



SERBA DINAMIK HOLDINGS BERHAD

(COMPANY NO: 1167905-P)

INCORPORATED IN MALAYSIA

**QUARTERLY REPORT ON THE
CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED
31 MARCH 2017**

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

1. **Condensed Consolidated Statement of Profit or Loss and Comprehensive Income for the First Quarter (Three-Month Period) ended 31 March 2017**

a. Revenue

	Individual Quarter		Cumulative Quarter	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	31/3/2017	31/3/2016 ⁽¹⁾	31/3/2017	31/3/2016 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Revenue	612,423	NA	612,423	NA
Cost Operation	(504,890)	NA	(504,890)	NA
Gross profit	107,533	NA	107,533	NA
Other Operating Income	348	NA	348	NA
Administrative Expenses	(17,926)	NA	(17,926)	NA
Result from operating income	89,955	NA	89,955	NA
Finance Income	103	NA	103	NA
Finance Costs	(8,419)	NA	(8,419)	NA
Net finance costs	(8,316)	NA	(8,316)	NA
Share of results of equity accounted associates	(429)	NA	(429)	NA
Profit before tax	81,210	NA	81,210	NA
Tax expense	(3,885)	NA	(3,885)	NA
Profit for the period	77,325	NA	77,325	NA
Items that may be reclassified subsequently to profit and loss:				
Foreign currency translation differences for foreign operations	6,815	NA	6,815	NA
Total comprehensive income for the period	84,140	NA	84,140	NA
Profit/(loss) for the period attributable to:				
Owner of the company	78,329	NA	78,329	NA
Non-controlling interest	(1,004)	NA	(1,004)	NA
Total profit for the period	77,325	NA	77,325	NA
Total Comprehensive income/(loss) for the period attributable to:				
Owner of the company	85,030	NA	85,030	NA
Non-controlling interest	(890)	NA	(890)	NA
Total profit for the period	84,140	NA	84,140	NA

b. Earnings per share

	Individual Quarter		Cumulative Quarter	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	31/3/17	31/3/16 ⁽²⁾	31/3/17	31/3/16 ⁽²⁾
Basic/Diluted (sen)	6.43	NA	6.43	NA

Note:

(1) No comparative figures for the preceding year are presented as the company commenced operations on 25/05/2016 after its acquisition which is detailed in note A8, hence there are no figures of the corresponding quarter in the previous year.

NA Not applicable.

2. Condensed Consolidated Statement of Financial Position as at 31 March 2017

	Unaudited	Audited
	At	At
	31/3/17	31/12/2016
	RM'000	RM'000
Assets		
Property, plant and equipment	521,247	490,173
Investment in associates	25,191	12,220
Other investments	306	306
Intangible assets	3,836	3,836
Deferred tax assets	1,343	703
Total non-current assets	551,923	507,238
Inventories	549,919	486,349
Trade and other receivables	731,891	741,194
Deposit and prepayments	10,292	11,321
Current tax assets	217	931
Other Investments	52,516	52,446
Cash and cash equivalents	464,374	187,353
Total current assets	1,809,209	1,479,594
Total assets	2,361,132	1,986,832
Equity		
Share capital	928,194	531,800
Merger Reserve	(434,710)	(434,710)
Foreign Currency Translation Reserve	86,389	79,688
Other reserves	45,258	45,258
Retained earnings	665,507	587,178
Total equity attributable to owners of the company	1,290,638	809,214
Non-controlling interest	7,038	7,929
Total equity	1,297,676	817,143
Liabilities		
Deferred tax liabilities	14,950	14,355
Loans and borrowings	5,959	16,229
Employee benefits	541	492
Total non-current liabilities	21,450	31,076
Trade and other payables	454,743	501,009
Loan and borrowings	569,127	623,432
Current tax payable	18,136	14,173
Total current liabilities	1,042,006	1,138,614
Total liabilities	1,063,456	1,169,689
Total equity and liabilities	2,361,132	1,986,832
Net assets per share (sen)⁽¹⁾	96.9	76.8

Note:

- (1) Based on the issued and paid up share capital of 1,335,000,000 ordinary shares after the Pre-IPO Exercise but before the IPO as detailed in Note B4.

3. **Condensed Consolidated Statement of Cash Flows for the First Quarter (Three-Month Period) ended 31 March 2017**

	Unaudited	Audited
	31/3/2017	31/12/2016
	RM'000	RM'000
Cash flow from operating activities		
Profit before tax	81,210	166,604
Adjustment for :		
Depreciation of property, plant and equipment	15,655	32,952
Unrealised foreign exchange loss	-	(435)
Share of loss in associate		-
Finance income	(103)	(2,278)
Finance costs	8,419	19,790
Property, plant and equipment written off	-	16,205
Post-employment benefits	49	95
Operating profit before changes in working capital	105,659	232,934
Changes in working capital:		
Inventories	(63,569)	(186,570)
Trade and other receivables	372	(107,242)
Trade and other payables	(39,450)	118,300
Cash generated from operations	3,012	57,422
Interest paid	(253)	(609)
Tax paid	-	(401)
Net cash from operating activities	2,759	56,411
Cash flow from investing activities:		
Acquisition of property, plant and equipment	(46,729)	(109,526)
Acquisition of subsidiaries	-	64,312
Interest received	103	2,278
Changes in term deposits pledged to banks	53,889	(21,628)
Increase in other investments	(71)	(10,889)
Purchase of share in associates	(13,400)	-
Net cash used in investing activities	(6,208)	(75,455)
Cash flow from financing activities		
Interest paid	(8,166)	(19,181)
Proceeds from issuance of ordinary shares	407,100	-
(Repayment of)/ Net proceeds from loans and borrowings	(64,575)	81,955
Net cash from financing activities	334,359	62,774
Net increase in cash and cash equivalent	330,910	43,731
Effect of exchange rate fluctuation on cash held	(777)	-
Cash and cash equivalents at beginning of period	43,731	-
Cash and cash equivalents at end of period	373,864	43,731
Term deposits placed with licensed banks	259,141	133,031
Cash and bank balances	205,233	54,322
	464,374	187,353
Less: Bank overdrafts	(11,369)	(10,591)
Less: Deposits pledged	(79,141)	(133,031)
	373,864	43,731

4. Condensed Consolidated Statement of Changes in Equity for the First Quarter (Three-Month Period) ended 31 March 2017

	Attributable to owners of the company					Total	Non-Controlling interest	Total Equity
	Non distributable			Distributable				
	Share Capital	Merger Reserve	Foreign Currency Translation Reserve	Other reserve	Retained Earnings			
RM'000	RM'000		RM'000	RM'000	RM'000	RM'000	RM'000	
At 31 December 2016	531,800	(434,710)	79,688	45,258	587,178	809,214	7,928	817,142
Issue of ordinary share	396,394	-	-	-	-	396,394	-	396,394
Foreign currency translation differences for foreign operations	-	-	6,701	-	-	6,701	114	6,815
Profit for the period	-	-	-	-	78,329	78,329	(1,004)	77,325
Total comprehensive income for the period	-	-	6,701	-	78,329	85,030	(890)	84,140
At 31 December 2016	928,194	(434,710)	86,389	45,258	665,507	1,290,638	7,038	1,297,676

Note:

The new Companies Act 2016 ("New Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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

A1. Basis of Preparation

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

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial period ended 31 December 2016.

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 period ended 31 December 2016 except for the newly-issued Malaysian Financial Reporting Standard ("MFRS") and amendments to standards to be applied by all Entities Other Than Private Entities for the financial period beginning on or after 1 January 2017:-

- Amendments to MFRS 107: Disclosure Initiative
- Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to MFRS 12: Disclosure of Interest in Other Entities

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 9, <i>Financial Instruments (2014)</i>	1 January 2018
MFRS 15, <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarifications to MFRS 15, <i>Revenue from Contracts with Customers</i>	1 January 2018
IC Interpretation 22, <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 1, <i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)</i>	1 January 2018
Amendments to MFRS 2, <i>Share-based Payment – Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 4, <i>Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	1 January 2018
Amendments to MFRS 128, <i>Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)</i>	1 January 2018
Amendments to MFRS 140, <i>Investment Property – Transfers of Investment Property</i>	1 January 2018
MFRS 16, <i>Leases</i>	1 January 2019
Amendments to MFRS 10, <i>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</i>	To be Confirmed

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 Group plans to apply:

- from the annual period beginning on 1 January 2017 for those amendments that are effective for annual periods beginning on 1 January 2017.
- from the annual period beginning on 1 January 2018 for MFRS 9, MFRS 15, Clarifications to MFRS 15, IC Interpretation 22, and Amendments to MFRS 128, which are effective for annual period beginning on or after 1 January 2018.
- from the annual period beginning on 1 January 2019 for the accounting standard that is effective for annual periods 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.

(iii) MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

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

A2. Changes in accounting policies (Cont'd)

(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.

(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 period ended 31 December 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.

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

A8. Significant and subsequent events

i) Significant event

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.

ii) Events during the year

On 8 February 2017, the Company was listed on Bursa Malaysia's main market. The listing exercise involved the issuance of 271.4 million shares in addition to an offer for sale by the existing shareholder of 118.0 million shares of the total enlarged capital of the company for a retail price of RM1.50 per share.

iii) On 20 February 2017, Serba Dinamik Sdn. Bhd. ("SDSB"), a wholly owned subsidiary of Serba Dinamik Holdings Berhad entered into a Share Purchase Agreement for the acquisition of 400,000 ordinary shares in Konsortium Amanie Joint Venture ("KAJV") for a total cash consideration of RM 34,000,000 payable as follows:

Mode of settlement	Timing	RM
(a) A cash payment representing approximately 5.9% of the Purchase Consideration	Upon the execution of the SPA	2,000,000
(b) A cash payment representing approximately 4.1% of the Purchase Consideration	Upon the completion of the legal and technical due diligence or on the Completion Date (whichever is the later)	1,400,000
(c) Balance of the remaining Purchase Consideration	On Completion Date	30,600,000

The acquired 400,000 ordinary shares represent 40% of the total issued share capital of Konsortium Amanie Joint Venture.

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.

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

A10. Contingent assets and liabilities

There were no material changes in contingent liabilities or contingent assets arising since the last audited financial statements for the financial period ended 31 December 2016.

A11. Capital commitments

Capital commitments of the Group in respect of property, plant and equipment as of 31st March 2017 are as follows: -

	RM'000
Land	
Approved and contracted for	9,781

A12. Taxation

Taxation comprises the following:

	Individual Quarter		Cumulative Period	
	Quarter Ended 31/3/2017	Quarter Ended 31/3/2016 ⁽¹⁾	Period Ended 31/3/2017	Period Ended 31/3/2016 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Current Taxation:				
Malaysian Taxation	3,914	NA	3,914	NA
Foreign Taxation	16	NA	16	NA
Total Current Taxation	3,930	NA	3,930	NA
Deferred Taxation	(45)	NA	(45)	NA
Total Taxation	3,885	NA	3,885	NA

Note:

(1) No comparative figures for the preceding year are presented as the company commenced operations on 25/05/2016 after its acquisition which is detailed in note A8, hence there are no figures of the corresponding quarter in the previous year.

N/A Not applicable.

The Group are 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.

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 January Until 31 March		From 01 January Until 31 March	
	31/3/2017	31/12/2016	31/3/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
Business Segments:				
O&M	554,952	NA	98,004	NA
EPCC	56,472	NA	9,319	NA
Others	998	NA	210	NA
Group Revenue/Operating Profit	612,422	NA	107,533	NA
Corporate Expenses and Elimination			(26,323)	NA
Profit Before Tax			81,210	NA

Group Level Review

The group recorded a revenue of RM555 million which was mostly generated by our O&M segment followed by the EPCC segment amounting to RM56.5 million and the other supporting services segment amounting to RM1 million. Our revenue was mainly derived from foreign operations whereby our Middle East operations contributed 65% of our total revenue for the quarter. The local Malaysian operations remained as our largest contributing country whereby 31.6% 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 90.6% of the total revenue or RM555 million. The biggest contributors for this revenue were Malaysia followed by Qatar and Bahrain, which generated 31.6%, 21.2%, and 15.4% of the revenue for the segment respectively.

EPCC

Our EPCC operations for the quarter contributed 9.2% of the total revenue which was mainly derived from our operations in United Arab Emirates ("UAE") & Malaysia. The majority of the revenue for this segment came from our contracts with New Thunder Technical Services from UAE, Sarawak Shell Berhad and Petronas Carigali Sdn. Bhd from Malaysia.

Others

The revenue of our other supporting services segment's contribution remained at 0.2% 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 01 January Until 31 March		From 01 January Until 31 March	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
Business Segments:				
O&M	554,952	NA	98,004	NA
EPCC	56,472	NA	9,319	NA
Others	998	NA	210	NA
Group revenue/operating profit	612,422	NA	107,533	NA
Corporate Expenses and Elimination			(26,323)	NA
Profit before tax			81,210	NA

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.

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)

Segmental Revenue by countries

	Individual Quarter		Cumulative Quarter	
	From 1 January until 31 March		From 1 January until 31 March	
	31/3/2017	31/3/2016	31/3/2017	31/3/2016
	RM'000	RM'000	RM'000	RM'000
Business Segments:				
Malaysia	193,803	N/A	193,803	N/A
Turkmenistan	-	N/A	-	N/A
Qatar	129,662	N/A	129,662	N/A
Kuwait	18,371	N/A	18,371	N/A
UAE	32,334	N/A	32,334	N/A
Kingdom of Saudi Arabia	93,942	N/A	93,942	N/A
Indonesia	18,822	N/A	18,822	N/A
Oman	30,585	N/A	30,585	N/A
Bahrain	94,489	N/A	94,489	N/A
United Kingdom	415	N/A	415	N/A
Total	612,423	N/A	612,423	N/A

Group Level Review

Our Malaysian operation remain the largest contributing country with 31.6%. The revenue mainly derives from our O&M operation and some EPCC activities as well. Qatar is our second largest country with 21.2%. Our Bahrain activities increase to 15.4% contribution mainly due to increase in activities with Lata International Trading and Services.

B3. (a) Commentary on prospects

The Malaysian economy has recorded a growth of 4.2% for 2016. This growth was driven by the manufacturing and services sectors on the supply sides and domestic consumption on the demand side. For 2017, Bank Negara has forecasted the GDP growth to be within the range of 4.3% to 4.8% with stronger trade activity globally and regionally.

Growth rate for the Middle East and North Africa regions has slowed to 2.7% in 2016 due to the political issues, fiscal consolidation and oil production constraints. However, this growth is expected to recover to a 3.1% pace in 2017, with oil importers registering the strongest gains.

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

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

On the Oil and Gas front, the Brent Crude price declined from USD56.82/bbl on 31st December 2016 to USD52.83/bbl by 31st March 2017 with increase in the U.S. crude inventories and drilling activity despite production cuts elsewhere in the world. OPEC in their latest Monthly Oil Market Report projected 2017 World Oil demand will increase by 1.3% while production is expected to increase from non-OPEC countries especially from the U.S. while production from OPEC countries will decline. This will provide balance on supply and demand and hence we anticipate more stability in the global oil prices for 2017.

For the power generation industry, the total power generating capacity is expected to grow in the Middle East and Asia Pacific at a CAGR of 2.0% and 2.5% respectively between 2016 to 2020. The Middle East region is expected to invest more than \$300 billion to develop their power sector by 2020. This is driven by the increase in electricity demand due to population growth and urbanisation, rising income levels, industrialisation etc. In Malaysia, a total of 19 power projects with a combined installed capacity of 9,912 MW is planned to be developed from 2015 to 2025.

All above data points favourably to the Group in growing its O&M and EPCC core competencies very well

In order to ensure the company's continued sustainability, the Group plans to leverage on its core competencies of operating within both the Oil & Gas and power generation industries as well as expanding into water treatment and utilities. The O&M business segment is expected to remain as the major contributor of the Group's revenue while the EPCC segment will experience increased growth for 2017.

Overall, the management is optimistic about the future prospects which will lead the company to successfully meet its targets for the year.

Sources:

- *Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2016*, Bank Negara Malaysia;
- *Global Economic Prospects: Weak Investment in Uncertain Times*, The World Bank;
- *OPEC Monthly Oil Market Report*, OPEC;
- *Bloomberg and Reuters*

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

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

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

B4. Status of corporate proposals announced

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

(i) Utilisation of Proceeds from Public Issue

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

Details of utilisation of proceeds	Estimated timeframe for utilisation	RM '000	%	Actual Utilisation	
				RM '000	% Utilised
Expansion of business and operational facilities	Within 12 to 36 months	300,000	73.7	-	-
Working capital	Within 36 months	29,300	7.2	20,000	68.3
Repayment of bank borrowings/financing	Within 12 months	60,000	14.7	60,000	100.0
Estimated listing expenses	Within 6 months	17,800	4.4	14,018	78.8
Total gross proceeds		407,100	100.0	94,018	23.1

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 30 December 2016.

(ii) 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 Group 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 Group is in the process of preparing an application for the CCC
3	Service centre on Lot No. 3B (1R1/05), Ranche-ranche Light Industrial Estate, off Jalan Ranche-ranche, Federal Territory of Labuan	Application submitted on 8 February 2017. Awaiting approval from the authorities
4	Service centre on Lot 9, Jalan Arsat, MPL Light Industrial Estate, Federal Territory of Labuan	CCC obtained

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

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

For Lot 5845, Block 5 Kuala Baram Land District, Kuala Baram/ Lutong Road, Miri, Sarawak, the Group 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. Financing/ Borrowings

The Group's financing/ borrowings as at 31 March 2017 are as follows:

	31/3/2017 RM'000	31/12/2016 RM'000
<u>Short term financing/borrowings</u>		
Secured	569,127	623,432
Unsecured	-	-
	569,127	623,432
<u>Long term financing/ borrowings</u>		
Secured	5,959	16,229
Unsecured	-	-
	5,959	16,229
Total	575,086	639,661

Financing/ Borrowings denominated in foreign currency are as follows:

Currency	31/3/2017 RM'000	31/12/2016 RM'000
USD	372,454	370,538
IDR	8,702	1,929

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 has declared a first interim single-tier tax-exempt dividend of 2.2 sen per ordinary share in respect of the financial year ending 31 December 2017, to be paid on 21st June 2017. The entitlement date for the dividend payment is 2nd June 2017

A depositor shall qualify for entitlement to the dividend only in respect of:

- (i) Shares transferred to the depositor's securities account before 4.00pm on 2nd June 2017 in respect of transfers; and
- (ii) Shares bought on Bursa Malaysia Securities Berhad cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

The total dividends for the three months ended 31 March 2017 is 2.2 sen per ordinary share

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 31 March 2017 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary share outstanding, calculated as follows:

	Individual Quarter		Cumulative Quarter	
	31/3/2017	31/3/2016	31/3/2017	31/3/2016
	RM'000	RM'000	RM'000	RM'000
Profitable attributable to ordinary shareholders	78,329	N/A	78,329	N/A
Weighted average number of ordinary shares	1,217,393	N/A	1,217,393	N/A
Basic and diluted earnings per ordinary share (sen)	6.43	N/A	6.43	N/A

B9. Profit for the period

This is arrived after (charging)/crediting

	Individual quarter ended	Cumulative period
	31/3/17	31/3/17
	RM'000	RM'000
Interest income	103	103
Interest expense	(8,419)	(8,419)
Depreciation and amortization	(15,655)	(15,655)

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

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:

	31/3/17 RM'000	31/12/16 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	720,207	641,751
- Unrealised	(13,607)	(14,629)
Less: Consolidated adjustments	(41,094)	(39,944)
Retained earnings as per financial statements	665,506	587,178

By order of the Board

Shah Alam, Selangor Darul Ehsan
19 May 2017