



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

**QUARTERLY REPORT ON THE
CONSOLIDATED RESULTS
FOR THE QUARTER AND PERIOD ENDED
30th SEPTEMBER 2022**

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

1. Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income or Loss for the quarter and period ended 30th September 2022

a. Consolidated Profit or Loss and Other Comprehensive Income

	Individual quarter		Changes %	Cumulative quarter		Changes %
	Quarter ended 30/09/22	Quarter ended 30/09/21		Period ended 30/09/22	Period ended 30/09/21	
	RM'000	RM'000		RM'000	RM'000	
Revenue	213,581	799,345	(73.3)	213,581	799,345	(73.3)
Cost of sales/services	(250,001)	(730,424)		(250,001)	(730,424)	
Gross loss	(36,420)	68,921	(149.9)	(36,420)	68,921	(149.9)
Other operating income	493	527		493	527	
Administrative and other operating expenses	(34,547)	(46,152)		(34,547)	(46,152)	
Results from operating activities	(70,474)	23,296	(402.5)	(70,474)	23,296	(402.5)
Finance income	49	840		49	840	
Finance costs	(29,140)	(59,178)		(29,140)	(59,178)	
Net finance costs	(29,091)	(58,338)	50.1	(29,091)	(58,338)	50.1
Share of results of equity accounted associates	(4,098)	(3,972)		(4,098)	(3,972)	
Loss before tax	(103,663)	(39,014)	(165.7)	(103,663)	(39,014)	(165.7)
Tax expense	(589)	(3,239)		(589)	(3,239)	
Loss for the quarter/period	(104,252)	(42,253)	(146.7)	(104,252)	(42,253)	(146.7)
Items that may be reclassified subsequently to profit and loss:						
Foreign currency translation differences for foreign operations	15,352	(10,551)		15,352	(10,551)	
Share of other comprehensive income/(loss) of equity accounted associates	2,409	2,434		2,409	2,434	
Total comprehensive loss for the quarter/period	(86,491)	(50,370)	(71.7)	(86,491)	(50,370)	(71.7)
Loss for the financial quarter/period attributable to:						
Owners of the Company	(104,600)	(42,114)		(104,600)	(42,114)	
Non-controlling interest	348	(139)		348	(139)	
Loss for the quarter/period	(104,252)	(42,253)	(146.7)	(104,252)	(42,253)	(146.7)
Total comprehensive loss for the quarter/period attributable to:						
Owners of the Company	(86,052)	(50,440)		(86,052)	(50,440)	
Non-controlling interest	(439)	70		(439)	70	
Total comprehensive loss for the quarter/period	(86,491)	(50,370)	(71.7)	(86,491)	(50,370)	(71.7)

b. Earnings per share

	Individual quarter		Cumulative quarter	
	Quarter ended 30/09/22	Quarter ended 30/09/21	Period ended 30/09/22	Period ended 30/09/21
Basic (sen)	(2.81)	(1.14)	(2.81)	(1.14)

Notes:

- i) The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income or Loss, 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 period ended 30th June 2022 and the accompanying notes to the interim financial statements.

2. **Condensed Consolidated Statement of Financial Position as at 30th September 2022**

	Unaudited	Unaudited
	At	At
	30/09/22	30/06/22
	RM'000	RM'000
Assets		
Property, plant and equipment	1,968,380	1,994,499
Right-of-use assets	430,517	434,112
Investment in associates	134,235	126,802
Other investments	48,620	49,081
Intangible assets	32,190	33,211
Deferred tax assets	386	376
Total non-current assets	2,614,328	2,638,081
Inventories	1,619,782	1,589,201
Contract assets	457,733	443,152
Trade and other receivables	1,658,588	1,586,818
Deposits and prepayments	118,431	112,309
Current tax assets	6,286	9,528
Other investments	-	-
Cash and cash equivalents	35,875	57,491
Total current assets	3,896,695	3,798,229
Total assets	6,511,023	6,436,310
Equity		
Share capital	2,291,512	2,291,512
Treasury shares	(28,502)	(28,502)
Merger reserve	(434,710)	(434,710)
Foreign currency translation reserve	97,628	79,080
Other reserves	44,994	44,994
Retained earnings	(152,874)	(48,274)
Total equity attributable to owners of the Company	1,818,048	1,904,100
Non-controlling interest	2,588	3,027
Total equity	1,820,636	1,907,127
Liabilities		
Trade and other payables	-	-
Lease liabilities	2,640	3,799
Deferred tax liabilities	60,903	60,930
Loans and borrowings	1,202,348	2,141,230
Employee benefits	195	191
Total non-current liabilities	1,266,086	2,206,150
Trade and other payables	718,236	639,558
Lease liabilities	22,850	23,359
Contract liabilities	123,963	127,625
Loan and borrowings	2,539,128	1,507,718
Current tax payable	20,124	24,773
Total current liabilities	3,424,301	2,323,033
Total liabilities	4,690,387	4,529,183
Total equity and liabilities	6,511,023	6,436,310
Net assets per share (RM)	0.49	0.51

3. **Condensed Consolidated Statement of Cash Flows for the period ended 30th September 2022**

	Unaudited	Unaudited
	30/09/22	30/09/21
	RM'000	RM'000
Cash flow from operating activities		
Loss before tax	(103,663)	(39,014)
Adjustment for :		
Depreciation of property, plant and equipment and right-of-use assets	66,809	68,292
Amortisation of intangible assets	1,020	-
Net unrealised foreign exchange loss	11,823	2,033
Loss on disposal of subsidiaries	-	-
Loss on disposal of associates	-	-
Share of loss in equity-accounted associate, net of tax	4,097	3,972
Finance income	(49)	(840)
Finance costs	29,140	59,178
Employment benefits	4	213
Loss on disposal of trade receivables (factoring)	-	1,881
Share of other comprehensive loss in equity accounted associates, net of tax	(2,409)	(2,434)
Impairment of investment in subsidiary	-	562
Impairment of trade receivables	-	397
Operating loss before changes in working capital	6,772	94,240
Changes in working capital:		
Inventories	(38,209)	(246,357)
Trade and other receivables	(84,200)	59,800
Trade and other payables	75,251	81,672
Contract assets	(16,737)	20,651
Contract liabilities	(4,245)	(6,235)
Cash generated from operations	(61,368)	3,771
Profit or interest paid	(1,457)	(3,244)
Tax paid	(2,301)	(5,164)
Net cash from operating activities	(65,126)	(4,637)
Cash flow from investing activities		
Acquisition of property, plant and equipment	-	3,796
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	461	37,384
Disposal of subsidiaries	-	-
Disposal of associates	-	-
Advance to an associate	(1,545)	(544)
Net cash used in investing activities	(1,084)	59,495
Cash flow from financing activities		
Profit or interest paid	(27,683)	(51,838)
Net repayment of loans and borrowings	73,294	(191,534)
Net repayment of lease liabilities	(2,629)	(1,515)
Net cash from financing activities	42,982	(244,887)
Net decrease in cash and cash equivalents	(23,228)	(190,029)
Effect of exchange rate fluctuation on cash held	1,301	-
Cash and cash equivalents at beginning of period	57,797	434,955
Cash and cash equivalents at end of period	35,870	244,926
Fixed deposits placed with licensed banks	31,250	140,819
Cash and bank balances	4,625	106,362
	35,875	247,181
Less: Bank overdrafts	-	34,873
Less: Fixed deposits pledged	(5)	(37,128)
	35,870	244,926

4. Condensed Consolidated Statement of Changes in Equity for the period ended 30th September 2022

	Attributable to owners of the Company						Total	Non-controlling interests	Total equity
	Non-distributable			Distributable					
	Share capital	Treasury shares	Merger reserve	Foreign currency translation reserve	Other reserves	Retained earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 30th June 2021	2,291,512	(28,502)	(434,710)	26,338	44,994	1,057,255	2,956,887	12,411	2,969,299
Foreign currency translation differences for foreign operations	-	-	-	50,307	-	-	50,307	(592)	49,715
Share of other comprehensive income of an associate	-	-	-	2,435	-	-	2,435	-	2,435
Profit/ (Loss) for the period	-	-	-	-	-	(1,094,392)	(1,094,392)	(214)	(1,094,606)
Total comprehensive income for the period	-	-	-	52,742	-	(1,094,392)	(1,041,650)	(806)	(1,042,456)
Disposal of a subsidiary	-	-	-	-	-	(11,137)	(11,137)	(8,578)	(19,715)
At 30th June 2022/1st July 2022	2,291,512	(28,502)	(434,710)	79,080	44,994	(48,274)	1,904,100	3,027	1,907,127
Foreign currency translation differences for foreign operations	-	-	-	16,139	-	-	16,139	(787)	15,352
Share of other comprehensive income of an associate	-	-	-	2,409	-	-	2,409	-	2,409
Loss for the period	-	-	-	-	-	(104,600)	(104,600)	348	(104,252)
Total comprehensive (loss)/income for the year	-	-	-	18,548	-	(104,600)	(86,052)	(439)	(86,491)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-
At 30th September 2022	2,291,512	(28,502)	(434,710)	97,628	44,994	(152,874)	1,818,048	2,588	1,820,636

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 unaudited financial statements of Serba Dinamik Holdings Berhad and its subsidiaries ("**the Group**") for the financial period ended 30th June 2022.

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 period ended 30th June 2022 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:

MFRS/ Amendment/ Interpretation	Effective date
MFRS 17, Insurance Contracts	1 st January 2023
Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current	1 st January 2023
Amendments to MFRS 101, Presentation of Financial Statements – Disclosure of Accounting policies	1 st January 2023
Amendments to MFRS 108, Accounting policies, Changes in Accounting estimates – Definition of Accounting Estimates	1 st January 2023
Amendments to MFRS 112, Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from Single Transaction	1 st 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

The auditor has expressed a disclaimer opinion on the basis of time limitations and occurrence of additional significant events impacting the completion of our audit. Other considerations were that in view of the timing of Nexia SSY PLT's appointment, the auditor not in a position to observe the counting of physical inventories at the end of the period. Alternative means to verify the inventory quantities held at 30 June 2021 is still pending. Additionally, there are significant matters which the auditor require that are outstanding at the date of the report and the auditor has not been able to compile sufficient appropriate audit evidence to provide a basis for the audit opinion. Kindly refer to the Group's financial statement for more detail on auditors' report.

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 B10.

A8. Significant events during the financial period and subsequent events

Other than disclosed in Note B10, there were no other significant events during the financial period and subsequent to financial period ended 30th June 2023.

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 quarter.

A10. Contingent assets and liabilities

Other than disclosed in Note B10, there were no material changes in contingent assets or contingent liabilities arising since the last audited financial statements for the financial period ended 30th June 2023.

A11. Capital commitments

Capital commitments of the Group in respect of property, plant and equipment as 30th June 2022 are as follows: -

Land and Building	RM'000
Approved and contracted for	190,105

A12. Tax expense

Tax expense comprises the following:

	Individual quarter		Cumulative quarter	
	Quarter ended 30/09/22	Quarter ended 30/09/21	Period ended 30/09/22	Period ended 30/09/21
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
Malaysian taxation	625	2,368	625	2,368
Overseas taxation	-	-	-	-
Total current tax expense	625	2,368	625	2,368
Deferred tax expense	(36)	871	(36)	871
Total tax expense	589	3,239	589	3,239

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 18th 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/(loss)		Variance	
	Quarter ended		Quarter ended		Revenue	Gross profit/(loss)
	30/09/22	30/09/21	30/09/22	30/09/21		
	RM'000	RM'000	RM'000	RM'000	%	%
Business Segments:						
O&M	208,404	742,893	(35,147)	63,090	(71.9)	(155.7)
EPCC	2,559	52,323	(1,478)	4,320	(95.1)	(134.2)
ICT	580	1,769	(117)	716	(67.2)	(116.3)
E&T	2,038	2,360	322	795	(13.6)	59.5
Group revenue/ Gross loss	213,581	799,345	(36,420)	68,921	(73.3)	(152.8)
Corporate expenses and consolidation elimination			(67,243)	(107,935)		
Loss Before Tax			(103,663)	(39,014)		

For the quarter ended 30th September 2022 ("Q1FY23"), the Group recorded revenue of RM213.6 million with a gross loss of RM36.4 million. The composition of revenue is mainly contributed by activities from O&M and EPCC segments with 97.6% and 0.9% contribution respectively. The Group recorded a loss before tax of RM103.7 million in Q1FY23.

O&M segment consists of MRO and IRM activities which mainly contributed from operations in the Middle East region such as Qatar and United Arab Emirates ("UAE") with total O&M revenue of RM109.9 million and RM33.6 million respectively. The segment recorded revenue of RM208.4 million with a gross loss of RM35.1 million.

EPCC segment contributed RM2.56 million of revenue to the Group's current quarter result, which mainly derived from contracts in Malaysia. The Group recorded RM1.48 million gross loss for this segment.

The Group via ICT segment recorded RM0.6 million and RM0.12 million of revenue and gross loss respectively. While E&T segment contributed RM2.04 million in revenue and RM0.32 million of gross profit 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)

ii) Current quarter vs Immediate preceding quarter

	Revenue		Gross profit/(loss)		Variance	
	Quarter ended		Quarter ended		Revenue	Gross profit/(loss)
	30/09/22	30/06/22	30/09/22	30/06/22		
	RM'000	RM'000	RM'000	RM'000	%	%
Business Segments:						
O&M	208,404	159,796	(35,147)	(60,396)	30.4	41.8
EPCC	2,559	8,488	(1,478)	(30,183)	(69.9)	95.1
ICT	580	297	(117)	(652)	95.3	82.1
E&T	2,038	1,671	322	(528)	22.0	39.0
Group revenue/ gross profit/(loss)	213,581	170,252	(36,420)	(91,764)	25.4	60.3
Corporate expenses and consolidation elimination			(67,243)	(236,108)		
Loss before tax			(103,663)	(327,872)		

For the quarter ended 30th September 2022, the Group recorded revenue of RM213.58 million, an increase of 25.4% from the immediate preceding quarter ("Q4FY22") which is mainly due to activities in O&M segment, especially from Qatar, UAE, and Malaysia. Overall the Group incurred a gross loss of RM36.42 million, with an improvement of RM55.34 million against Q4FY22.

O&M segment remains the largest contributor to the Group's revenue in both Q1FY23 and Q4FY22. Due to the better performance of the O&M segment, the gross margin loss has also shown an improvement of 41.8% as compared to Q4FY22.

EPCC segment in Q1FY23 decreased by 69.9% compared to Q4FY22 with revenue decreasing from RM8.49 million in Q4FY22 to RM2.56 million in Q1FY23. This is mainly due to the reduction of revenue from activities in UK and Malaysia hence resulted in the gross loss position for the current quarter.

ICT segment and E&T segment registered an increase in revenue as compared to the preceding quarter where both increase 95.3% and 22.0% respectively. E&T also recorded an improvement in the margin which turnaround from a loss of RM0.5 million in Q4FY22 to a gross profit of RM0.3 million in Q1FY23.

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/(loss)		Variance	
	Period ended		Period ended		Revenue	Gross profit/(loss)
	30/09/22	30/09/21	30/09/22	30/09/21		
	RM'000	RM'000	RM'000	RM'000	%	%
Business Segments:						
O&M	208,404	742,893	(35,147)	63,090	(71.9)	(155.7)
EPCC	2,559	52,323	(1,478)	4,320	(95.1)	(134.2)
ICT	580	1,769	(117)	716	(67.2)	(116.3)
E&T	2,038	2,360	322	795	(13.6)	59.5
Group revenue/ gross loss	213,581	799,345	(36,420)	68,921	(73.3)	(152.8)
Corporate expenses and consolidation elimination			(67,243)	(107,935)		
Loss before tax			(103,663)	(39,014)		

The group's year-to-date ("YTD") revenue and gross loss recorded a total of RM213.58 million and RM36.42 million respectively. 97.6% of the group's revenue was contributed by O&M segment, followed by 1.0% from E&T and the remaining 1.4% from EPCC and ICT segments.

The Group recorded a loss before tax of RM103.66 million after corporate expenses and consolidation elimination of RM67.24 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	
	30/09/22	30/09/21	30/09/22	30/09/21
	RM'000	RM'000	RM'000	RM'000
Malaysia	34,764	216,674	34,764	216,674
Indonesia	696	14,411	696	14,411
South-East Asia	35,460	231,085	35,460	231,085
Turkmenistan	29,484	6,093	29,484	6,093
India	-	105	-	105
Central and South Asia	29,484	6,198	29,484	6,198
UAE	33,572	128,834	33,572	128,834
Qatar	109,914	415,757	109,914	415,757
Oman	-	13,287	-	13,287
Kingdom of Saudi Arabia	-	1,274	-	1,274
Middle East	143,486	559,152	143,486	559,152
United Kingdom	5,151	2,910	5,151	2,910
Total	213,581	799,345	213,581	799,345

On geographical segmentation, the Middle East region continued to be the highest revenue contributor for the Group at a regional level. Middle East contributed 67.2% of the overall revenue for the quarter or RM143.5 million. The revenue was mainly contributed from Qatar and followed by UAE of RM109.9 million and RM33.6 million respectively.

South-East Asia followed as the second major contributor by region to the Group's revenue, recording a total of RM35.5 million for Q1FY23 or 16.6%. Malaysia serves as the major contributor to the region with RM34.7 million or 16.3% of revenue. The revenue is mainly contributed by O&M and EPCC activities. Indonesia contributed 0.3% of total revenue for the quarter or RM0.7 million.

Central and South Asia regions contributed revenue of RM29.5 million or 13.8% of the total revenue for the Group, which mainly derived from the country of Turkmenistan.

United Kingdom contributed RM5.1 million in revenue for Q1FY23, 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

The Malaysian economy registered a strong growth of 14.2% in the third quarter of 2022 (2Q 2022: 8.9%). The high growth was underpinned by continued expansion in domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.9% (2Q 2022: 3.5%). Overall, the Malaysian economy expanded by 9.3%, in the first three quarters of 2022. The expansion was seen in all economic sectors such as the services sector, manufacturing sector, construction sector, and commodities sector.

On a global economic outlook, growth is projected to slow from 6.0% in 2021 to only 3.2% this year and a further reduction in 2023 to 2.7% mainly contributed by US GDP contraction in the first half of 2022, prolonged COVID-19 outbreaks and lockdowns in China with a growing property sector crisis. One-third of the world economy faces two consecutive quarters of negative growth while global inflation is expected to rise to 8.8% in 2022. Upside inflation surprises have been most widespread among advanced economies, with greater variability in emerging markets and developing countries.

In the oil and gas sector, Crude oil spot prices rebounded in October from the low level registered the previous month, with the North Sea Dated increasing by about 3.7% on a monthly average from September. After three consecutive months of large declines, spot prices rose in October, buoyed by strong middle distillate margins and a tight diesel/gas oil market, specifically in the Atlantic Basin, and a selloff in futures markets eased. The world oil demand growth for 2023 is expected to be lower than in 2022 down from 2.5mb/d to 2.2mb/d as it is anticipated to be more challenging due to uncertainties related to economic activities, COVID-19 containment measures, and geopolitical developments.

The Group expected to increase its clients base as vendor for OEMs due to the establishment of its integrated facilities especially in Bintulu, Pengerang and Pasir Gudang which will focus on oil & gas and power generation industries. In terms of geographical positioning, the Group intend to strengthen its position in Africa continents and Central Asia where huge prospects are available with the track records and existing positioning of its presence in Tanzania, Guinea and Uzbekistan.

The Group also endeavour to improve its positioning in ICT scope especially in the capabilities related to IR4.0. These efforts will improve both the top and bottom line of its financial achievement in coming quarters.

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

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

The Board of Directors anticipates that the Group's operations will remain challenging going into 2023 due to the uncertainty of the global economy. The Group view that the O&M segment will remain its core competency and provide the fundamental of its operations. With the Group being classified as a PN17 company, the Board pledges to resolve the ongoing issue, including the restructuring and regularisation plan, in the best interests of stakeholders.

Sources:

- *BNM Quarterly Bulletin, Bank Negara Malaysia;*
- *World Economic Outlook Update October 2022, IMF;*
- *OPEC Monthly Oil Market Report October 2022, 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 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	100,000	100.0
Capital expenditure	Within 24 months	100,000	19.7	45,613	45.6
Working capital	Within 12 months	296,223	58.2	296,223	100.0
Estimated private placement expenses	Immediately	⁽¹⁾ 12,390	2.4	12,390	100.0
Total gross proceeds		508,613	100.0	454,226	89.3

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)

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

Notes:

- (1) 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.

B5. Other Operating Income

The Group's other operating income for the quarter and period ended 30th June 2022 are as follows:

	Individual quarter		Cumulative quarter	
	30/09/22 RM'000	30/09/21 RM'000	30/09/22 RM'000	30/09/21 RM'000
Foreign Exchange gain	152	255	152	255
Rental Income	182	61	182	61
Others	159	211	159	211
Total	493	527	493	527

B6. Financing/ Borrowings

The Group's financing/borrowings as at 30th June 2022 are as follows:

In RM'000	As at 30 th September 2022					
	Long term		Short term		Total borrowings	
	Foreign Currency	Local Currency	Foreign Currency	Local Currency	Foreign Currency	Local Currency
Secured	-	368,959	722	-	722	368,959
Unsecured	820,864	12,525	1,460,520	1,077,886	2,281,384	1,090,411
In RM'000	As at 30 th September 2021					
	Long term		Short term		Total borrowings	
	Foreign Currency	Local Currency	Foreign Currency	Local Currency	Foreign Currency	Local Currency
Secured	-	352,071	918	168,452	918	520,523
Unsecured	1,192,859	733,257	1,048,082	219,000	2,240,941	952,257

Financing/ Borrowings denominated in foreign currency are as follows:

Currency	30/09/22 RM'000	30/09/2021 RM'000
USD	2,281,384	2,240,941
IDR	722	918

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

B6. Financing/ Borrowings (Cont'd)

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.

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	
	30/09/22 RM'000	30/09/21 RM'000
Professional service charges	3	589
Revenue from operation and maintenance	(7)	(7)

B7. Significant related party transactions (Cont'd)

(b) The following transactions were with associates.

Nature of transaction	Cumulative quarter	
	30/09/22 RM'000	30/09/21 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 30th September 2022.



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 22.6.2021, 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 30th September 2022. Both WOS and SOC are not expected to have any business and operational impacts on the Company.

The trial dates for KPMG have been fixed on 14th, 15th, 16th, 17th November 2022, 1st and 2nd December 2022. Further, on 3rd August 2022, KPMG had filed an application for security for costs against Serba Dinamik Holdings Berhad i.e. seeking SDHB to pay RM500,000.00 as security for this suit. Serba Dinamik Holdings Berhad had filed to oppose the application on 25.8.2022.

- ii) On 3.11.2021, the Company had filed an Originating Summons ("**OS**") at the High Court of Malaya at Kuala Lumpur against Bursa Malaysia Securities Berhad ("**Bursa**") to, *inter alia*, challenge the decision of Bursa to compel the Company to appoint Ernst & Young Consulting Sdn Bhd ("**EY Consulting**") as a special auditor pursuant to paragraph 2.24 of the Main Market Listing Requirement. EYC is not a registered auditor and therefore do not satisfy the meaning of "auditor" within the Main Market Listing Requirement and the Companies Act 2016. The Company further challenged Bursa's decision to suspend the trading of the securities of the Plaintiff due to a purported non-compliance of Bursa's directive.

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

B10. Material litigation (Cont'd)

- iii) On 5.11.2021, the Company had filed an OS at the High Court of Malaya at Kuala Lumpur against Ernst & Young Consulting Sdn Bhd ("EY Consulting") to seek a declaration that the appointment of EY Consulting as the special auditor of the Company is null and void.

Both the OS has been dismissed by the High Court of Malaya with costs awarded to Bursa and EY Consulting. The Company has filed an appeal against the said decisions and the matter is now pending before the Court of Appeal.

Apart from the costs which may be awarded to both Bursa and EY Consulting and the corresponding legal costs, both the appeals are not expected to have any other material financial impact on the Company for the financial period 30th September 2022. The appeals are not expected to have any business and operational impacts on the Company.

- iv) On 23.11.2021, Bursa filed an Originating Summons at the High Court of Malaya at Kuala Lumpur against the Company to compel the Company to announce a material which was prepared by EY Consulting. EY Consulting has not signed off the material till to-date. It is the Company's contention, *inter alia*, that the Company is not in the position to announce a third-party material.

The High Court has allowed the OS with costs awarded to Bursa. The Company has filed an appeal against the said decision and the matter is now pending before the Court of Appeal.

Apart from the costs which may be awarded to Bursa and the corresponding legal costs, the appeal is not expected to have any other material financial impact on the Company for the financial period 30th September 2022. The appeal is not expected to have any business and operational impacts on the Company.

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

B10. Material litigation (Cont'd)

- v) On 26.4.2022, HSBC Amanah Malaysia Berhad, AmBank Islamic Berhad, Bank Islam Malaysia Berhad, MIDF Amanah Investment Bank Berhad, Standard Chartered Saadiq Berhad and United Overseas Bank (Malaysia) Bhd (collectively, "Syndicated Financiers") filed a winding up petition against the Company together with its wholly-owned subsidiaries, Serba Dinamik Group Berhad ("SDGB") and its wholly-owned subsidiaries, Serba Dinamik Sdn Bhd ("SDSB") and Serba Dinamik International Ltd ("SDIL") (SDGB, SDSB, SDIL are referred as "SD Subsidiaries") (collectively, "Winding Up Petitions". The Syndicated Financiers filed a summon in chambers to seek an appointment of Victor Saw Seng Kee of PricewaterhouseCoopers Advisory Services Sdn Bhd as the interim liquidator of the Company and SD Subsidiaries.

The winding up petitions are pending before the Court.

On 8.6.2022, the Company and SD Subsidiaries entered into a consent order respectively with the Syndicated Financiers to stay the Winding Up Petitions pending due compliance of the Company's application to seek to convene a court-convened meeting for the Company to table its proposal to the creditors.

On 23.8.2022, it is the contention of the Syndicated Financiers that the Company is in breach of one of the terms of the consent order for failing to make payment on or before 12.8.2022. The High Court of Malaya allowed appointment of Victor Saw Seng Kee of PricewaterhouseCoopers Advisory Services Sdn Bhd as the interim liquidator of the Company, SDGB, SDSB and SDIL with cost

- vi) On 29.4.2022, Malaysia Trustees Berhad filed a Writ Summon at the High Court of Malaya at Kuala Lumpur against the Company for, inter alia, an order that the Company pays to Malaysian Trustee Berhad a sum of RM100,000,000.00 being the total outstanding amount under the relevant ICPs.

The matter is now pending before the High Court.

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

B10. Material litigation (Cont'd)

- viii) On 13.5.2022, the Company's wholly owned subsidiaries, Serba Dinamik Group Berhad ("SDGB") and its wholly-owned subsidiaries, Serba Dinamik Sdn Bhd ("SDSB") Serba Dinamik Development Sdn Bhd ("SD Dev") and SD Controls Sdn Bhd ("SD Controls") (SDGB, SDSB, SD Development and SD Controls are referred to as "SD Subsidiaries") filed an application under section 366 of the Companies Act 2016 to seek leave to convene a court-convened meeting of its creditors and for a restraining order to be granted over the SD Subsidiaries. Datuk Abdul Kadier Sahib, being a member of the Company, has also filed an application under section 366 of the Companies Act 2016 to seek leave for the Company to convene a court-convened meeting of its creditors, collectively ("Scheme Applications").

The Company and SD Subsidiaries have identified some assets for immediate sale to generate the cash flows required to the group liabilities. The Company and its subsidiaries would require a court-convened meeting of its creditors to consider and if thought fit, to approve a scheme of arrangement to be proposed between the Company and its creditors to restructure the debt obligations of the Company and its subsidiaries.

On 10.6.2022, the Company and SD Subsidiaries entered into a Consent Order with, amongst others, Syndicated Financiers to regulate the terms towards holding of the court convened meeting and the proposed scheme of arrangement. The Winding Up Petitions are stayed pending due compliance of the Scheme Applications.

The court convened meeting was held on 25.7.2022 and the proposed scheme of arrangement was approved by the requisite majority of creditors.

On 30.7.2022, the Company and SD Subsidiaries filed an application to seek sanction from the Court for the approved scheme of arrangement to be binding upon the Company, SD Subsidiaries and its respective scheme creditors.

On 8.8.2022, Hong Kong and Shanghai Banking Corporation Limited ("HSBC Ltd") who act as Delegate of the holders of the 2022 Certificates and 2025 Certificates filed an application to intervene in the Company's application for sanction. The 2022 Certificates and 2025 Certificates was issued by SD International Sukuk Limited I and SD International Sukuk Limited II respectively. SDHB acts as a corporate guarantor to both 2022 Certificates and 2025 Certificates with aggregate value of around USD 500million.

Due to intervention of HSBC Ltd, the hearing of the Company's application for sanction has been adjourned several times and was eventually withdrawn on 9.11.2022.

On 11.8.2022, the High Court granted sanction for the approved scheme of arrangement of SD Subsidiaries.

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

B11. Dividend

There was no dividend proposed for the financial quarter/period 30th September 2022.

B12. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per share at 30th September 2022 was based on the profit or loss attributable to ordinary shareholders and a weighted average number of ordinary share outstanding, calculated as follows:

	Individual quarter		Cumulative quarter	
	30/09/22	30/09/21	30/09/22	30/09/21
	RM'000	RM'000	RM'000	RM'000
Loss attributable to ordinary shareholders	(104,600)	(42,114)	(104,600)	(42,114)
Weighted average number of ordinary shares	3,727,187	3,709,624	3,727,187	3,709,624
Basic earnings per ordinary share (sen)	(2.81)	(1.14)	(2.81)	(1.14)

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 or loss for the quarter/period

This is arrived after (charging)/crediting

	Individual	Cumulative
	quarter ended	quarter
	30/09/22	30/09/22
	RM'000	RM'000
Finance income	49	49
Finance expense	(29,140)	(29,140)
Depreciation and amortization	66,809	66,809

By order of the Board

Shah Alam, Selangor Darul Ehsan

30 November 2022