Q&A Session

From MSWG

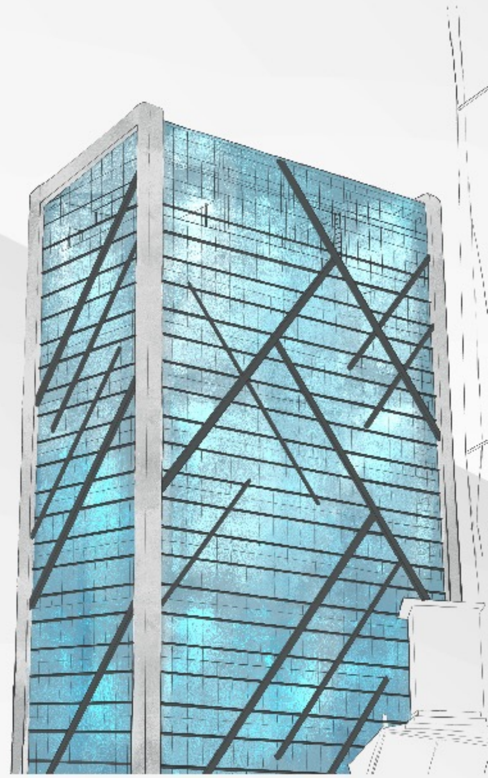
OPERATIONAL AND FINANCIAL MATTERS

QUESTION 1

Trade receivables from third parties grouped under current assets has increased substantially from RM115.5 million in FY2022 to RM204.5 million in FY2023, an increase of RM89.0 million or 77.1%. (Page 258 of AR)

(a) Please explain why the trade receivables from third parties have increased substantially in FY2023 as compared to FY2022.

The trade receivables reported a substantial increased in FY2023 as compared to FY 2022 mainly due to new revenue stream contributed by Non-Oil & Gas segment from trading in LNG, In addition, revenue from Oil & Gas increased during the year from the new projects awarded after the COVID-19 lockdown.



OPERATIONAL AND FINANCIAL MATTERS

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(b) Please provide a breakdown of the trade receivables from third parties by the category and amount from Oil & Gas and Non-Oil & Gas business segments respectively.

The breakdown for the trade receivables between Oil & Gas and Non-Oil & Gas segments and its amount are as follows:

	FY2023 RM'000	FY2022 RM'000
Oil & Gas	181,128	107,665
Non-Oil & Gas	23,413	7,885
TOTAL	204,541	115,550

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(c) How much of the trade receivables from third parties is expected to be collected in FY2024?

Periodic reviews of accounts receivable are conducted to assess the likelihood of collection and to classify them appropriately. Receivables are classified as either short-term or long-term based on when the business expects to collect them. Short-term receivables are typically expected to be collected within the next 12 months, while long-term receivables are expected to be collected after 12 months. Our current audited financial statements ended 30 June 2023 indicates the expectation that, barring any unforeseen circumstances, all debts will be collected within the next 12 months. This aligns with the common classification of short-term receivables. However, adjustments to the debts may arise if there may be legal matters arising due to disputes. This suggests that in the event of disputes, the collection period may extend beyond the typical 12 months or a provision for doubtful debts may be made to account for potential losses in case the debts become uncollectible.

OPERATIONAL AND FINANCIAL MATTERS

QUESTION 2

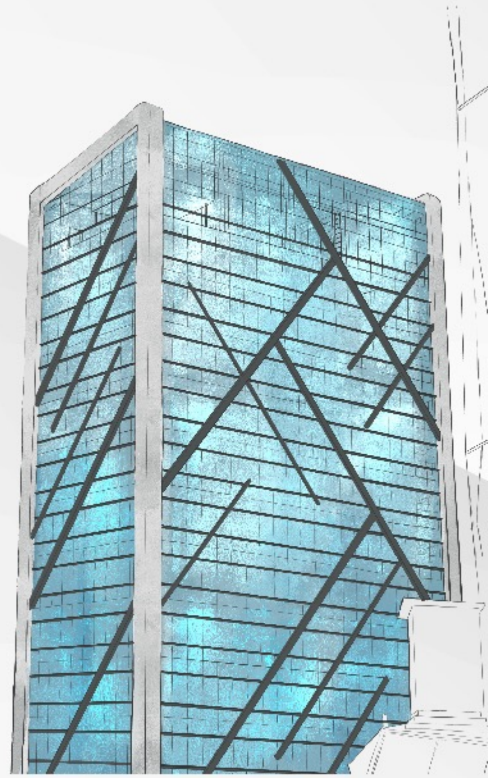
Other receivables from third parties classified under non-current assets have increased slightly from RM5.87 million in FY2022 to RM5.98 million in FY2023. (Page 257 of AR)

(a) What is the nature of the other receivables from third parties that were classified as non-current assets?

The other receivables from third parties that were classified as non-current assets were mainly due to taxes overpaid by overseas subsidiaries and advance paid towards the acquisition of a building in a foreign subsidiary.

For taxes overpaid, they become eligible for tax refunds from the respective tax authorities. As these are expected to be received over a longer term, they are classified as non-current assets.

For advance paid towards the acquisition of a building in a foreign subsidiary, since the completion of the acquisition and the receipt of the building may take a considerable amount of time, this advance is classified as a non-current asset.



OPERATIONAL AND FINANCIAL MATTERS

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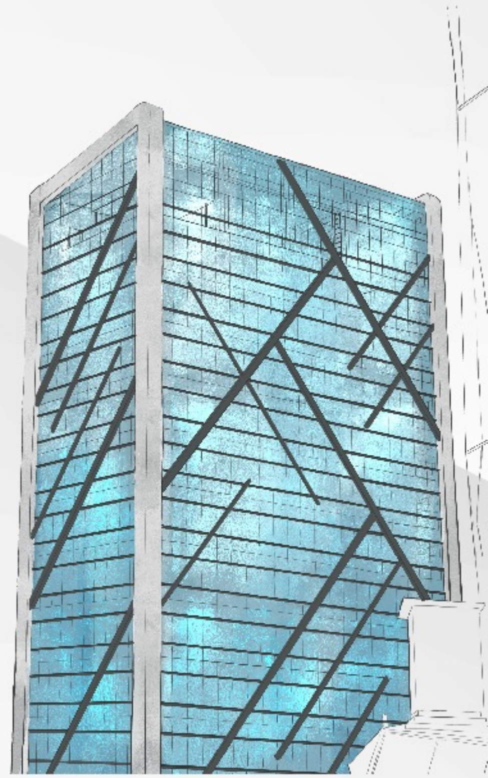
(b) Please provide the make-up of the other receivables from third parties for both FY2022 and FY2023 respectively.

The other receivables from third parties are as follows:

	FY2023 RM'000	FY2022 RM'000
Tax refund from overseas subsidiaries	2,605	2,658
Advances paid for purchase a building in overseas subsidiary	3,377	3,211
TOTAL	5,982	5,869



OPERATIONAL AND FINANCIAL MATTERS

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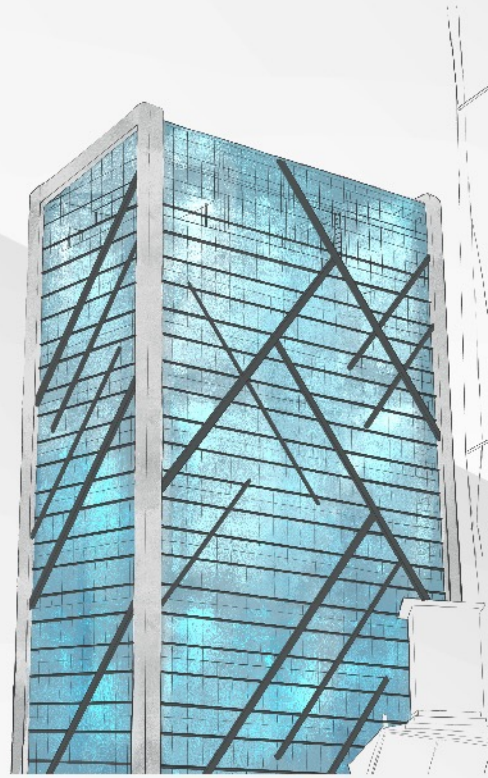
(c) When does the Company expect to receive other receivables from third parties and what are the respective amounts?

For the tax refund, the amounts are subject to a prerogative of respective government agencies in executing the refund and may take longer than 12 months.

For advance paid towards the acquisition of a building in a foreign subsidiary, since the completion of the acquisition and the receipt of the building may take a considerable amount of time, the management expect the completion of the building will be within 2 – 3 years from FY 2023.



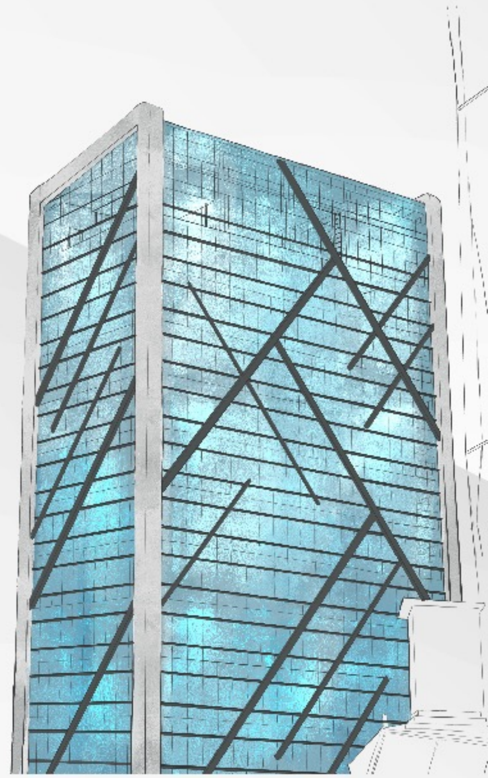
OPERATIONAL AND FINANCIAL MATTERS

QUESTION 3

The Group recorded much higher net impairment losses on financial assets of RM3.98 million in FY2023 as compared to RM1.36 million in FY2022. (Page 190 of AR)

(a) What were the reasons for the higher net impairment losses on financial assets in FY2023?

The impairment losses on financial assets in FY 2023, particularly related to an investment in an overseas company. The overseas company faced a setback by failing to secure a key contract critical for its business operations. This failure has resulted in a decline in the company's expected future cash flows and overall financial performance. Following the failure to secure the key contract, the overseas company underwent a liquidation process. As part of the liquidation process, the assets of the overseas company were likely sold or distributed to creditors. The proceeds from the liquidation might not be sufficient to cover the initial investment made by the Group, leading to a loss in the value of the financial asset.



OPERATIONAL AND FINANCIAL MATTERS

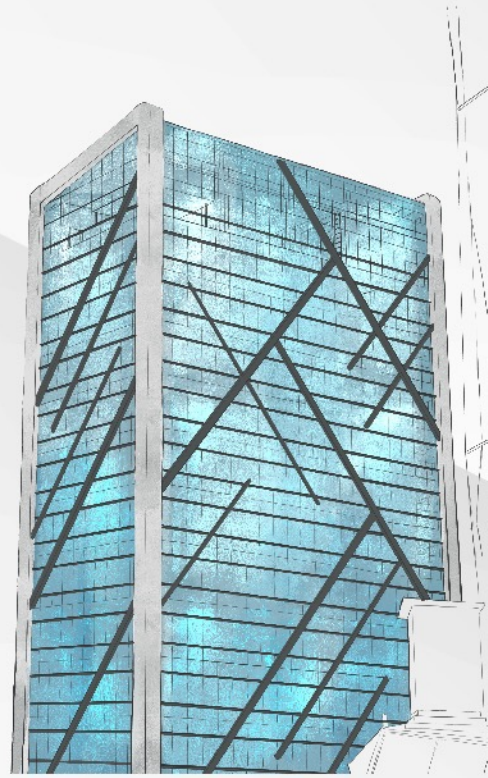
QUESTION 3

The Group recorded much higher net impairment losses on financial assets of RM3.98 million in FY2023 as compared to RM1.36 million in FY2022. (Page 190 of AR)

(b) Please provide a breakdown of the net impairment losses on financial assets by the categories of type and amount of financial assets for both FY2023 and FY2022 respectively.

The breakdown of the net impairment losses on financial assets are as follows:

	FY2023 RM’000	FY2022 RM’000
Investment in unquoted Equity Securities	(3,975)	-
Allowance for impairment on trade and other receivables	-	(1,359)
TOTAL	(3,975)	(1,359)



16TH ANNUAL GENERAL MEETING

UZMA

OPERATIONAL AND FINANCIAL MATTERS

QUESTION 4

The Group has written off other investment amounting to RM3.975 million in FY2023 as compared to RM Nil in FY2022. (Page 196 of AR)

(a) Please provide the nature of the other investment that were written off in FY2023.

The nature of the investment that was written off in FY2023 is investment in unquoted equity securities.

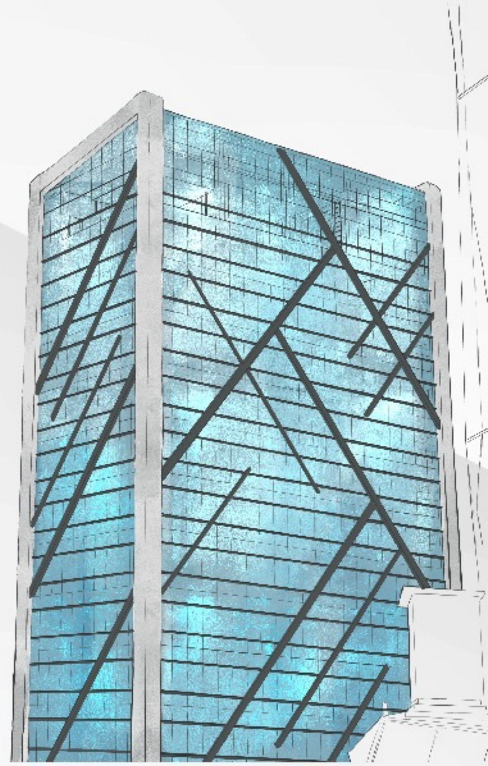
OPERATIONAL AND FINANCIAL MATTERS

QUESTION 4

The Group has written off other investment amounting to RM3.975 million in FY2023 as compared to RM Nil in FY2022. (Page 196 of AR)

(b) What were the reasons for the write-off?

The write-off stems from a strategic investment made in an overseas company that recently underwent a liquidation process. Unfortunately, the overseas company faced a significant setback as it failed to secure a key contract crucial for sustaining its business operations. The inability to secure this vital contract resulted in financial challenges for the Company, leading to its decision to undergo the liquidation process. As a consequence, the investment made in this Company has become unrecoverable, prompting the decision to write off the associated losses.



OPERATIONAL AND FINANCIAL MATTERS

QUESTION 5

The Group had to impair fair value loss on unquoted equity securities of an amount of RM3.975 million from an initial investment of RM4.08 million in FY2023. (Page 260 of AR)

(a) Why did the Group decide to invest in the unquoted equity securities that led to a substantial fair value loss?

The investment in the unquoted equity securities was done back in May 2017 where the Group have initially believed that these unquoted equity securities held significant potential for high returns. Such investments often come with the allure of substantial gains, but they also carry higher risks, especially if the companies are not publicly traded and their valuation is more challenging .

UZMA

OPERATIONAL AND FINANCIAL MATTERS

QUESTION 5

The Group had to impair fair value loss on unquoted equity securities of an amount of RM3.975 million from an initial investment of RM4.08 million in FY2023. (Page 260 of AR)

(b) What is the main business of the unquoted equity securities in which the Group invested?

The Company's nature of business is EPCIC (Engineering, Procurement, Construction, Installation and Commissioning) for top-side equipment in offshore projects that covers everything from initial design to the operational readiness of the facilities.

OPERATIONAL AND FINANCIAL MATTERS

QUESTION 6

The Group has an order book of RM2.6 billion, fortifying its future and serving as a testament to the Group's strong industry presence and the clients' confidence in its ability to deliver. (Page 38 of AR)

(a) How long will the order book of RM2.6 billion last?

The Company's order book, totalling RM2.6 billion, is diversified into Oil & Gas and Non-Oil & Gas segments, with specific timelines for fulfilment:

Oil & Gas Segment

The Oil & Gas segment constitutes a significant portion, representing 70% of the total order book, equivalent to RM1.82 billion . Orders within the Oil & Gas segment are scheduled to be fulfilled over the next 5 years .

Non-Oil & Gas Segment

The Non-Oil & Gas segment accounts for the remaining 30% of the total order book. Orders within the Non-Oil and Gas segment have a longer horizon, with commitments extending for up to 25 years.

This diversified order book with varying timeframes reflects the company's strategy to balance shorter-term contracts from Oil & Gas projects with the stability and longevity associated with Non-Oil and Gas projects. It also provides insight into the Group's business planning and risk management approach, considering the different timelines associated with projects in these distinct sectors .

16TH ANNUAL GENERAL MEETING

Q&A Session

From Members

FROM: KOH LIN SHI

(a) What is the impact of the Israel war on the Company?

(b) Does the Company benefit from international oil prices?

(c) Does the Company's earnings depend on foreign currency exchange rates against the Ringgit?

EXTRAORDINARY GENERAL MEETING

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