



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

**QUARTERLY REPORT ON THE
CONSOLIDATED RESULTS
FOR THE QUARTER AND PERIOD ENDED
30th September 2023**

(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 2023

a. Consolidated Profit or Loss and Other Comprehensive Income

	Individual quarter		Changes %	Cumulative quarter		Changes %
	Quarter ended	Quarter ended		Period ended	Period ended	
	30/9/23	30/9/22		30/9/23	30/9/22	
	RM'000	RM'000		RM'000	RM'000	
Revenue	13,754	213,581	-93.6	13,754	213,581	-93.6%
Cost of sales/services	(69,440)	(250,001)	-72.2	(69,440)	(250,001)	-72.2%
Gross loss	(55,686)	(36,420)	52.9	(55,686)	(36,420)	52.9%
Other operating income	2,431	493	393.2	2,431	493	393.2%
Administrative and other operating expenses	(12,746)	(34,547)	-63.1	(12,749)	(34,547)	-63.1%
Results from operating activities	(66,004)	(70,474)	-6.3	(66,004)	(70,474)	-6.3%
Finance income	51	49	4.6	51	49	4.6%
Finance costs	(14,317)	(29,140)	-50.9	(14,317)	(29,140)	-50.9%
Net finance costs	(14,266)	(29,091)	-51.0	(14,266)	(29,091)	-51.0%
Share of results of equity accounted associates	1,064	(4,098)	-126.0	1,064	(4,098)	-126.0%
Loss before tax	(80,270)	(103,663)	-22.6	(80,270)	(103,663)	-22.6%
Tax expense	-	(589)	-100.0	-	(589)	-100.0%
Loss for the quarter/period	(80,270)	(104,252)	-23.0	(80,270)	(104,252)	-23.0%
Items that may be reclassified subsequently to profit and loss:						
Foreign currency translation differences for foreign operations	(1,113)	15,352	-107.3	(1,113)	15,352	-107.3%
Share of other comprehensive income/(loss) of equity accounted associates	1,064	2,409		1,064	2,409	-55.8%
Total comprehensive loss for the quarter/period	(80,320)	(86,491)	-7.1	(80,320)	(86,491)	-7.1%
Loss for the financial quarter/period attributable to:						
Owners of the Company	(80,672)	(104,600)	-22.9	(80,672)	(104,600)	-22.9%
Non-controlling interest	402	348	15.5	402	348	15.5%
Loss for the quarter/period	(80,270)	(104,252)	-23.0	(80,270)	(104,252)	-23.0%
Total comprehensive loss for the quarter/period attributable to:						
Owners of the Company	(80,715)	(86,052)	-6.2	(80,716)	(86,052)	-6.0%
Non-controlling interest	396	(439)	-190.2	396	(439)	-190.2%
Total comprehensive loss for the quarter/period	(80,320)	(86,491)	-7.1	(80,320)	(86,491)	-7.1%

b. Earnings per share

	Individual quarter		Cumulative quarter	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/09/23	30/09/22	30/09/23	30/09/22
Basic (sen)	(2.16)	(2.81)	(2.16)	(2.81)

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 audited financial statements for the financial year ended 30th June 2022 and the accompanying notes to the interim financial statements.

2. Condensed Consolidated Statement of Financial Position as at 30th September 2023

	Unaudited	Unaudited
	At	At
	30/09/2023	30/09/22
	RM'000	RM'000
Assets		
Property, plant and equipment	1,684,383	1,968,380
Right-of-use assets	419,142	430,517
Investment in associates	107,454	134,235
Other investments	48,619	48,620
Intangible assets	33,211	32,190
Deferred tax assets	376	386
Total non-current assets	2,293,186	2,614,328
Inventories	1,593,459	1,619,782
Contract assets	432,291	457,733
Trade and other receivables	801,228	1,658,588
Deposits and prepayments	50,067	118,431
Current tax assets	8,926	6,286
Other investments	-	-
Cash and cash equivalents	38,160	35,875
Total current assets	2,924,131	3,896,695
Total assets	5,217,317	6,511,023
Equity		
Share capital	2,291,512	2,291,512
Treasury shares	(28,502)	(28,502)
Merger reserve	(434,709)	(434,710)
Foreign currency translation reserve	105,599	97,628
Other reserves	44,994	44,994
Retained earnings	(1,427,667)	(152,874)
Total equity attributable to owners of the Company	551,227	1,818,048
Non-controlling interest	5,353	2,588
Total equity	556,580	1,820,636
Liabilities		
Trade and other payables	-	-
Lease liabilities	3,805	2,640
Deferred tax liabilities	55,217	60,903
Loans and borrowings	1,205,422	1,202,348
Employee benefits	183	195
Total non-current liabilities	1,264,627	1,266,086
Trade and other payables	615,166	718,236
Lease liabilities	23,960	22,850
Contract liabilities	127,416	123,963
Loan and borrowings	2,600,779	2,539,128
Current tax payable	28,790	20,124
Total current liabilities	3,396,110	3,424,301
Total liabilities	4,660,737	4,690,387
Total equity and liabilities	5,217,317	6,511,023
Net assets per share (RM)	0.15	0.49

3. **Condensed Consolidated Statement of Cash Flows for the period ended 30th September 2023**

	Unaudited	Unaudited
	30/09/23	30/09/22
	RM'000	RM'000
Cash flow from operating activities		
Loss before tax	(80,270)	(103,663)
Adjustment for:		
Depreciation of property, plant and equipment and right-of-use assets	68,065	66,809
Depreciation of ROU	3,189	
Net unrealised foreign exchange loss	-	11,823
Amortization of Intangible assets	-	1,020
Loss on disposal of Subsidiaries	-	-
Loss on disposal of Associates	-	-
Share of loss in equity-accounted associate, net of tax	(1,064)	4,097
Finance income	(18)	(49)
Finance costs	14,317	29,140
Employment benefits	-	4
Loss on disposal of trade receivables (factoring)	-	-
Share of other comprehensive loss in equity accounted associates, net of tax	-	(2,409)
Gain on Disposal	6,612	
Impairment of investment in subsidiary	-	-
Impairment of trade receivables	-	-
Operating loss before changes in working capital	10,831	6,772
Changes in working capital:		
Inventories	-	(38,209)
Trade and other receivables	(47,759)	(84,200)
Trade and other payables	407	75,251
Contract assets	2,502	(16,737)
Contract liabilities	-	(4,245)
Cash generated from operations	(34,020)	(61,368)
Profit or interest paid	-	(1,457)
Tax paid	1,738	(2,301)
Net cash from operating activities	(32,282)	(65,126)
Cash flow from investing activities		
Acquisition of property, plant and equipment	42,582	-
Profit or interest received	51	-
Changes in fixed deposits pledged to banks	40	-
Changes in other investments	-	461
Advance to an associate	-	(1,545)
Net cash used in investing activities	42,673	(1,084)
Cash flow from financing activities		
Profit or interest paid	(8,270)	(27,683)
Net repayment of loans and borrowings	(130)	73,294
Net repayment of lease liabilities	-	(2,629)
Net cash from financing activities	(8,400)	42,982
Net decrease in cash and cash equivalents	1,991	(23,228)
Effect of exchange rate fluctuation on cash held	(229)	1,301
Cash and cash equivalents at beginning of period	11,337	57,797
Cash and cash equivalents at end of period	13,098	35,870
Fixed deposits placed with licensed banks	30,101	31,250
Cash and bank balances	8,059	4,625
	38,160	35,875
Less: Bank overdrafts	(3,995)	-
Less: Fixed deposits pledged	(21,067)	(5)
	13,098	35,870



4. Condensed Consolidated Statement of Changes in Equity for the period ended 30th September 2023

	Attributable to owners of the Company									
	Non-distributable						Distributable	Total	Non-controlling interests	Total equity
	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	RM'000	
At 30th June 2022	2,291,512	(28,502)	(434,709)	79,080	44,994	(47,888)	1,904,487	3,027	1,907,515	
Foreign currency translation differences for foreign operations	-	-	-	27,626	-	-	27,626	77	27,703	
Share of other comprehensive income of an associate	-	-	-	-	-	-	-	1,852	1,852	
Profit/ (Loss) for the period	-	-	-	-	-	(1,300,171)	(1,300,171)	-	(1,300,171)	
Total comprehensive income for the period	-	-	-	27,626	-	(1,300,171)	(1,272,545)	1,929	(1,270,616)	
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	
At 30th June 2023/1st July 2023	2,291,512	(28,502)	(434,709)	106,706	44,994	(1,348,059)	631,942	4,957	636,899	
Foreign currency translation differences for foreign operations	-	-	-	(1,107)	-	-	(1,107)	(6)	(1,113)	
Share of other comprehensive income of an associate	-	-	-	-	-	1,064	1,064	-	1,064	
Loss for the period	-	-	-	-	-	(80,672)	(80,672)	402	(80,270)	
Total comprehensive (loss)/income for the year	-	-	-	(1,107)	-	(79,608)	(80,715)	396	(80,319)	
At 30th September 2023	2,291,512	(28,502)	(434,709)	105,599	44,994	(1,427,667)	551,227	5,353	556,580	

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 account for the movements in balances of the company and its subsidiaries and associates and may not reflect movements for subsidiaries or associates which did not provide or did not prepare their financial statements.

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 September 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)*

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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.

The issues leading to the disclaimer opinion are among others due to matters arising from the previous financial period ended 30 September 2021 as well as due to going concern uncertainty as a result of the company being classified as a PN-17 Company. Furthermore, the auditors were unable to obtain sufficient appropriate audit evidence about whether any adjustments might have been necessary in the Group's and the Company's financial statements. Kindly refer to the Group's financial statement for more detail on auditors' report as well as the relevant Bursa Announcements relating to the Audit.

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 September 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 2022.

A11. Capital commitments

Capital commitments of the Group in respect of property, plant and equipment as at 30th September 2023 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	Quarter ended	Period ended	Period ended
	30/09/23	30/09/22	30/09/23	30/09/22
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
Malaysian taxation	-	625	-	625
Overseas taxation	-	-	-	-
Total current tax expense	-	625	-	625
Deferred tax expense	-	(36)	-	(36)
Total tax expense	-	589	-	589

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)
	30/09/23	30/09/22	30/09/23	30/09/22		
	RM'000	RM'000	RM'000	RM'000	%	%
Business Segments:						
O&M	12,304	208,404	(49,352)	(35,147)	-94%	40%
EPCC	-	2,559	-	(1,478)	-100%	-100%
ICT	63	580	(253)	(117)	-89%	-116%
E&T & Others	1,239	2,038	(4,970)	322	-39%	-1643%
Group revenue/ Gross loss	13,605	213,581	(54,570)	(36,420)		
Corporate expenses and consolidation elimination			(22,113)	(67,243)		
Loss Before Tax			(76,683)	(103,663)		

For the quarter ended 30th September 2023 ("Q1FY24"), the Group recorded revenue of RM13.8 million with a gross loss of RM55.7 million. The composition of revenue is mainly contributed by activities from O&M segment with 90.5% contribution while most of the remaining revenue was from E&T and other services. The Group recorded a loss before tax of RM55.7 million in Q1FY24 as compared to RM36.42 million in Q1FY23.

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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)

ii) Current quarter vs Immediate preceding quarter

	Revenue		Gross profit/(loss)		Variance	
	Quarter ended		Quarter ended		Revenue	Gross profit/(loss)
	30/09/23	30/09/22	30/09/23	30/09/22		
	RM'000	RM'000	RM'000	RM'000	%	%
Business Segments:						
O&M	12,304	208,404	(49,352)	(35,147)	-94%	40%
EPCC	-	2,559	-	(1,478)	-100%	-100%
ICT	63	580	(253)	(117)	-89%	-116%
E&T & others	1,239	2,038	(4,970)	322	-39%	-1643%
Group revenue/ Gross loss	13,605	213,581	(54,570)	(36,420)		
Corporate expenses and consolidation elimination			(22,113)	(67,243)		
Loss Before Tax			(76,683)	(103,663)		

For the quarter ended 30th September 2023, the Group recorded revenue of RM13.8 million, a showing an increase of 124% over the immediate preceding quarter ("Q4FY23"). Overall, the Group incurred a gross loss of RM55.7 million in Q1FY24 vs RM 56.4 million in Q4FY23, showing 1% reduction in losses in comparison.

O&M segment remains the largest contributor to the Group's revenue in both Q4FY23 and Q3FY23.

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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)

iii) Current period vs Corresponding period of the preceding year

	Revenue		Gross profit/(loss)		Variance	
	Period ended		Period ended		Revenue	Gross profit/(loss)
	30/09/23	30/09/22	30/09/23	30/09/22		
	RM'000	RM'000	RM'000	RM'000		
Business Segments:						
O&M	12,304	208,404	(49,352)	(35,147)	-94%	40%
EPCC	-	2,559	-	(1,478)	-100%	-100%
ICT	63	580	(253)	(117)	-89%	-116%
E&T & others	1,239	2,038	(4,970)	322	-39%	-1643%
Group revenue/ Gross loss	13,605	213,581	(54,570)	(36,420)		
Corporate expenses and consolidation elimination			(22,113)	(67,243)		
Loss Before Tax			(76,683)	(103,663)		

The group's year-to-date ("YTD") revenue and gross loss recorded a total of RM13.8 million and RM55.7 million respectively. 90.5% of the group's revenue was contributed by O&M segment, followed by 0.5% from the ICT segment and the remaining 9% from E&T and other operating segments.

The Group recorded a loss before tax of RM80.3 million after corporate expenses and consolidation elimination of intergroup transactions.

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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 period	
	30/09/23	30/09/22	30/09/23	30/09/22
	RM'000	RM'000	RM'000	RM'000
Malaysia	5,051	34,764	5,051	34,764
Indonesia	110	696	110	696
South-East Asia	5,161	35,460	5,161	35,460
Turkmenistan	-	29,484	-	29,484
Central and South Asia	-	29,484	-	29,484
UAE	-	33,572	-	33,572
Qatar	-	109,914	-	109,914
Middle East	-	143,486	-	143,486
United Kingdom	8,445	5,151	8,445	5,151
Total	13,606	213,581	13,606	213,581

On geographical segmentation, South-East Asia region contributed RM5.0 million during the quarter most of which was revenue generated in Malaysia.

Internationally, the group recorded no revenue in the Middle East. However, the group recorded a revenue of RM8.7 million from Europe through its subsidiaries.

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**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 slower growth of 7.0% in the fourth quarter of 2022 (3Q 2022: 14.2%). The growth was underpinned by continued steadiness in domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the growth declined by -2.6% (2Q 2022: 1.9%). Overall, the Malaysian economy expanded by 8.7%, 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 from the mid \$100s to low \$80s with a sharp rise in oil supply from Russia estimated at about 230tb/d. Crude Oil Price Movements OPEC Monthly Oil Market Report – May 2023 1 Crude Oil Price Movements The OPEC reference Basket (ORB) was higher on average m-o-m in April. This was amid firm gains in related crude benchmarks and higher official selling prices (OSP) of all medium and heavy components exported to Asia and Europe markets. In April, the ORB increased by \$5.68, or 7.2%, to settle at \$84.13/b. Crude oil futures prices rebounded in April from the low levels seen in March as the heavy selloffs in futures markets eased and market confidence improved. Short covering from money managers that rushed to cover their bearish positions also contributed to pushing oil prices higher.

The Board of Directors anticipates that the Group's operations will remain challenging going into 2023 due to the uncertainty of the global economy as well as the current challenges the company is facing from a liquidity perspective. 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 May 2023, OPEC*

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

B3. (b) Revenue or profit estimate, forecast, projection or internal targets

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

B4. Status of corporate proposals announced

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

(i) Utilisation of Proceeds from 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	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

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 September 2023 are as follows:

	Individual quarter		Cumulative quarter	
	30/09/23 RM'000	30/09/22 RM'000	30/09/23 RM'000	30/09/22 RM'000
Foreign Exchange gain	1	152	1	152
Rental Income	80	182	80	182
Others	2,351	159	2,351	159
Total	2,432	493	2,432	493

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

B6. Financing/ Borrowings

The Group's financing/borrowings as at 30th September 2023 are as follows:

In RM'000	As at 30th September 2023					
	Long term		Short term		Total borrowings	
	Foreign Currency RM'000	Local Currency RM'000	Foreign Currency RM'000	Local Currency RM'000	Foreign Currency RM'000	Local Currency RM'000
Secured	79	-	410	458,845	489	458,845
Unsecured	1,205,343	-	1,201,473	940,051	2,406,816	940,051
In RM'000	As at 30th September 2022					
	Long term		Short term		Total borrowings	
	Foreign Currency RM'000	Local Currency RM'000	Foreign Currency RM'000	Local Currency RM'000	Foreign Currency RM'000	Local Currency RM'000
Secured	-	368,959	722	-	722	368,959
Unsecured	820,864	12,525	1,460,520	1,077,886	2,281,384	1,090,411

Financing/ Borrowings denominated in foreign currency are as follows:

Currency	30/09/23 RM'000	30/09/22 RM'000
USD	2,406,614	2,281,384
IDR	691	722

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	
	30/09/23 RM'000	30/09/22 RM'000
Professional service charges	-	3
Revenue from operation and maintenance	-	(7)

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

B7. Significant related party transactions

(b) There were no transactions with associates during the quarter

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 were no material impairments made during the quarter ended 30th September 2023.

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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 September 2021, the Company had filed a Writ of Summons together with the Statement of Claim 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 Writ of Summons together with the Statement of Claim are not expected to have any other material adverse financial impact on the Company for the financial period 30 September 2022. Both Writ of Summons and Statement of Claim are not expected to have any business and operational impacts on the Company.

On 3 August 2022, KPMG had filed an application for security for costs against the Company i.e. seeking the Company to pay RM500,000 as security for this suit. The Company filed to oppose the application on 25 August 2022. The High Court Judge allowed KPMG's application for security for costs against the Company for the sum of RM250,000.

The trial dates for the matter have been fixed for on 1-5 April 2024 and 29-30 April 2024. Witness statement to be filed on 11 March 2024.

- ii) On 3 November 2021, the Company had filed an Originating Summons 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. EY Consulting 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.

The Originating Summons was dismissed by the High Court of Malaya with costs awarded to Bursa. The Company filed an appeal against the said decision. On 20 December 2022, the Company announced that the Company has withdrawn the appeal without costs.

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

B10. Material litigation (Cont'd)

- iii) On 23 November 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 to-date. It is the Company's contention, *inter alia*, that the Company is not in the position to announce a third-party material.

On 7 February 2022, the Originating Summons was allowed by the High Court of Malaya with costs awarded to Bursa. The Company filed an appeal against the said decision. On 20 December 2022, the Company announced that the Company has withdrawn the appeal without costs.

On 13 April 2022, Bursa filed an *ex parte* leave for committal application against the Company and its directors for alleged failures to comply with the terms of the Order dated 7 February 2022. The next case management date is fixed for 11 September 2023.

- iv) On 5 November 2021, the Company filed an Originating Summons at the High Court of Malaya at Kuala Lumpur against EY Consulting to seek a declaration that the appointment of EY Consulting as the special auditor of the Company is null and void. The Company also filed an application for an interim injunction that EY Consulting be restrained from releasing information and documents on the Company and the Group.

The Originating Summons and the interim injunction application have been dismissed by the High Court of Malaya with costs awarded to EY Consulting. The Company had filed two appeals against the said decisions. Subsequently on 29 March 2023, the Company withdrew the appeals.

- v) On 26 April 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.

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

B10. Material litigation (Cont'd)

- v) (cont'd) On 23 August 2022, it is the contention of the Syndicated Financiers that the Company was in breach of one of the terms of the consent order for failing to make payment on or before 12 August 2022. The High Court of Malaya allowed the appointment of Victor Saw Seng Kee of PricewaterhouseCoopers Advisory Services Sdn Bhd as the interim liquidator of the Company, SDGB, SDSB and SDIL with costs.

On 6 January 2023, the Company, SDGB, SDSB and SDIL applied for an adjournment of the hearing of the Winding Up Petitions on, amongst others, the basis that there was a proposed sale within the group of the Company that would be able to fetch a significant sale consideration.

On 10 January 2023, the High Court of Malaya granted winding up Orders against the Company, SDGB, SDSB and SDIL, thereby dismissing the said applications filed by the Company, SDGB, SDSB and SDIL to adjourn the hearing of the Winding Up Petitions ("**HC 10 January 2023 Decisions**").

On 11 January 2023, the respective directors of the Company, SDGB and SDSB appealed against the HC 10 January 2023 Decisions. On 20 January 2023, the directors for SDIL also filed an appeal against the HC 10 January 2023 Decision in respect of SDIL.

On 27 January 2023, the Company SDGB, SDSB and SDIL filed an application to stay the execution of the Winding Up Order pending the appeals against the HC 10 January 2023 Decisions.

On 10 February 2023, the High Court of Malaya allowed an Ad-Interim Stay of the Winding Up Order and Victor Saw Seng Kee of PricewaterhouseCoopers Advisory Services Sdn Bhd was re-appointed as the Interim Liquidator. On 16 March 2023, the stay application was subsequently dismissed by the High Court.

The Company's, SDGB's, SDSB's and SDIL's appeals in the Court of Appeal against the HC 10 January 2023 Decisions are fixed for hearing on 25 September 2024.

- vi) On 29 April 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 Islamic Commercial Papers ("**ICPs**").

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

B10. Material litigation (Cont'd)

- vi) (cont'd) The matter is now pending before the High Court and with the next case management date fixed on 27 September 2024, after the Company's and the SD Subsidiaries' appeal at the Court of Appeal against the HC 10 January 2023 Decisions hearing on 25 September 2024.
- vii) On 13 May 2022, the Company's subsidiaries, SDGB, SDSB, Serba Dinamik Development Sdn Bhd ("**SDDSB**") and SD Controls Sdn Bhd ("**SD Controls**"), filed an application under section 366 of the Companies Act 2016 to seek leave of the High Court to convene a court-convened meeting of its creditors and for a restraining order to be granted over SDGB, SDSB, SDDSB and SD Controls. On the same day (i.e. 13 May 2022), Datuk Abdul Kadier Sahib, being a member of the Company, 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 (the said applications filed by the Company, SDGB, SDSB, SDDSB and SD Controls are collectively referred to as the "**Scheme Applications**").

On 10 September 2022, the Company, SDGB, SDSB, SDDSB and SD Controls 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 July 2022 and the proposed scheme of arrangement was approved by the requisite majority of creditors.

On 30 July 2022, the Company, SDGB, SDSB, SDDSB and SD Controls, filed an application seeking, among others, sanction from the High Court for the approved scheme of arrangement to be binding upon the Company, SDGB, SDSB, SDDSB, SD Controls and its respective scheme creditors.

On 8 August 2022, Hong Kong and Shanghai Banking Corporation Limited ("**HSBC Ltd**") in its capacity 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.

On 9 November 2022, the Company did not provide to the Court any updates on the receipt of the scheme proceeds for payment to the scheme creditors. On this date, the Court struck out the Company's application for sanction of the scheme and also struck out the amendment applications of SDGB, SDSB, SDDSB and SD Controls to amend the sanction orders for the SDGB, SDSB, SDDSB and SD Controls' schemes.

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

B10. Material litigation (Cont'd)

- viii) On 15 February 2023, Public Islamic Bank Berhad ("**PIBB**") filed an Originating Summons against SDSB. PIBB sought for an order for sale in respect of 3 parcels of properties owned by SDSB following a default in payment of 3 facilities of RM14,102,026.48, which is the sum owing up to 10 January 2023.

The 3 parcels of properties charged to PIBB are as follows:

1. H.S. (D) 492990, PT No. PTD 208310, Mukim of Plentong, District of Johor Bahru, State of Johor Darul Takzim
2. H.S. (D) 486572, PT No. PTD 205913, Mukim of Plentong, District of Johor Bahru, State of Johor Darul Takzim (collectively "the Johor Properties"); and
3. H.S. (D) 151567, No. PT 69951, Mukim of Kapar, District of Klang, State of Selangor Darul Ehsan ("Klang Property").

On 13 April 2023, the Court granted the order for sale for PIBB. On 4 and 5 July 2023, the Court fixed an auction date for all 3 parcels of properties on 28 August 2023.

On August 2023, SDSB filed Notice of Applications to stay the auctions on 28 August 2023. PIBB withdrew the application for the auction of the Klang Property. The High Court allowed the auctions for the Johor Properties to proceed on 28 August 2023.

- ix) On 20 March 2023, Public Islamic Bank Berhad filed an Originating Summons against SDSB applying for an order for sale of 5 parcels of property. Public Bank Berhad ("**PBB**") sought for an order for sale in respect of 5 parcels of properties owned by SDSB following a default in payment of an overdraft facility of RM528,215.91, which is the sum owing up to 10 January 2023.

The 5 parcels of properties charged to PBB are located at Lot No. 374, Seksyen 11, Bandar Shah Alam, District of Petaling, State of Selangor Darul Ehsan, details of which are as follows:

1. PN9405/M1/1/14, Parcel No. 14, Floor No.1, Building no. M1, Accessory Parcel No. A27
2. PN9405/M1/2/33, Parcel No. 33, Floor No.2, Building no. M1, Accessory Parcel No. A28
3. PN9405/M1/3/53, Parcel No. 53, Floor No.3, Building no. M1, Accessory Parcel No. A29
4. PN9405/M1/4/73, Parcel No. 73, Floor No.4, Building no. M1, Accessory Parcel No. A30
5. PN9405/M1/5/93, Parcel No. 93, Floor No.5, Building no. M1, Accessory Parcel No. A31

On 13 September 2023, the Court granted the order for sale to PBB. However, PBB has not filed any application for auction directions to date.

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

B10. Material litigation (Cont'd)

- x) On 8 September 2022, MBSB had filed an Originating Summons against SDGB applying for an order for sale against land in Johor. On 13 October 2022, the Court granted the order for sale to MBSB. On 20 March 2023 and 3 July 2023, the auctions for the sale of the land took place. However, both auctions were unsuccessful.

On 20 July 2023, MBSB filed a further application for auction directions. On 28 August 2023, the Court granted MBSB's application for third auction directions. The third auction is set for 2 January 2023.

- xi) On 10 April 2023, Bank Pembangunan Malaysia Berhad ("**BPMB**") filed an Originating Summons against SDSB. Prior to the filing of the Originating Summons, BPMB had on 28 February 2023 obtained leave of Court under section 471 of the Companies Act 2016 to commence the present proceedings against SDSB.

BPMB alleges that pursuant to a Tawarruq Financing facility ("**TWQ facility**") dated 29 May 2020 between Greenearth Landmark Sdn Bhd ("**GLSB**") and BPMB, several security documents had been executed in favour of BPMB, amongst others, requiring GLSB or SDSB to make an Islamic Term Deposit for disbursements under the TWQ facility. BPMB alleges that on 22 February 2021, a deposit of RM31,002,450.00 was made by SDSB into its account ("**Deposit**") and the said Deposit was charged and assigned to BPMB as security for the TWQ facility. BPMB alleges that SDSB had allegedly acted in breach of trust and in breach of the terms of the charge and security agreements, by uplifting and withdrawing the Deposit without BPMB's knowledge and consent.

On 26 July 3, BPMB filed an application for discovery against SDSB. The hearing for the discovery application has been set for 24 October 2023.

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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)

- xii) These proceedings arose from a dispute in relation to the Share Sale Agreement executed between SDGB and Almurisi Holding Sdn Bhd ("**AHSB**") dated 21.8.2017 and the letter of undertaking dated 21.8.2017 given by SDGB.

On 21 September 2021, AHSB obtained an order at the High Court of Malaya at Shah Alam for specific performance pursuant to which SDGB was required to purchase the additional 40% shares in Almurisi Development Sdn Bhd ("**ADSB**") within a stipulated time period. The High Court also ordered SDGB to enter into the Second Sale Share Agreement and a Supplementary Shareholders Agreement within 30 days of the Court Order.

On 23 September 2021, SDGB filed an appeal at the Court of Appeal. SDGB had also filed applications for a stay of the order dated 21 September 2021. Both the High Court and Court of Appeal dismissed the application.

On 22 April 2022, AHSB commenced contempt proceedings against Dato' Mohd Abdul Karim bin Abdullah and SDGB on the grounds that SDGB had not complied with the terms of the Court Order dated 21 September 2021.

On 5 April 2023, with the Liquidator's consent, SDGB as vendor entered into a Sale and Purchase Agreement dated 5 April 2023 with AHSB to sell the 14,000 of the total issued and paid up share capital in ADSB to AHSB for a consideration of RM5,963,000.00.

On 9 May 2023, upon an application for directions by the Liquidator of SDGB, the High Court of Malaya ordered that SDGB is to proceed with completing the Sale and Purchase Agreement dated 5 April 2023 between SDGB and AHSB for the sale of 30% of the total issued and paid-up share capital of ADSB for the purchase consideration of RM5,963,000.00.

On 16 September 2023, SDGB and AHSB entered into a consent order at the Court of Appeal for the withdrawal of all proceedings relating to the High Court of Malaya at Shah Alam Originating Summons No. BA-24NCvC-372-05-2020, the Court Order dated 21 September 2021 and the Court of Appeal Civil Appeal No. B-02(NCvC)(A)-1821-09/2021, all with no order as to costs and with no liberty to file afresh.

- xiii) On 17 August 2023, the Court granted the winding-up petition Orient Arotek Engineering & Trading Sdn Bhd against Serba Dinamik Development Sdn Bhd ("**SDDSB**"), which is an indirect wholly owned subsidiary of the Company. The High Court granted that Victor Saw Seng Kee of PricewaterhouseCoopers Advisory Services Sdn Bhd be appointed as Liquidator of SDDSB.

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 2023.

B12. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per share at 30th September 2023 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	
	30/09/23	30/09/22	30/09/23	30/09/22
	RM'000	RM'000	RM'000	RM'000
Loss attributable to ordinary shareholders	(80,672)	(104,600)	(80,672)	(104,600)
Weighted average number of ordinary shares	3,727,187	3,727,187	3,727,187	3,727,187
Basic earnings per ordinary share (sen)	(2.16)	(2.81)	(2.16)	(2.81)

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 quarter ended	Cumulative quarter
	30/09/23	30/09/23
	RM'000	RM'000
Finance income	51	51
Finance expense	(14,317)	(14,317)
Depreciation and amortization	(68,065)	(68,065)

By order of the Board

Shah Alam, Selangor Darul Ehsan
 29 November 2023