



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

**QUARTERLY REPORT ON THE  
CONSOLIDATED RESULTS  
FOR THE QUARTER AND PERIOD ENDED  
30<sup>th</sup> SEPTEMBER 2021**

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

**1. Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the quarter and period ended 30<sup>th</sup> September 2021**

a. Consolidated Profit or Loss and Other Comprehensive Income

	Individual quarter		Changes %	Cumulative quarter		Changes %
	Quarter ended 30/09/21	Quarter ended 30/09/20		Period ended 30/09/21	Period ended 30/09/20	
	RM'000	RM'000		RM'000	RM'000	
<b>Revenue</b>	<b>799,345</b>	-	<b>0.0%</b>	<b>799,345</b>	-	<b>0.0%</b>
Cost of sales/services	(730,424)	-		(730,424)	-	
<b>Gross profit</b>	<b>68,921</b>	-	<b>0.0%</b>	<b>68,921</b>	-	<b>0.0%</b>
Other operating income	527	-		527	-	
Administrative and other operating expenses	(46,152)	-		(46,152)	-	
<b>Results from operating activities</b>	<b>23,296</b>	-	<b>0.0%</b>	<b>23,296</b>	-	<b>0.0%</b>
Finance income	840	-		840	-	
Finance costs	(59,178)	-		(59,178)	-	
<b>Net finance costs</b>	<b>(58,338)</b>	-	<b>0.0%</b>	<b>(58,338)</b>	-	<b>0.0%</b>
Share of results of equity accounted associates	(3,972)	-		(3,972)	-	
<b>Loss before tax</b>	<b>(39,014)</b>	-	<b>0.0%</b>	<b>(39,014)</b>	-	<b>0.0%</b>
Tax expense	(3,239)	-		(3,239)	-	
<b>Loss for the quarter/period</b>	<b>(42,253)</b>	-	<b>0.0%</b>	<b>(42,253)</b>	-	<b>0.0%</b>
<b>Items that may be reclassified subsequently to profit and loss:</b>						
Foreign currency translation differences for foreign operations	(10,551)	-		(10,551)	-	
Share of other comprehensive income/(loss) of equity accounted associates	2,434	-		2,434	-	
<b>Total comprehensive loss for the quarter/period</b>	<b>(50,370)</b>	-	<b>0.0%</b>	<b>(50,370)</b>	-	<b>0.0%</b>
<b>Loss for the financial quarter/period attributable to:</b>						
Owners of the Company	(42,114)	-		(42,114)	-	
Non-controlling interest	(139)	-		(139)	-	
<b>Loss for the quarter/period</b>	<b>(42,253)</b>	-	<b>0.0%</b>	<b>(42,253)</b>	-	<b>0.0%</b>
<b>Total comprehensive loss for the quarter/period attributable to:</b>						
Owners of the Company	(50,440)	-		(50,440)	-	
Non-controlling interest	70	-		70	-	
<b>Total comprehensive loss for the quarter/period</b>	<b>(50,370)</b>	-	<b>0.0%</b>	<b>(50,370)</b>	-	<b>0.0%</b>

b. Earnings per share

	Individual quarter		Cumulative quarter	
	Quarter ended 30/09/21	Quarter ended 30/09/20	Period ended 30/09/21	Period ended 30/09/20
	<b>Basic (sen)</b>	<b>(1.14)</b>	-	<b>(1.14)</b>

Notes:

- i) The Group has changed its financial year end from 31<sup>st</sup> December to 30<sup>th</sup> June. As such, there will be no comparative financial information available for the financial period ended 30<sup>th</sup> September 2021.
- ii) The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows and Statement of Changes in Equity should be read in conjunction with the unaudited financial statements for the financial year ended 30<sup>th</sup> June 2021 and the accompanying notes to the interim financial statements.

2. Condensed Consolidated Statement of Financial Position as at 30<sup>th</sup> September 2021

	Unaudited	Unaudited
	At	At
	30/09/21	30/06/21
	RM'000	RM'000
<b>Assets</b>		
Property, plant and equipment	2,153,796	2,208,686
Right-of-use assets	449,619	453,655
Investment in associates	184,816	193,342
Other investments	55,314	56,561
Intangible assets	145,722	141,317
Deferred tax assets	632	588
<b>Total non-current assets</b>	<b>2,989,899</b>	<b>3,054,149</b>
Inventories	2,342,654	2,103,860
Contract assets	652,606	671,206
Trade and other receivables	1,814,622	1,922,467
Deposits and prepayments	307,785	244,136
Current tax assets	10,593	7,596
Other investments	-	53,191
Cash and cash equivalents	290,285	497,412
<b>Total current assets</b>	<b>5,418,545</b>	<b>5,499,868</b>
<b>Total assets</b>	<b>8,408,444</b>	<b>8,554,017</b>
<b>Equity</b>		
Share capital	2,291,512	2,291,512
Treasury shares	(28,502)	(28,502)
Merger reserve	(434,709)	(434,709)
Foreign currency translation reserve	11,124	19,450
Other reserves	44,994	44,994
Retained earnings	1,950,962	1,993,076
<b>Total equity attributable to owners of the Company</b>	<b>3,835,381</b>	<b>3,885,821</b>
Non-controlling interest	20,349	20,279
<b>Total equity</b>	<b>3,855,730</b>	<b>3,906,100</b>
<b>Liabilities</b>		
Trade and other payables	63,523	63,523
Lease liabilities	10,752	12,663
Deferred tax liabilities	59,963	59,979
Loans and borrowings	2,278,187	2,291,390
Employee benefits	726	513
<b>Total non-current liabilities</b>	<b>2,413,151</b>	<b>2,428,068</b>
Trade and other payables	477,129	383,362
Lease liabilities	23,857	23,800
Contract liabilities	126,581	132,815
Loan and borrowings	1,479,556	1,648,564
Current tax payable	32,440	31,308
<b>Total current liabilities</b>	<b>2,139,563</b>	<b>2,219,849</b>
<b>Total liabilities</b>	<b>4,552,714</b>	<b>4,647,917</b>
<b>Total equity and liabilities</b>	<b>8,408,444</b>	<b>8,554,017</b>
<b>Net assets per share (RM)</b>	<b>1.04</b>	<b>1.05</b>

3. **Condensed Consolidated Statement of Cash Flows for the period ended 30<sup>th</sup> September 2021**

	Unaudited	Unaudited
	30/09/21	30/09/20
	RM'000	RM'000
<b>Cash flow from operating activities</b>		
Loss before tax	<b>(39,014)</b>	-
Adjustment for :		
Depreciation of property, plant and equipment and right-of-use assets	68,292	-
Net unrealised foreign exchange loss	2,033	-
Share of loss in equity-accounted associate, net of tax	3,972	-
Finance income	(840)	-
Finance costs	59,178	-
Employment benefits	213	-
Loss on disposal of trade receivables (factoring)	1,881	-
Share of other comprehensive income in equity accounted associates, net of tax	(2,434)	-
Impairment of investment in subsidiary	562	-
Impairment of trade receivables	397	-
Operating profit before changes in working capital	94,240	-
<b>Changes in working capital:</b>		
Inventories	(244,186)	-
Trade and other receivables	61,376	-
Trade and other payables	77,925	-
Contract assets	20,651	-
Contract liabilities	(6,235)	-
<b>Cash generated from operations</b>	3,771	-
Profit or interest paid	(3,244)	-
Tax paid	(5,164)	-
<b>Net cash from operating activities</b>	<b>(4,637)</b>	-
<b>Cash flow from investing activities</b>		
Acquisition of property, plant and equipment	(3,831)	-
Profit or interest received	840	-
Dividend received from equity accounted associates	400	-
Changes in fixed deposits pledged to banks	17,619	-
Changes in other investments	37,384	-
Advance to an associate	(544)	-
<b>Net cash used in investing activities</b>	<b>51,868</b>	-
<b>Cash flow from financing activities</b>		
Profit or interest paid	(51,838)	-
Net proceeds from loans and borrowings	(183,907)	-
Net repayment of lease liabilities	(1,515)	-
<b>Net cash from financing activities</b>	<b>(237,260)</b>	-
<b>Net decrease in cash and cash equivalents</b>	<b>(190,029)</b>	-
Effect of exchange rate fluctuation on cash held	-	-
Cash and cash equivalents at beginning of period	434,955	-
<b>Cash and cash equivalents at end of period</b>	<b>244,926</b>	-
Fixed deposits placed with licensed banks	140,819	-
Cash and bank balances	149,466	-
	290,285	-
Less: Bank overdrafts	(8,231)	-
Less: Fixed deposits pledged	(37,128)	-
	244,926	-

4. **Condensed Consolidated Statement of Changes in Equity for the period ended 30<sup>th</sup> September 2021**

	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 <sup>st</sup> January 2020	-	-	-	-	-	-	-	-	-
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	-	-	-
Share of other comprehensive loss of an associate	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-
Total comprehensive (loss)/income for the year	-	-	-	-	-	-	-	-	-
Dividend paid to owners of the Company	-	-	-	-	-	-	-	-	-
Non-controlling interest of a new subsidiary acquired	-	-	-	-	-	-	-	-	-
Issuance of share by subsidiaries	-	-	-	-	-	-	-	-	-
Transfer to other reserve	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2021/1<sup>st</sup> July 2021</b>	<b>2,291,512</b>	<b>(28,502)</b>	<b>(434,709)</b>	<b>19,450</b>	<b>44,994</b>	<b>1,993,076</b>	<b>3,885,821</b>	<b>20,279</b>	<b>3,906,100</b>
Foreign currency translation differences for foreign operations	-	-	-	(10,760)	-	-	(10,760)	209	(10,551)
Share of other comprehensive income of an associate	-	-	-	2,434	-	-	2,434	-	2,434
Loss for the period	-	-	-	-	-	(42,114)	(42,114)	(139)	(42,253)
Total comprehensive (loss)/income for the year	-	-	-	(8,326)	-	(42,114)	(50,440)	70	(50,370)
<b>At 30<sup>th</sup> September 2021</b>	<b>2,291,512</b>	<b>(28,502)</b>	<b>(434,709)</b>	<b>11,124</b>	<b>44,994</b>	<b>1,950,962</b>	<b>3,835,381</b>	<b>20,349</b>	<b>3,835,730</b>

**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.

On 7 May 2021, the Group has announced the change of financial year end from 31<sup>st</sup> December to 30<sup>th</sup> June. As such, there will be no comparative financial information available for the financial period ended 30<sup>th</sup> September 2021.

The interim financial statements should be read in conjunction with the unaudited financial statements of Serba Dinamik Holdings Berhad and its subsidiaries ("**the Group**") for the financial year ended 30<sup>th</sup> June 2021.

**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<sup>st</sup> 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 1st January 2022: -

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations - Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

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

<b>MFRS/ Amendment/ Interpretation</b>	<b>Effective date</b>
MFRS 17, Insurance Contracts	1 <sup>st</sup> January 2023
Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current	1 <sup>st</sup> January 2023
Amendments to MFRS 101, Presentation of Financial Statements – Disclosure of Accounting policies	1 <sup>st</sup> January 2023
Amendments to MFRS 108, Accounting policies, Changes in Accounting estimates – Definition of Accounting Estimates	1 <sup>st</sup> January 2023
Amendments to MFRS 112, Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from Single Transaction	1 <sup>st</sup> 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 1st January 2023 for amendments that are effective for annual periods beginning on or after 1st 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.

**(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.

**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 (Cont'd)**

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<sup>st</sup> December 2019. The Company and its subsidiaries are still in the midst of finalizing the audited financial statement for financial period ended 30<sup>th</sup> June 2021.

**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**

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 period and subsequent events**

The Board had previously agreed to conduct a special independent review to address several matters arising out of KPMG's audit. Without prejudice to the ongoing civil suit with KPMG and the allegations therein, to address the market and regulator's concerns, the special independent review shall proceed as planned. At this juncture there will be no financial impact until the review is completed.

Other than disclosed in Note A7, A9 and B10, there were no other significant events during the financial period and subsequent to financial period ended 30<sup>th</sup> September 2021.



**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**

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 assets or contingent liabilities arising since the last audited financial statements for the financial year ended 31<sup>st</sup> December 2019.

**A11. Capital commitments**

Capital commitments of the Group in respect of property, plant and equipment as 30<sup>th</sup> September 2021 are as follows: -

<b>Land and Building</b>	<b>RM'000</b>
Approved and contracted for	190,105

**A12. Tax expense**

Tax expense comprises the following:

	Individual quarter		Cumulative quarter	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/09/21	30/09/20	30/09/21	30/09/20
	RM'000	RM'000	RM'000	RM'000
<b>Current tax expense:</b>				
Malaysian taxation	2,368	-	2,368	-
Overseas taxation	-	-	-	-
<b>Total current tax expense</b>	<b>2,368</b>	<b>-</b>	<b>2,368</b>	<b>-</b>
Deferred tax expense	871	-	871	-
<b>Total tax expense</b>	<b>3,239</b>	<b>-</b>	<b>3,239</b>	<b>-</b>

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

The Group has few Labuan companies which are governed 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<sup>th</sup> 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.

**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 and communication technology ("**ICT**") solutions and supply of products and parts which include customize software development, mobile applications solution, e-Commerce platform and digital theme park or virtual park.
- E&T - Education and training ("**E&T**") which includes technical training programme that can support our O&M, EPCC and ICT segments 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 period**

	Revenue		Gross profit		Variance	
	Quarter ended		Quarter ended		Revenue	Gross profit
	30/09/21	30/09/20	30/09/21	30/09/20		
	RM'000	RM'000	RM'000	RM'000	%	%
<b>Business Segments:</b>						
O&M	742,893	-	63,460	-	-	-
EPCC	52,323	-	4,320	-	-	-
ICT	1,769	-	346	-	-	-
E&T	2,360	-	795	-	-	-
<b>Group revenue/ Gross profit</b>	<b>799,345</b>	<b>-</b>	<b>68,921</b>	<b>-</b>	<b>-</b>	<b>-</b>
Corporate expenses and consolidation elimination			(107,935)	-		-
<b>Loss Before Tax</b>			<b>(39,014)</b>	<b>-</b>		<b>-</b>

For the quarter ended 30<sup>th</sup> September 2021 ("Q1FY22"), the Group recorded revenue of RM799.3 million with gross profit of RM68.9 million. Gross profit margin stood at 8.6% for the current quarter. The composition of revenue is mainly contributed by activities from O&M and EPCC segment with 92.9% and 6.5% contribution respectively. The Group recorded loss before tax of RM39.0 million in Q1FY22.

O&M segment consists of MRO and IRM activities which mainly contributed from operations in Middle East region such as Qatar and United Arab Emirates ("UAE"), followed by Malaysia. The segment recorded revenue of RM742.9 million, gross profit of RM63.5 million and gross profit margin of 8.5%.

EPCC segment contributed RM52.3 million of revenue to the Group's current quarter result, which mainly derived from various contracts in Malaysia. The Group recorded RM4.3 million gross profit with gross profit margin of 8.3%.

The Group via ICT segment recorded RM1.8 million and RM0.3 million of revenue and gross profit respectively. While E&T segment contributed RM2.4 million of revenue and RM0.8 million of gross profit in current quarter

**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**

	Revenue		Gross profit		Variance	
	Quarter ended		Quarter ended		Revenue	Gross profit
	30/09/21	30/06/21	30/09/21	30/06/21		
	RM'000	RM'000	RM'000	RM'000	%	%
<b>Business Segments:</b>						
O&M	742,893	1,094,695	63,460	124,342	(32.1)	(49.0)
EPCC	52,323	100,388	4,320	9,091	(47.9)	(52.5)
ICT	1,769	11,811	346	2,203	(85.0)	(84.3)
E&T	2,360	948	795	424	148.9	87.5
<b>Group revenue/ gross profit</b>	<b>799,345</b>	<b>1,207,842</b>	<b>68,921</b>	<b>136,060</b>	<b>(33.8)</b>	<b>(49.3)</b>
Corporate expenses and consolidation elimination			(107,935)	(121,249)		(11.0)
<b>(Loss)/Profit before tax</b>			<b>(39,014)</b>	<b>14,811</b>		<b>(363.4)</b>

For quarter ended 30<sup>th</sup> September 2021, the Group recorded revenue of RM799.3 million, a decrease of 32.1% from immediate preceding quarter ("Q6FY21") which is mainly due to slower activities in O&M segment especially from UAE, Oman and Malaysia. Overall gross profit stood at RM68.9 million, with a reduction of RM67.1 million against Q6FY21.

O&M segment remains as the largest contributor to the Group's revenue in both Q1FY22 and Q6FY21 by more than 90% in both quarters albeit the decrease in revenue as compared to Q6FY21. The decrease is mainly due to moderate activities in Malaysia and Oman, which then offsetted by the increase in Qatar activities. The gross profit margin drops to 8.5% as compared to 11.4% immediate preceding quarter.

EPCC segment in Q1FY22 reduced by half compared to Q6FY21 with revenue decreased from RM100.4 million in Q6FY21 to RM52.3 million in Q1FY22. This is mainly due to slower EPCC activities in UAE and Turkmenistan. The gross profit margin yield at 8.3%.

ICT segment and E&T segment registered revenue of RM1.8 million and RM2.4 million respectively in the current quarter.

**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		Gross profit		Variance	
	Period ended		Period ended		Revenue	Gross profit
	30/09/21	30/09/20	30/09/21	30/09/20		
	RM'000	RM'000	RM'000	RM'000	%	%
<b>Business Segments:</b>						
O&M	742,893	-	63,460	-	-	-
EPCC	52,323	-	4,320	-	-	-
ICT	1,769	-	346	-	-	-
E&T	2,360	-	795	-	-	-
<b>Group revenue/ gross profit</b>	<b>799,345</b>	<b>-</b>	<b>68,921</b>	<b>-</b>	<b>-</b>	<b>-</b>
Corporate expenses and consolidation elimination			(107,935)	-		-
<b>Loss before tax</b>			<b>(39,014)</b>	<b>-</b>		<b>-</b>

The group's year to date ("YTD") revenue and gross profit recorded a total of RM799.3 million and RM68.9 million respectively. The gross profit margin yield at 8.6% in current year. 92.9% of the group's revenue contributed by O&M segment, followed by 6.5% from EPCC segment and remaining 0.6% from ICT and E&T segment.

The Group recorded loss before tax of RM39.0 million after corporate expenses and consolidation elimination of RM107.9 million.

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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 (Cont'd)**

**iv) Segmental Revenue by countries**

	Individual quarter		Cumulative quarter	
	30/09/21	30/09/20	30/09/21	30/09/20
	RM'000	RM'000	RM'000	RM'000
Malaysia	216,674	-	216,674	-
Indonesia	14,411	-	14,411	-
<b>South East Asia</b>	<b>231,085</b>	<b>-</b>	<b>231,085</b>	<b>-</b>
Turkmenistan	6,093	-	6,093	-
Uzbekistan	105	-	105	-
<b>Central and South Asia</b>	<b>6,198</b>	<b>-</b>	<b>6,198</b>	<b>-</b>
UAE	128,834	-	128,834	-
Qatar	415,757	-	415,757	-
Oman	13,287	-	13,287	-
Kingdom of Saudi Arabia	1,274	-	1,274	-
<b>Middle East</b>	<b>559,152</b>	<b>-</b>	<b>559,152</b>	<b>-</b>
United Kingdom	2,910	-	2,910	-
<b>Total</b>	<b>799,345</b>	<b>-</b>	<b>799,345</b>	<b>-</b>

On geographical segmentation, the Middle East region continued to be the highest revenue contributor for the Group at regional level. Middle East contributed 70.0% of the overall revenue for the quarter or RM559.1 million. The revenue mainly contributed from Qatar and followed by UAE of RM415.8 million and RM128.8 million respectively.

South East Asia followed as the second major contributor by region to the Group's revenue, recording a total of RM231.1 million for Q1FY22 or 28.9 %. Malaysia serves as the major contributor for the region with RM216.7 million or 27.1% of revenue. The revenue is mainly contributed by O&M and EPCC activities. Indonesia contributed 1.8% of total revenue for the quarter or RM14.4 million.

Central and South Asia regions contributed revenue of RM6.2 million or 0.8% of total revenue for the Group, where mainly derived from country such as Turkmenistan and Uzbekistan amounting to RM6.1 million and RM0.1 million respectively.

UK contributed RM2.9 million revenue, mainly from O&M activities.

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

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

Malaysian economy contracted by 4.5% in the 3Q2021 (2Q2021: 16.1%). Economic activity was particularly impacted in July under Phase 1 of the National Recovery Plan ("NRP"), but subsequently recovered as more states transitioned into Phase 2 with less restrictive containment measures. On the supply side, all economic sectors registered a contraction, particularly the construction sector, which was constrained by operating capacity limits. On the demand side, the restrictions on mobility, especially on inter-district and inter-state travel, has weighed on consumption and investment activity, while continued increase in public sector consumption spending provided some support to overall growth.

International Monetary Fund ("IMF") in their recent report stated that global growth is projected to grow 5.9% in 2021 and 4.9% in 2022. The 2021 global forecast has lowered 0.1% from the July 2021 World Economic Outlook. The downward revision for 2021 reflects a downgrade for advanced economies in part due to supply disruptions and for low-income developing countries, largely due to worsening pandemic dynamics. This is partially offset by stronger near-term prospects among some commodity-exporting emerging market and developing economies. Employment is generally expected to continue lagging the recovery in output.

On the Oil and Gas front, oil prices bounced back in September ending the month substantially higher compared with August. Moreover, worries about the risk of natural gas and coal shortages in Europe and Asia boosted sentiment for an additional increase in oil demand as a substitution fuel.

COVID-19, on the other hand, began as a health crisis but quickly morphed into a global economic crisis of unprecedented magnitude and speed. The global ripple effects are still being felt, and it is unlikely that the true impact of this pandemic can be measured until the situation stabilizes. In line with the industry moving forward in response to the adoption of the Fourth Industrial Revolution ("IR 4.0"), Serba Dinamik is striving to generate sustainable value and construct entire sustainability while integrating ICT and aerospace business as part of its core business.

Despite the positive fundamentals, the Group's business environment remains challenging, owing to the crisis that the Group is currently experiencing as a result of the incomplete statutory audit. The board of directors is striving to resolve these issues in the best interests of all stakeholders.

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

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

Sources:

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

**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 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	Actual Utilisation			
		RM '000	%	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	<sup>(1)</sup> 11,140	2.4	11,140	100.0
<b>Total gross proceeds</b>		<b>456,695</b>	<b>100.0</b>	<b>456,695</b>	<b>100.0</b>

The utilisation of the proceeds as disclosed above should be read in conjunction with the Announcement made by the Company dated 23<sup>rd</sup> 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.



**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)**

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:

**(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	Actual Utilisation			
		RM '000	%	RM '000	% Utilised
Partial repayment of bank borrowings	Within 6 months	100,000	19.7	100,000	100.0
Capital expenditure	Within 24 months	100,000	19.7	29,899	29.9
Working capital	Within 12 months	296,223	58.2	296,223	100.0
Estimated private placement expenses	Immediately	(2) 12,390	2.4	12,390	100.0
<b>Total gross proceeds</b>		<b>508,613</b>	<b>100.0</b>	<b>438,512</b>	<b>86.2</b>

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

Notes:

- (2) The actual expense in relation to the General Mandate Placement was RM7.54 million. The excess of RM4.85 million was reallocated and fully utilised for working capital requirement.

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

**B5. Other Operating Income**

The Group's other operating income for the quarter and period ended 30<sup>th</sup> September 2021 are as follows:

	Individual quarter		Cumulative quarter	
	30/09/21 RM'000	30/09/20 RM'000	30/09/21 RM'000	30/09/20 RM'000
Foreign Exchange gain	255	-	255	-
Rental Income	61	-	61	-
Others	211	-	211	-
<b>Total</b>	<b>527</b>	<b>-</b>	<b>527</b>	<b>-</b>

**B6. Financing/ Borrowings**

The Group's financing/borrowings as at 30<sup>th</sup> September 2021 are as follows:

In RM'000	As at 30 <sup>th</sup> September 2021					
	Long term		Short term		Total borrowings	
	Foreign Currency	Local Currency	Foreign Currency	Local Currency	Foreign Currency	Local Currency
Secured	-	352,071	918	211,556	918	563,627
Unsecured	1,192,859	733,257	1,048,082	219,000	2,240,941	952,257
In RM'000	As at 30 <sup>th</sup> June 2021					
	Long term		Short term		Total borrowings	
	Foreign Currency	Local Currency	Foreign Currency	Local Currency	Foreign Currency	Local Currency
Secured	-	360,082	1,080	336,309	1,080	696,391
Unsecured	1,200,286	731,022	1,090,170	221,005	2,290,456	952,027

Financing/ Borrowings denominated in foreign currency are as follows:

Currency	30/09/21 RM'000	30/06/2021 RM'000
USD	2,240,941	2,290,455
IDR	918	1,080

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)**

**B7. 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	
	30/09/21 RM'000	30/09/20 RM'000
Professional service charges	589	-
Revenue from operation and maintenance	(7)	-

(b) The following transactions were with associates.

Nature of transaction	Cumulative quarter	
	30/09/21 RM'000	30/09/20 RM'000
Revenue from engineering, procurement, construction and commissioning project	(41,735)	-

**B8. 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.

**B9. Material Impairment of Assets**

There is no material impairment of assets by the Group for the financial quarter/period 30<sup>th</sup> September 2021.

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

**B10. Material litigation**

Save as disclosed below, 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 as at the date of this report.

- i) On 22<sup>nd</sup> June 2021, the Company had filed a Writ of Summon (“**WOS**”) together with the Statement of Claim (“**SOC**”) at the High Court of Malaya at Shah Alam against KPMG PLT.

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

- ii) On 3<sup>rd</sup> November 2021, the Company had filed an Originating Summons (“**OS**”) at the High Court of Malaya at Kuala Lumpur against Bursa Malaysia Securities Berhad (“Bursa”).

On 5<sup>th</sup> November 2021, the Company had filed an OS at the High Court of Malaya at Kuala Lumpur against Ernst & Young Consulting Sdn Bhd (“EY Consulting”).

Apart from the potential damages to be assessed and costs which may be awarded against both Bursa and EY Consulting and the corresponding legal costs, the OS is not expected to have any other material financial impact on the Company for the financial period 30<sup>th</sup> September 2021. The OS is not expected to have any business and operational impacts on the Company.

**B11. Dividend**

There was no dividend proposed for the financial quarter/period 30<sup>th</sup> September 2021.

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

**B12. Earnings per ordinary share**

**Basic earnings per ordinary share**

The calculation of basic earnings per share at 30<sup>th</sup> September 2021 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	
	30/09/21	30/09/20	30/09/21	30/09/20
	RM'000	RM'000	RM'000	RM'000
Loss attributable to ordinary shareholders	(42,114)	-	(42,114)	-
Weighted average number of ordinary shares	3,709,624	-	3,709,624	-
<b>Basic earnings per ordinary share (sen)</b>	<b>(1.14)</b>	<b>-</b>	<b>(1.14)</b>	<b>-</b>

The Group has no dilutive ordinary shares at the end of the financial period 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.

**B13. Profit for the quarter/period**

This is arrived after (charging)/crediting

	Individual	Cumulative
	quarter ended	quarter
	30/09/21	30/09/21
	RM'000	RM'000
Finance income	840	840
Finance expense	(59,178)	(59,178)
Depreciation and amortization	(68,292)	(68,292)

By order of the Board

Shah Alam, Selangor Darul Ehsan

30<sup>th</sup> November 2021