



SERBA DINAMIK HOLDINGS BERHAD

(COMPANY NO: 1167905-P)

INCORPORATED IN MALAYSIA

**QUARTERLY REPORT ON THE
CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2016**

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

1. **Condensed Consolidated Statement of Profit or Loss and comprehensive income for the Third Quarter (Nine-Month Period) ended 30 September 2016⁽¹⁾**

a. Revenue

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding year Corresponding Quarter	Current financial period	Preceding financial period
	30/09/16	30/09/15 ⁽²⁾	25/05/16-30/09/16	25/05/15-30/09/15 ⁽²⁾
	RM'000	RM'000	RM'000	RM'000
Revenue	511,506	NA	663,460	NA
Cost Operation	(412,912)	NA	(537,113)	NA
Gross profit	98,594	NA	126,347	NA
Other Operating Income	22	NA	73	NA
Administrative Expenses	(45,542)	NA	(54,775)	NA
Result from operating income	53,074	NA	71,645	NA
Finance Income	72	NA	387	NA
Finance Costs	(4,763)	NA	(8,578)	NA
Net finance costs	(4,690)	NA	(8,191)	NA
Profit before tax	48,384	NA	63,454	NA
Tax expense	(2,633)	NA	(4,025)	NA
Profit for the period	45,751	NA	59,429	NA
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	(1,806)	NA	(4,192)	NA
Total comprehensive income for the period	43,945	NA	55,237	NA
Total comprehensive income attributable to:				
Owner of the company	44,661	NA	55,925	NA
Non-controlling interest	(716)	NA	(688)	NA
Total comprehensive income for the period	43,945	NA	55,237	NA

b. Earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding year Corresponding Quarter	Current financial period	Preceding financial period
	30/09/16	30/09/15 ⁽²⁾	25/05/16-30/09/16	25/05/15-30/09/15 ⁽²⁾
Basic/Diluted (sen)	4.20	NA	5.26	NA

Note:

- (1) The Condensed Consolidated Statement of Profit or Loss and Comprehensive Income should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 30 December 2016 and the accompanying explanatory notes attached to these interim financial statements.



1. **Condensed Consolidated Statement of Profit or Loss and comprehensive income for the Third Quarter (Nine-Month Period) ended 30 September 2016⁽¹⁾ (Cont'd)**

(2) *No comparative figures for the preceding year are presented as this is the first interim financial report on the consolidated results for the period ended 30 September 2016 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.*

NA *Not applicable.*

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2. Condensed Consolidated Statement of Financial Position as at 30 September 2016⁽¹⁾

	Unaudited	Unaudited
	As at end of current financial period 30/09/16	Preceding financial period 30/09/2015 ⁽²⁾
	RM'000	RM'000
Assets		
Property, plant and equipment	414,044	NA
Investment in associates	12,220	NA
Other investments	106	NA
Intangible assets	23,140	NA
Deferred tax assets	605	NA
Total non-current assets	450,115	NA
Inventories	315,445	NA
Trade and other receivables	724,431	NA
Deposit and prepayments	4,783	NA
Current tax assets	44	NA
Other Investments	41,966	NA
Cash and cash equivalents	165,531	NA
Total current assets	1,252,200	NA
Total assets	1,702,315	NA
Equity		
Share capital	531,800	NA
Merger Reserve	(434,710)	NA
Other reserves	77,899	NA
Retained earnings	491,950	NA
Total equity attributable to owners of the company	666,939	NA
Non-controlling interest	6,752	NA
Total equity	673,691	NA
Liabilities		
Deferred tax liabilities	18,291	NA
Loans and borrowings	31,002	NA
Employee benefits	362	NA
Total non-current liabilities	49,655	NA
Trade and other payables	450,401	NA
Loan and borrowings	524,677	NA
Current tax payable	3,891	NA
Total current liabilities	978,969	NA
Total liabilities	1,027,930	NA
Total equity and liabilities	1,702,315	NA
Net assets per share (sen)⁽³⁾	61	NA

Note:

- (1) The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 30 December 2016 and the accompanying explanatory notes attached to these interim financial statements.
- (2) No comparative figures for the preceding year are presented as this is the first interim financial report on the consolidated results for the period ended 30 September 2016 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.



3. Condensed Consolidated Statement of Financial Position as at 30 September 2016⁽¹⁾ (Cont'd)

(3) *Based on the issued and paid up share capital of 1,063,600,000 ordinary shares after the Pre-IPO Exercise but before the IPO as detailed in Note B4.*

NA *Not applicable*

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4. Condensed Consolidated Statement of Cash Flows for the Third Quarter (Nine-Month Period) ended 30 September 2016⁽¹⁾

	Unaudited	Unaudited
	As at end of current financial period	As at end of preceding financial period
	30/09/16	30/09/15 ⁽²⁾
	RM'000	RM'000
Cash flow from operating activities		
Profit before tax	63,454	NA
Adjustment for :		
Depreciation of property, plant and equipment	16,498	NA
Allowance for diminution in value of other investments	54	NA
Unrealised foreign exchange gain	(1,736)	NA
Finance income	(387)	NA
Finance costs	8,578	NA
Post-employment benefits	362	NA
Property, plant and equipment written off	431	NA
Operating profit before changes in working capital	87,254	NA
Changes in working capital:		
Inventories	(39,941)	NA
Trade and other receivables	(59,496)	NA
Trade and other payables	17,796	NA
Cash generated from operations	5,613	NA
Tax paid	(111)	NA
Interest paid	(1,332)	NA
Net cash from operating activities	4,170	NA
Cash flow from investing activities:		
Acquisition of property, plant and equipment	(22,159)	NA
Interest received	387	NA
Increase in term deposits pledged to banks	(2,845)	NA
Increase in other investments	(1,915)	NA
Purchase of intangible assets	(2)	NA
Net cash used in investing activities	(26,534)	NA
Cash flow from financing activities		
Interest paid	(7,246)	NA
Net repayment of finance lease liabilities	(898)	NA
Net proceeds from loans and borrowings	10,018	NA
Net cash from financing activities	1,874	NA
Net decrease in cash and cash equivalent	(20,490)	NA
Effect of exchange rate fluctuation on cash held	1,240	NA
Cash and cash equivalents at beginning of period	62,491	NA
Cash and cash equivalents at end of period	43,241	NA
Term deposits placed with licensed banks	112,604	NA
Cash and bank balances	52,927	NA
	165,531	NA
Less: Bank overdrafts	(9,686)	NA
Less: Deposits pledged	(112,604)	NA
	43,241	NA



4. Condensed Consolidated Statement of Cash Flows for the Third Quarter (Nine-Month Period) ended 30 September 2016⁽¹⁾ (Cont'd)

Note:

- (1) *The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 30 December 2016 and the accompanying explanatory notes attached to these interim financial statements.*
- (2) *No comparative figures for the preceding year and preceding quarter are presented as this is the first interim financial report on the consolidated results for the period ended 30 September 2016 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.*
- NA *Not applicable.*

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5. **Condensed Consolidated Statement of Changes in Equity for the Third Quarter (Nine-Month Period) ended 30 September 2016⁽¹⁾**

	Attributable to owners of the company				Total	Non-Controlling interest	Total Equity
	Non distributable		Distributable				
	Share Capital	Deficit in business combination	Other reserve	Retained Earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 2 December 2015	1*	-	-	-	1*	-	1*
Issue of ordinary share	531,799	-	-	-	531,799	-	531,799
Effect of acquisition of a subsidiary	-	(434,710)	77,899	436,025	79,214	7,440	86,654
Foreign currency translation differences for foreign operations	-	-	-	(2,682)	(2,682)	(1,510)	(4,192)
Profit for the period	-	-	-	58,607	58,607	822	59,429
Total comprehensive income for the period	-	-	-	55,925	55,925	(688)	55,237
At 30 September 2016	531,800	(434,710)	77,899	491,950	666,939	6,752	673,691

* Represents an amount of RM1.

Note:

(1) The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 30 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

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.

This is the Company's first interim financial report on its consolidated results for the third quarter ended 30 September 2016 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and as such, there are no comparative figures for the preceding year's corresponding period.

These interim financial statements should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 30 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

A2. Changes in accounting policies

The accounting policies adopted by the Group in this interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2015 and financial period ended 30 June 2016 except for the following new MFRS. The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group:

MFRS/ Amendment/ Interpretation	Effective date
Amendments to MFRS 12, Disclosure of Interest in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2017
Amendments to MRTS 107, Statement of Cash Flows – Disclosure Initiative	1 January 2017
Amendments to MFRS 112, Recognition of Deferred tax Assets for Unrealized Losses	1 January 2017
Amendments to MFRS 2, Share – based payments – clarification and measurement of Share-Based payment transaction	1 January 2018
Amendments to MFRS 7, Financial Instruments Disclosure – Mandatory Effective Date of MFRS 9 and Transition Disclosure	1 January 2018
MFRS 9, Financial Instruments	1 January 2018
MFRS 15, Revenue from Contracts with Customers	1 January 2019
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 plans to apply:

- From the annual period beginning on 1 January 2017 for amendments to MFRS 12, amendments to MFRS 107 and amendment to MFRS 112 which are effective for annual period beginning on or after 1 January 2017.

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

A2. Changes in accounting policies (Cont'd)

- From annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretation that are effective for annual period beginnings on or after 1 January 2018, except for Amendments to MFRS 2 which is assessed as presently not applicable to the Group.
- From the annual period beginning on 1 January 2019 for MFRS 15 which is effective for annual period beginning on or after 1 January 2019.

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 except as mentioned below:

(i) MFRS 15, Revenue from Contract with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue Barter Transactions Involving Advertising Services*. Upon adoption MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

(ii) MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurements of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is expected that the Group's investment in unquoted shares will be measured at fair value through other comprehensive income.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

(a) Basis of measurement

The financial statements have been prepared on the historical cost basis other than disclosed in the report.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

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

A2. Changes in accounting policies (Cont'd)

(c) Use of estimates and judgements

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

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

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

A3. Auditors' report

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2015 and period ended 30 June 2016.

A4. Seasonality and cyclicity of operations

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

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

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

A6. Changes in estimates

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

A7. Debt and equity securities

There were no unusual items affecting the debt and equity securities for the current financial period.

A8. Significant and subsequent events

i) Significant events

On 25 May 2016, the Company entered into the Share Purchase Agreement with the shareholders of Serba Dinamik Group Berhad ("SDGB") ("Selling Shareholders") for the purchase by the Company from the Selling Shareholders of the entire issued and paid up share capital of SDGB comprising 73,978,860 ordinary share of RM1.00 each for total consideration of RM531,799,999 which was fully satisfied by the issuance of the total of 1,063,599,998 ordinary share of RM0.50 each in the Company to the Selling Shareholders in proportion to the shares in SDGB held by each of the Selling Shareholder. Since then, the Company became the holding company of SDGB.

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

A8. Significant and subsequent events (Cont'd)

ii) Events during the year

On 1 January 2016, a subsidiary of the Group, Serba Dinamik Sdn Bhd, entered into a sale of shares agreement for the acquisition of 100% equity interest in Supreme Vista Industries Sdn Bhd for a cash consideration of RM2,004,255. The acquisition is expected to be completed in the third quarter of 2017 following the payment of the balance sum, which is payable in instalments until the completion date. The completion date will be the date of the final and full payment by Serba Dinamik Sdn Bhd.

A9. Changes in the composition of the Group

There was no change in the composition of the Group during the current financial period other than that as disclosed in note A8.

A10. Contingent assets and liabilities

There were no unusual items affecting the contingent liabilities for the current financial period. The 100% corporate guarantee on the RM130.00 million and USD15.00 million Islamic financing facilities undertaken by the Group's associate, Adat Sanjung Sdn Bhd's wholly-owned indirect subsidiary, One River Power have been reduced to a proportionate 30% share of the corporate guarantee based on the Group's equity interest in Adat Sanjung Sdn Bhd upon the registration of the Prospectus in respect of the Group's Listing.

A11. Capital commitments

There were no capital commitments for capital expenditure for the current financial period, save for the total investment of approximately USD1.12 million (exchange rate of USD1.00 to RM4.43 as at 3 February 2017) for the 0.8 MW gas power plant for Ambon City Centre Shopping Mall.

A12. Taxation

Taxation comprises the following:

	Individual Quarter		Cumulative Period	
	Current Year Quarter	Preceding year Corresponding Quarter	Nine Months to	Nine Months to
	30/09/16	30/09/15 ⁽¹⁾	30/09/16	30/09/15 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Current Taxation:				
Malaysian Taxation	118	NA	185	NA
Foreign Taxation	321	NA	509	NA
Total Current Taxation	439	NA	694	NA
Deferred Taxation	2,196	NA	3,331	NA
Total Taxation	2,635	NA	4,025	NA



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

A12. Taxation (Cont'd)

Note:

(1) No comparative figures for the preceding year are presented as this is the first interim financial report on the consolidated results for the period ended 30 September 2016 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

N/A Not applicable.

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% of the estimated assessable profit for the year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions. Under the preferential tax treatments given to Labuan entities incorporated or registered under the Labuan Companies Act 1990, a subsidiary has qualified and elected to pay tax of RM 20,000 per annum. Income derived from sources outside Malaysia and received in Malaysia is exempt from Malaysian income tax by virtue of Subparagraph 28(1), Schedule 6 of the Income Tax Act 1967.

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

B1. Review of Performance

i) Current quarter vs Corresponding quarter of the preceding year

	Revenue		Operating profit	
	From 01 July Until 30 September		From 01 July Until 30 September	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	RM'000	RM'000	RM'000	RM'000
Business Segments:				
O&M	468,825	NA	90,367	NA
EPCC	40,275	NA	7,763	NA
Others	2,406	NA	464	NA
Group Revenue/Operating Profit	511,506	NA	98,594	NA
Corporate Expenses and Elimination			(50,210)	NA
Profit Before Tax			48,384	NA

Group Level Review

The group recorded a revenue of RM511.51 million which was mostly generated by our O&M segment followed by the EPCC segment and the other supporting services segment respectively. Our revenue was mainly derived from foreign operations whereby our Middle East operations contributed to 56.3% of our total revenue for the quarter. The local Malaysian operations remained as our largest contributing country whereby 34.6% of our revenue was generated from our local contracts.

Business Segments Review:

O&M

Our O&M operations remained as the major contributor for our revenue with a total contribution of 91.7% of the total revenue or RM468.83 million. The biggest contributors for this revenue were Malaysia followed by Qatar and Bahrain which generated 28.6%, 24.9%, and 16.8% of the revenue for the segment respectively.

EPCC

Our EPCC operations for the quarter contributed 7.9% of the total revenue which was mainly derived from our Malaysian operations. The majority of the revenue for this segment came from our contracts with Sarawak Shell Sdn. Bhd., Petronas Methanol (Labuan) Sdn Bhd and Petrofac E&C Sdn. Bhd.

Others

The revenue of our other supporting services segment's contribution stood at 0.5% of the total revenue. This was mainly derived from the provision of IT related services and technical training through our approved training programs.

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

B1. Review of Performance (Cont'd)

ii) Current period vs Corresponding period of the preceding year

	Revenue		Operating profit	
	From Date of Incorporation until 30 September		From Date of Incorporation until 30 September	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	RM'000	RM'000	RM'000	RM'000
Business Segments:				
O&M	604,769	N/A	117,242	N/A
EPCC	55,915	N/A	8,520	N/A
Others	2,776	N/A	585	N/A
Group revenue/operating profit	663,460	N/A	126,347	N/A
Corporate Expenses and Elimination		N/A	(62,893)	N/A
Profit before tax			63,454	N/A

Group Level Review

Serba Dinamik Holdings Berhad started generating income after the acquisition of Serba Dinamik Group which was completed on the 25th of May 2016. Prior to this acquisition the company did not have any revenue generating activities. Post-acquisition, Serba Dinamik Holdings generated RM663.5 million up to 30/9/2016 being RM151.96 in the period between 25/5/2016 and 30/6/2016 in addition to the revenue generated during the third quarter.

B2. Segment Information

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

- O&M - Operation and maintenance which include maintenance, repair and overhaul of rotating equipment, inspection, repair and maintenance of static equipment and structure, maintenance of process control and instrumentation and other related services.
- EPCC - Engineering, procurement, construction and commissioning which include among others, piping systems, process control and instrumentation, equipment installation, power generation plant, gas compression plant, auxiliary power generation and firefighting system and other related services
- Others - Technical training, information, communication and technology ("ICT") solutions and supply of products and parts.



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

B2. Segment Information (Cont'd)

	From Date incorporated until 30 September 2016	
	Revenue	Segment profit
	RM'000	RM'000
O&M	604,769	117,242
EPCC	55,915	8,520
Others	2,776	585
Total	663,460	126,347
Unallocated costs		(54,702)
Finance income		387
Finance Costs		(8,578)
Profit before tax		63,454

B3. (a) Commentary on prospects

The Oil and Gas sector will remain a major contributor to our revenue in the future. Despite the turbulence faced by the sector amidst oil price uncertainty in the market, we do not foresee that our Group's operations will be affected significantly. This is due to the fact that production platforms and operational plants that are running will require maintenance works to run efficiently. We believe that the Oil and Gas sector will regain stability and recover as it remains as one of the viable options of energy source. On a broader sense, energy demand will continue to grow steadily as the needs for energy increase in line with economic development and growth.

Overall, our Group's capability and historical track record as well as the adherence to strict quality control measures and work discipline will support and strengthen the Group's position in the market.

(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) Initial Public Offering ("IPO")

The Company had on 30 December 2016 issued its Prospectus to undertake the IPO of 389,400,000 ordinary shares of RM0.50 each in our Company, representing approximately 29.17% of the enlarged issued and paid-up share capital of our Company, comprising the following:



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)

- (a) an offer for sale by the Selling Shareholders of up to 118,000,000 offer shares, representing up to 8.84% of the enlarged issued and paid-up share capital of our Company; and
- (b) a public issue of 271,400,000 issue shares, representing 20.33% of the enlarged issued and paid-up share capital of our Company.

which involves:

- (1) Institutional offering involving the offering of up to 341,300,000 IPO shares (comprising up to 118,000,000 offer shares and 223,300,000 issue shares) at the institutional price, representing up to approximately 25.57% of the enlarged issued and paid-up share capital of our Company in the following manner:
 - (i) up to 118,000,000 offer shares and 35,525,000 issue shares to Bumiputera investors approved by the MITI; and
 - (ii) 187,775,000 issue shares to Malaysian institutional and selected investors (other than Bumiputera investors approved by the Ministry of International Trade and Industry).
- (2) Retail offering involving the offering of 48,100,000 issue shares at the retail price, representing approximately 3.60% of the enlarged issued and paid-up share capital of our Company in the following manner:
 - (i) 21,400,000 issue shares reserved for application by the eligible persons.
 - (ii) 26,700,000 issue shares are reserved for application by the Malaysian Public, of which 13,350,000 issue shares have been set aside for application by Bumiputera individuals, companies, co-operatives, societies and institutions.

(ii) Listing

The listing of and quotation for the Company's enlarged issued and paid-up share capital of RM1,335,000,000 ordinary shares of RM0.50 each on the Main Market of Bursa Malaysia Securities Berhad is expected to be completed on 8 February 2017.

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

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

(iii) Utilisation of Proceeds from Public Issue

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

<u>Details of utilisation of proceeds</u>	<u>Estimated timeframe for utilisation from the date of our Listing</u>	<u>RM '000</u>	<u>%</u>
Expansion of business and operational facilities	Within 12 to 36 months	300,000	73.69
Working capital	Within 36 months	29,300	7.20
Repayment of bank borrowings/financing	Within 12 months	60,000	14.74
Estimated listing expenses	Within 6 months	17,800	4.37
Total gross proceeds		407,100	100.00

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 30 December 2016. As at the date of this interim financial report, the public issue exercise is pending completion, and hence there were no utilisation of proceeds.

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

As disclosed in the Prospectus dated 30 December 2016, for properties where application of CCC is required to be made within 12 months from the date of the Listing, the updates of the properties are as follows:

No.	Details	Status
1.	Lot 973, Block 26 Kemena Land District, Kidurong Industrial Estate, Bintulu, Sarawak	The Company is in the process of preparing an application for the CCC
2.	Lot 5845, Block 5 Kuala Baram Land District, Kuala Baram/ Lutong Road, Miri, Sarawak	The Company is in the process of preparing an application for the CCC
3.	Service centre on Lot No. 3B (1R1/05), Ranca-ranca Light Industrial Estate, off Jalan Ranca-ranca, Federal Territory of Labuan	The landlord is in the process of preparing an application for the CCC
4.	Service centre on Lot 9, Jalan Arsat, MPL Light Industrial Estate, Federal Territory of Labuan	The landlord is in the process of preparing an application for the CCC

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)

(i) Certificate of Completion and Compliance (“CCC”) (Cont'd)

For Lot 5845, Block 5 Kuala Baram Land District, Kuala Baram/ Lutong Road, Miri, Sarawak, the company is in the midst of preparing the application for the conversion of the land status from agricultural status to industrial status. The company is currently operating under a provisional approval to operate for five years effective from 11 January 2016.

B5. Borrowings

The Group's borrowings as at 30 September 2016 are as follows:

	30/09/16 RM'000	30/09/15 RM'000⁽¹⁾
<u>Short term borrowings</u>		
Secured	31,002	NA
Unsecured	-	NA
	31,002	NA
<u>Long term borrowings</u>		
Secured	524,677	NA
Unsecured	-	NA
	524,677	NA
Total	555,679	NA

Borrowings denominated in foreign currency are as follows:

Currency	30/09/16 RM'000	30/09/15 RM'000⁽¹⁾
USD	301,407	NA
IDR	12,360	NA

Note:

(1) No comparative figures for the preceding year are presented as this is the first interim financial report on the consolidated results for the period ended 30 September 2016 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

N/A Not applicable.

B6. Material litigation

As at the date of this report, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our 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.

B7. Dividend

The Board of Directors does not recommend any payment of dividend for the current quarter under review.

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

B8. Earnings per ordinary share

Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per share at 30 September 2016 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary share outstanding, calculated as follows:

	From date of incorporation Until 30/9/2016
	RM'000
Profitable attributable to ordinary shareholders	55,925
Weighted average number of ordinary shares	1,063,600
Basic and diluted earnings per ordinary share (sen)	5.26

B9. Profit for the period

This is arrived after (charging)/crediting

	Individual quarter ended	Cumulative period
	30/09/16	25/05/15- 30/09/16
Interest income	72	387
Interest expense	(4,763)	(8,578)
Depreciation and amortization	(12,001)	(16,498)
Property, plant and equipment written off	431	431

B10. Breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group, into realised and unrealised earnings, is as follows:

	30/09/16 RM'000	30/09/15 RM'000 ⁽¹⁾
Total retained earnings of the Company and its subsidiaries:		
- Realised	504,683	NA
- Unrealised	977	NA
	505,660	NA
Less: Consolidated adjustments	(13,710)	NA
Retained earnings as per financial statements	491,950	NA

By order of the Board

Shah Alam, Selangor Darul Ehsan

3 February 2017