)	5.45	3.80	17.03

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

	Unaudited	Audited
	At	At
	31/12/20	31/12/19
	RM'000	RM'000
Assets		
Property, plant and equipment	2,428,505	1,688,617
Right-of-use assets	106,501	248,120
Investment in associates	209,994	382,365
Other investments	25,263	14,516
Intangible assets	136,666	118,994
Deferred tax assets	243	255
Total non-current assets	2,907,172	2,452,867
Inventories	1,666,784	919,561
Contract assets	521,094	321,558
Trade and other receivables	1,865,070	1,256,132
Deposits and prepayments	184,541	108,916
Current tax assets	4,222	1,214
Other investments	51,036	51,172
Cash and cash equivalents	836,352	1,306,590
Total current assets	5,129,099	3,965,143
Total assets	8,036,271	6,418,010
Equity		
Share capital	1,790,429	1,344,347
Treasury shares	(28,502)	-
Merger reserve	(434,709)	(434,709)
Foreign currency translation reserve	(32,933)	12,503
Other reserves	44,994	45,266
Retained earnings	1,924,194	1,465,318
Total equity attributable to owners of the Company	3,263,473	2,432,725
Non-controlling interest	22,088	7,160
Total equity	3,285,561	2,439,885
Liabilities		
Trade and other payables	57,748	57,748
Lease liabilities	14,574	24,421
Deferred tax liabilities	58,954	30,906
Loans and borrowings	3,127,514	2,938,624
Employee benefits	704	691
Total non-current liabilities	3,259,494	3,052,390
Trade and other payables	473,417	402,657
Lease liabilities	36,712	58,450
Contract liabilities	145,259	35,736
Loan and borrowings	807,459	400,903
Current tax payable	28,369	27,989
Total current liabilities	1,491,216	925,735
Total liabilities	4,750,710	3,978,125
Total equity and liabilities	8,036,271	6,418,010
Net assets per share (RM)	0.89	0.66

3. Condensed Consolidated Statement of Cash Flows for the year ended 31st December 2020

	Unaudited	Audited
	31/12/20	31/12/19
	RM'000	RM'000
Cash flow from operating activities		
Profit before tax	706,337	544,828
Adjustment for :		
Depreciation of property, plant and equipment and right-of-use assets	216,111	143,263
Amortisation of intangible assets	-	1,142
Loss on disposal of property, plant and equipment	3,905	90
Net unrealised foreign exchange gain	(13,910)	(606)
Loss on disposal of associates	6,152	-
Share of loss/(profit) in equity-accounted associate, net of tax	12,570	(35,036)
Finance income	(34,801)	(21,522)
Finance costs	226,439	202,773
Employment benefits	13	48
Loss on disposal of trade receivables	8,708	8,040
Share of other comprehensive (income)/loss in equity accounted associates, net of tax	(198)	1,918
Operating profit before changes in working capital	1,131,326	844,938
Changes in working capital:		
Inventories	(465,376)	(75,875)
Trade and other receivables	(495,512)	(290,231)
Trade and other payables	17,840	39,594
Contract assets	(199,536)	(262,183)
Contract liabilities	108,403	17,176
Cash generated from operations	97,145	273,419
Profit or interest paid	(2,201)	(963)
Tax paid	(49,208)	(51,465)
Net cash from operating activities	45,736	220,991
Cash flow from investing activities		
Acquisition of subsidiaries, net of cash and cash equivalent	(9,576)	(52,454)
Acquisition of property, plant and equipment	(1,041,236)	(790,263)
Proceeds from issuance of new shares to non-controlling interests	14,710	1,646
Proceeds from disposal of subsidiaries	(2,150)	-
Proceeds from disposal of associates	166,949	-
Profit or interest received	34,801	18,575
Dividend received from equity accounted associates	235	10,626
Changes in fixed deposits pledged to banks	(7,121)	78,733
Changes in other investments	(123,327)	(26,454)
Acquisition of shares in associates	(21,565)	(45,340)
Advance to an associate	(52,614)	(25,591)
Net cash used in investing activities	(1,040,894)	(830,522)
Cash flow from financing activities		
Profit or interest paid	(209,178)	(194,172)
Proceeds from issuance of ordinary shares	446,082	-
Net proceeds from loans and borrowings	919,467	437,420
Net repayment of lease liabilities	(50,022)	(81,348)
Repurchase of treasury shares	(28,502)	-
Net (repayment)/proceeds of Sukuk	(392,296)	1,232,599
Dividend paid to owners of the Company	(172,869)	(141,431)
Net cash from financing activities	512,682	1,253,068
Net (decrease)/increase in cash and cash equivalents	(482,476)	643,537
Effect of exchange rate fluctuation on cash held	-	(10,365)
Cash and cash equivalents at beginning of year	1,264,687	631,515
Cash and cash equivalents at end of year	782,211	1,264,687
Fixed deposits placed with licensed banks	164,363	222,514
Cash and bank balances	671,989	1,084,076
	836,352	1,306,590
Less: Bank overdrafts	(11,113)	(5,997)
Less: Fixed deposits pledged	(43,028)	(35,906)
	782,211	1,264,687

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

	Attributable to owners of the Company								
	←----- Non-distributable -----→					----- Distributable -----			
	Share capital	Treasury shares	Merger reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 st January 2019	1,344,347	-	(434,709)	23,159	45,269	1,110,109	2,088,175	4,090	2,092,265
Foreign currency translation differences for foreign operations	-	-	-	(8,738)	-	-	(8,738)	78	(8,660)
Share of other comprehensive loss of an associate	-	-	-	(1,918)	-	-	(1,918)	-	(1,918)
Profit for the year	-	-	-	-	-	496,640	496,640	1,343	497,983
Total comprehensive (loss)/income for the year	-	-	-	(10,656)	-	496,640	485,984	1,421	487,405
Dividend paid to owners of the Company	-	-	-	-	-	(141,431)	(141,431)	-	(141,431)
Non-controlling interest of a new subsidiary acquired	-	-	-	-	-	-	-	226	226
Issuance of share by subsidiaries	-	-	-	-	-	-	-	1,420	1,420
Transfer to other reserve	-	-	-	-	(3)	-	(3)	3	-
At 31st December 2019	1,344,347	-	(434,709)	12,503	45,266	1,465,318	2,432,725	7,160	2,439,885
Issue of ordinary shares	456,695	-	-	-	-	-	456,695	-	456,695
Share issue expenses	(10,613)	-	-	-	-	-	(10,613)	-	(10,613)
Own shares acquired	-	(36,887)	-	-	-	-	(36,887)	-	(36,887)
Own shares sold	-	8,385	-	-	-	-	8,385	-	8,385
Foreign currency translation differences for foreign operations	-	-	-	(45,634)	-	-	(45,634)	(78)	(45,712)
Share of other comprehensive income of an associate	-	-	-	198	-	-	198	-	198
Profit for the year	-	-	-	-	-	631,745	631,745	344	632,089
Total comprehensive (loss)/income for the year	-	-	-	(45,436)	-	631,745	586,309	266	586,575
Dividend paid to owners of the Company	-	-	-	-	-	(172,869)	(172,869)	-	(172,869)
Non-controlling interest of a new subsidiary acquired	-	-	-	-	-	-	-	3,855	3,855
Issuance of shares by subsidiaries	-	-	-	-	-	-	-	10,857	10,857
Disposal of a subsidiary	-	-	-	-	(272)	-	(272)	(50)	(322)
At 31st December 2020	1,790,429	(28,502)	(434,709)	(32,933)	44,994	1,924,194	3,263,473	22,088	3,285,561

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

A1. Basis of Preparation

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

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

A2. Changes in accounting policies

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

For the financial period beginning on or after 1 January 2020: -

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material* Amendments to MFRS 11, *Joint Arrangements*
- Amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement* and MFRS 7 *Financial Instruments: Disclosure – Interest Rate Benchmark Reform*

For the financial period beginning on or after 1 June 2020: -

- Amendment to MFRS 16, *Leases – Covid-19 – Related Rent Concessions*

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 9, <i>Financial Instruments</i> , MFRS 139, <i>Financial Instruments: Recognition and Measurement</i> , MFRS 7, <i>Financial Instruments: Disclosures</i> , MFRS 4, <i>Insurance Contracts</i> and MFRS 16, <i>Leases – Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
Amendments to MFRS 1, <i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)</i>	1 January 2022
Amendments to MFRS 3, <i>Business Combinations - Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 9, <i>Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)</i>	1 January 2022
Amendments to Illustrative Examples accompanying MFRS 16, <i>Leases (Annual Improvements to MFRS Standards 2018-2020)</i>	1 January 2022
Amendments to MFRS 116, <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022

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

A2. Changes in accounting policies (Cont'd)

MFRS/ Amendment/ Interpretation	Effective date
Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018-2020)	1 January 2022
MFRS 17, Insurance Contracts	1 January 2023
Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current	1 January 2023
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 plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2021 for the amendment that is effective for annual period beginning on or after 1 June 2020;
- from the annual period beginning on 1 January 2021 for those amendments that are effective for annual periods beginning on or after 1 January 2021;
- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for Amendments to MFRS 141 which are not applicable to the Group;
- from the annual period beginning on 1 January 2023 for amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17, Insurance Contracts which 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 interim financial statements have been prepared on the historical cost basis other than disclosed in the report.

(b) Functional and presentation currency

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

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

A2. Changes in accounting policies (Cont'd)

(c) Use of estimates and judgements

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

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

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

A3. Auditors' report

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

A4. Seasonality and cyclicity of operations

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

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

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

A6. Changes in estimates

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

A7. Debt and equity securities

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

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

A7. Debt and equity securities (Cont'd)

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

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

- iv) In October and November 2020, the Company made a multiple repurchased transaction of shares totalling to 3,283,800 shares from its issued share capital in the open market at a range of average price RM1.50 to RM1.60 per share. The total consideration paid was RM5,010,880. The repurchase transactions were financed by internally generated funds. The shares repurchased are retained as treasury shares.
- v) On 4 December 2020, the Company resale its share totalling to 4,500,000 shares from its repurchased share capital in the open market at a range of average price of RM1.84 to RM1.90 per share. The total consideration received was RM8,384,798. The shares resale are offsetted against the existing treasury shares.

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

A8. Significant events during the financial year and subsequent events

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

Other than disclosed in Note A7 and A9, there were no significant events during the financial year and subsequent to financial year ended 31 December 2020.



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

A9. Changes in the composition of the Group

- i) On 25 February 2020, the Group via Serba Dinamik Group Bhd ("SDGB"), a wholly owned subsidiary of the Company, has entered into a conditional Share Sale Agreement ("SSA") to acquire 20,000,000 ordinary shares representing 100% in Prestariang Education Sdn. Bhd. ("PESB") for a total cash consideration of RM2,500,000. Currently, PESB is license holder of University Malaysia Computer Science & Engineering ("UNIMY").
- ii) On 28 May 2020, Serba Dinamik International Ltd ("SDIL") has disposed 99% equity interest in Serba Dinamik International Petroleum Services Company W.L.L for cash consideration of BHD462,968 approximately equivalent to RM5.4 million.
- iii) On 12 June 2020, SDIL has acquired 80% equity interest of Wellahead Engineering Ltd for a cash consideration of £1.5 million which is equivalent to approximately RM8.09 million.
- iv) On 7 July 2020, SDIL has disposed 25.2% equity interest in CSE Global Ltd in the open market on the Singapore Stock Exchange, for a cash consideration of approximately SGD57.67 million equivalent to RM177.33 million.

A10. Contingent assets and liabilities

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

A11. Capital commitments

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

Land and Building	RM'000
Approved and contracted for	299,697

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

A12. Tax expense

Tax expense comprises the following:

	Individual quarter		Cumulative quarter	
	Quarter ended 31/12/20	Quarter ended 31/12/19	Year ended 31/12/20	Year ended 31/12/19
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
Malaysian taxation	8,206	(7,735)	54,199	45,742
Overseas taxation	38	(742)	664	658
Total current tax expense	8,244	(8,477)	54,863	46,400
Deferred tax expense	16,977	7,347	19,385	445
Total tax expense	25,221	(1,130)	74,248	46,845

The Group is 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. Income tax for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

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

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

B1. Segment Information

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

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

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

B2. Review of Performance

i) Current quarter vs Corresponding quarter of the preceding year

	Revenue		Gross profit		Variance	
	Quarter ended		Quarter ended		Revenue	Gross profit
	31/12/20	31/12/19	31/12/20	31/12/19		
	RM'000	RM'000	RM'000	RM'000	%	%
Business Segments:						
O&M	1,497,066	1,159,073	255,250	222,755	29.2	14.6
EPCC	203,025	143,933	29,047	22,319	41.1	30.1
ICT	113,011	56,594	22,321	9,326	99.7	139.3
E&T	2,546	949	1,177	505	168.3	132.8
Group revenue/ Gross profit	1,815,648	1,360,549	307,795	254,905	33.4	20.7
Corporate expenses and elimination			(80,471)	(115,787)		30.5
Profit Before Tax			227,324	139,118		63.4

For the quarter ended 31 December 2020 ("Q4FY20"), the Group recorded revenue of RM1,815.6 million which was 33.4% higher than corresponding quarter of the preceding year ("Q4FY19") due to strong activities from O&M and EPCC segment. The gross profit for the quarter stood at RM307.8 million or 17.0% of total revenue. The Group also recorded profit before taxation of RM227.4 million, 63.5% higher as compared to profit before taxation of RM139.1 million in Q4FY19.

O&M contributed 82.5% of revenue in Q4FY20 with an increase of RM338.0 million or 29.2% against Q4FY19. The increase was due to higher activities from our MRO activity in Middle East region such as Oman as well as Malaysia. The segment recorded gross profit of RM255.3 million in Q4FY20.

EPCC revenue recorded a total of RM203.0 million in current quarter, higher by RM59.1 million as compared to Q4FY19, which contributed 11.2% of the Group's revenue in Q4FY20. Revenue from EPCC segment was derived from our various contracts in UAE, Turkmenistan and Malaysia. The segment recorded a gross profit of RM29.0 million yielding a gross margin of 14.4%.

ICT segment boost its revenue to RM113.0 million in Q4FY20, higher by RM56.4 million compared to Q4FY19. This evidenced the Group's initiative to expand its operation in ICT business activities worldwide. Aside from the contribution of the existing contracts which is related to customised solutions involving software developments, the increase was also contributed by contracts in UAE and Qatar for services relating to Extended Reality ("XR") training applications.

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)

E&T revenue contributed by our subsidiary, Materials Technology Education Sdn. Bhd. of which include technical training programme specialising in all IMM Training and Certification Programs in Malaysia, whereby it is recognized by PETRONAS and other energy operators. Also, in the current quarter Prestariang Education Sdn. Bhd. ("PESB") marked its first contribution to the Group's revenue upon recent completion of acquisition.

ii) Current quarter vs immediate preceding quarter

	Revenue		Gross profit		Variance	
	Quarter ended		Quarter ended		Revenue	Gross profit
	31/12/20	30/09/20	31/12/20	30/09/20		
	RM'000	RM'000	RM'000	RM'000	%	%
Business Segments:						
O&M	1,497,066	1,241,006	255,250	222,385	20.6	14.8
EPCC	203,025	98,993	29,047	14,619	105.1	98.7
ICT	113,011	141,297	22,321	23,380	(20.0)	(4.5)
E&T	2,546	584	1,177	287	335.8	310.5
Group revenue/ gross profit	1,815,648	1,481,880	307,795	260,671	22.5	18.1
Corporate expenses and elimination			(80,471)	(95,832)		16.0
Profit before tax			227,324	164,839		38.0

For quarter ended 31 December 2020, the Group recorded an increase in revenue of 22.5% from immediate preceding quarter ("Q3FY20") which is mainly due to increase in revenue from O&M and EPCC activity. Overall gross profit stood at RM307.8 million, with an increase of RM47.1 million against Q3FY20.

O&M revenue increased by RM256.1 million or 20.6% higher than Q3FY20 as some countries showed more activities such as Qatar, Oman and Malaysia, which is mainly contributed from MRO activities. The increment in gross profit is in tandem with the increase in revenue.

EPCC segment recorded significant increase in revenue and gross profit as compared to immediate preceding quarter by 105.1% and 98.7% respectively. The increase is mainly contributed from countries such as UAE, Malaysia and Turkmenistan. The gross profit margin stood at 14.4%.

ICT registered revenue of RM113.0 million and gross profit of RM22.3 million in Q4FY20. Revenue for ICT segment is mainly contributed by work performed in related to customised solutions involving software development in countries such as UAE and Qatar.

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)

E&T showed higher revenue in Q4FY20 by RM2.0 million against Q3FY20 mainly due to active education and training programme conducted in current quarter by our subsidiary, Materials Technology Education Sdn. Bhd. and our recent completed acquisition of PESB.

iii) Current year vs Corresponding year of the preceding year

	Revenue		Gross profit		Variance	
	Year ended		Year ended		Revenue	Gross profit
	31/12/20	31/12/19	31/12/20	31/12/19		
	RM'000	RM'000	RM'000	RM'000	%	%
Business Segments:						
O&M	5,043,560	3,895,228	899,423	710,923	29.5	26.5
EPCC	590,906	509,031	87,604	77,791	16.0	12.6
ICT	376,037	122,759	65,134	21,231	206.3	206.8
E&T	3,572	1,603	1,690	889	122.8	90.2
Group revenue/ gross profit	6,014,075	4,528,621	1,053,851	810,834	32.8	30.0
Corporate expenses and elimination			(347,514)	(266,006)		30.6
Profit before tax			706,337	544,828		29.6

The group's year to date ("YTD") revenue recorded a total of RM6,014.0 million, higher by RM1,485.4 million or 32.8% as compared to corresponding year of preceding year. Gross profit of the group increased from RM810.8 million from corresponding year of preceding year to RM1,053.9 million in current year. Gross profit margin of the Group registered at 17.5% in current year.

O&M segment contributed RM5,043.6 million revenue in current year with total contribution of 83.9% to the Group's revenue which mainly derived from works performed in Malaysia, Oman, Qatar and UAE. O&M gross profit stood at RM899.4 million or 17.8% gross profit margin for the financial year ended 31 December 2020.

Revenue and gross profit of EPCC segment recorded RM590.9 million and RM87.6 million respectively which mainly contributed from contracts in Malaysia, Turkmenistan and UAE. The gross profit margin yield at 14.8% in current year.

Activities from both ICT and E&T business segments has shown growth of more than 100.0% where revenue increased to RM376.0 million and RM3.6 million respectively. The gross profit for both business segments also improved by RM43.9 million and RM0.8 million or 206.8% and 90.2% increase against the corresponding year 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 year vs Corresponding year of the preceding year (Cont'd)

Despite the increase in the corporate expenses and elimination year on year, the group's cumulative profit before tax improved to RM706.3 million, 29.6% higher than the corresponding year of the preceding year.

iv) Segmental Revenue by countries

	Individual quarter		Cumulative quarter	
	31/12/20	31/12/19	31/12/20	31/12/19
	RM'000	RM'000	RM'000	RM'000
Malaysia	688,704	395,454	1,887,125	1,305,559
Indonesia	42,300	12,480	162,249	155,443
Laos	1,237	1,358	6,311	12,326
South East Asia	732,241	409,292	2,055,685	1,473,328
Turkmenistan	44,944	95,767	99,080	175,325
India	1,333	16	42,914	16,555
Uzbekistan	-	7,888	16,010	24,320
Sri Lanka	12,786	-	12,786	-
Central and South Asia	59,063	103,671	170,790	216,200
Bahrain	65,930	122,045	430,234	382,010
UAE	267,476	232,271	1,228,873	889,946
Qatar	478,958	427,063	1,543,077	1,243,263
Oman	122,223	-	251,545	-
Kingdom of Saudi Arabia	59,145	25,026	205,599	188,287
Kuwait	18,605	51	65,560	26,879
Middle East	1,012,337	806,456	3,724,888	2,730,385
Tanzania	8,324	38,508	52,677	104,015
United Kingdom	3,683	2,622	10,035	4,693
Total	1,815,648	1,360,549	6,014,075	4,528,621

On geographical segmentation, Malaysia ranked as the biggest revenue contributor by country, recording a total of RM688.7 million for Q4FY20 or 37.9% where the total revenue recorded significant increase of 74.2% against Q4FY19. The improvement in revenue is mainly contributed by higher call out works for O&M and EPCC activity. Indonesia contributed 2.3% of total revenue for the quarter or RM42.3 million meanwhile Laos contributed RM1.2 million for the quarter.

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 55.8% of the overall revenue for the quarter or RM1,012.3 million, an increase of RM205.9 million or 25.5% against Q4FY19. The increase was mainly contributed by more work performed in Oman, Qatar and UAE. During the quarter, the Group has also recorded revenue from Abu Dhabi Data Centre project amounted to RM13.4 million.

The Group's Central and South Asia region contributed revenue of RM59.1 million or 3.3% of total revenue for the Group, where mainly derived from country such as India and Turkmenistan amounting to RM1.3 million and RM44.9 million respectively. In addition to this, the Group has also recorded revenue of RM12.8 million from project in Sri Lanka whereby the work is based on order basis.

Africa region through Tanzania contributed RM8.3 million to the Group or 0.5% of current quarter revenue while Europe contributed RM3.7 million or 0.2% of revenue.

B3. (a) Commentary on prospects

Malaysian economy recorded a negative growth of 3.4% in the 4Q2020 (3Q2020: -2.6%) largely attributable to the imposition of the Conditional Movement Control Order ("CMCO") on a number of states since mid-October. The restrictions on mobility, especially on inter district and interstate travels, weighed on economic activity. Nevertheless, the continued improvement in external demand provided support for growth. Consequently, except for manufacturing, all economic sectors continued to record negative growth. On the expenditure side, moderating private consumption and public investment activities weighed on domestic demand.

IMF in their recent report stated that global growth is projected to grow 5.5% in 2021 and 4.2% in 2022, an upward revision of 0.3% for 2021 compared to previous forecast. The upward revision for 2021 is mainly reflecting additional policy support in a few large economies and expectations of a vaccine roll out plan will strengthen activity later in the year, which outweigh the drag on near-term momentum due to rising infections. The strength of the recovery is projected to vary significantly across countries, depending on access to medical interventions, effectiveness of policy support, exposure to cross-country spill overs, and structural characteristics entering the crisis.

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 grew further in December 2020, supported positive economic rebound and a rapid recovery of oil demand following the rollout of COVID-19 vaccines in several countries. Oil prices also rose on signs of firm crude oil demand in the Asia-Pacific region, specifically in China and India. The market consolidated further amid the brightening global oil market balance outlook after OPEC and participating non-OPEC countries in the Declaration of Cooperation decided in early December to voluntarily adjust their production modestly from January this year, and also agreed to extend the compensation period.

With the positive global outlook and oil price movement as mentioned above, the Group will continue to capture new opportunities in both domestic and international market. This can be evidenced through our recent announcement in January, whereby 11 new contracts has been awarded to the Group for various countries such as Indonesia, India and our homegrown, Malaysia. As part of our initiative to increase non-oil and gas contribution, 5 contracts from the announced contracts are related to power generation industry whereby it involves installation of Diesel Rotary Uninterruptible Power Supply ("DRUPS") for our customer in Indonesia. The Group has also been awarded with an ICT contract to implement smart solutions for development of Smart City and Safe City in India which shows there are more potential demand in the market that the Group can tap into.

With the recent completion of private placement exercise, the Group will start its plan to restore Teluk Ramunia Yard ("TR Yard") which is located in Kota Tinggi, Johor. The proceeds of RM100 million will be utilised over 24 months to rejuvenate the multiple workshops into a hybrid and efficient centre for example a combination of conventional workshop machineries with autonomous Artificial Intelligence ("AI") element which will enhance the capacity of the machineries and eventually will improve the production output of the operation. The Group has identified several contracts from its existing orderbook such as our chlor alkaline plant in Tanzania and Uzbekistan as well as Innovation Hub and Data Centre in Abu Dhabi, UAE to begin modular structure fabrication works using this facility.

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

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

O&M segment will remain as the core business of the Group. The completion of Bintulu Integrated Energy Hub ("BEIH") will help to support growth of this segment as the facility has state-of-the-art machinery to perform high-end and large-scale maintenance work. EPCC segment is expected to resume growth in coming years. ICT segment has shown significant growth where it contributes more than RM350 million worth of revenue in financial year ended 31 December 2020. This showcases our commitment towards nurturing this segment. The Group has setup 5 main division namely Cloud Computing/Data Centre, Financial Technology ("FinTech"), Artificial Intelligence ("AI"), Cybersecurity and Frontier Technology to spur the ICT capabilities moving forward. E&T segment is also another segment that the Group believe is important to cultivate. E&T segment will not just emphasize on developing future skilled based leaders but as well as to be the Research and Development ("R&D") arm for the Group to explore future opportunities.

Forging ahead, the Group will stay to bolster its position in Middle East and South East Asia. The Group is aimed to expand its presence in Central and South Asia and Africa as the Group see more prospects within this region. For 2020, the Group have secured in total 4 new contracts and has penetrated 2 new countries within these 2 regions. Hence, this signifies our testament to our target in years to come. Overall, the Group is optimistic moving forward, however remain cautious barring unforeseen circumstances should the current pandemic Covid-19 prolongs.

Sources:

- *BNM Quarterly Bulletin, Bank Negara Malaysia;*
- *World Economic Outlook Update January 2021, IMF;*
- *OPEC Monthly Oil Market Report January 2021, OPEC*

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

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

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

B4. Status of corporate proposals announced

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

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

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

Details of utilisation of proceeds	Estimated timeframe for utilisation	RM '000	Actual Utilisation		
			%	RM '000	% Utilised
Partial repayment of bank borrowings	Within 24 months	200,000	43.8	200,000	100.0
Working capital	Within 12 months	245,555	53.8	245,555	100.0
Estimated private placement expenses	Immediately	(1) 11,140	2.4	11,140	100.0
Total gross proceeds		456,695	100.0	456,695	100.0

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

Notes:

- (1) The actual expense in relation to the General Mandate Placement was RM10.61 million. The excess of RM0.53 million was reallocated and fully utilised for working capital requirement.

(ii) Utilisation of Proceeds from Private Placement on 3 February 2021

The gross proceeds from the Private Placement of RM508.6 million shall be utilised in the following manner:

Details of utilisation of proceeds	Estimated timeframe for utilisation	RM '000	Actual Utilisation		
			%	RM '000	% Utilised
Partial repayment of bank borrowings	Within 6 months	100,000	19.7	-	-
Capital expenditure	Within 24 months	100,000	19.7	-	-
Working capital	Within 12 months	296,223	58.2	-	-
Estimated private placement expenses	Immediately	12,390	2.4	-	-
Total gross proceeds		508,613	100.0	-	-

The utilisation of the proceeds as disclosed above should be read in conjunction with the Announcement made by the Company dated 5 January 2021.

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) Certificate of Completion and Compliance (“CCC”)

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

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

B5. Other Operating Income

The Group's other operating income for the quarter/year ended 31st December 2020 are as follows:

	Individual quarter		Cumulative quarter	
	31/12/20 RM'000	31/12/19 RM'000	31/12/20 RM'000	31/12/19 RM'000
Foreign Exchange gain	11,462	1,092	17,200	2,311
Rental Income	908	881	1,852	3,624
Others	2	322	469	2,447
Total	12,372	2,295	19,521	8,382

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

B6. Trade and Other Receivables

The Group's trade receivables ageing analysis as at 31st December 2020 are as follows:

In RM'000	31/12/20		31/12/19	
	Amount RM'000	%	Amount RM'000	%
Not past due	1,556,110	83.3	1,121,163	89.3
0 – 30 days past due	107,738	5.8	24,201	1.9
31 – 120 days past due	20,585	1.3	19,012	1.5
Past due more than 120 days	54,608	2.8	39,935	3.2
Total Trade Receivables	1,739,041	93.2	1,204,311	95.9
Other Receivables	126,029	6.8	51,821	4.1
Total Trade and Other Receivables	1,865,070	100.0	1,256,132	100.0

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

B7. Financing/ Borrowings

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

In RM'000	As at 31 st December 2020					
	Long term		Short term		Total borrowings	
	Foreign Currency	Local Currency	Foreign Currency	Local Currency	Foreign Currency	Local Currency
Secured	-	358,619	1,598	301,210	1,598	659,829
Unsecured	1,922,343	846,552	306,651	198,000	2,228,994	1,044,552
In RM'000	As at 31 st December 2019					
	Long term		Short term		Total borrowings	
	Foreign Currency	Local Currency	Foreign Currency	Local Currency	Foreign Currency	Local Currency
Secured	188	149,144	202,920	107,983	203,108	257,127
Unsecured	2,010,467	778,825	-	90,000	2,010,467	868,825

Financing/ Borrowings denominated in foreign currency are as follows:

Currency	31/12/20 RM'000	31/12/19 RM'000
USD	2,228,994	2,209,424
IDR	1,598	4,151

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

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	
	31/12/20 RM'000	31/12/19 RM'000
Contractor charges	30	750
Professional service charges	23,794	5,264
Revenue from operation and maintenance	(44)	(16)

(b) The following transactions were with associates.

Nature of transaction	Cumulative quarter	
	31/12/20 RM'000	31/12/19 RM'000
Revenue from engineering, procurement, construction and commissioning project	(23,372)	(6,192)
Contract revenue	(114,430)	(139,231)

B9. Foreign Exchange Exposure/Hedging Policy

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

B10. Material Impairment of Assets

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

B11. Material litigation

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

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 fourth interim single-tier tax-exempt dividend of 1.60 sen per ordinary share in respect of the financial year ended 31 December 2020, to be paid on 30 March 2021. The entitlement date for the dividend payment is 17 March 2021.

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 March 2021 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 ended 31 December 2020 is 5.45 sen per ordinary share.

B13. Earnings per ordinary share

Basic earnings per ordinary share

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

	Individual quarter		Cumulative quarter	
	31/12/20	31/12/19	31/12/20	31/12/19
	RM'000	RM'000	RM'000	RM'000
Profitable attributable to ordinary shareholders	202,149	140,883	631,745	496,640
Weighted average number of ordinary shares	3,709,624	3,709,624	3,709,624	3,709,624
Basic earnings per ordinary share (sen)	5.45	3.80	17.03	13.39

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

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

B14. Profit for the quarter/year

This is arrived after (charging)/crediting

	Individual quarter ended	Cumulative quarter
	31/12/20	31/12/20
	RM'000	RM'000
Finance income	26,188	34,801
Finance expense	(58,408)	(226,439)
Depreciation and amortization	(62,628)	(216,111)

By order of the Board

Shah Alam, Selangor Darul Ehsan

26th February 2021