



# **UZMA BERHAD**

(Company No: 769866-V)

**Quarterly Report on Consolidated Financial Results  
For the Second Quarter Ended 31 December 2019**



**UZMA BERHAD**  
(Company No : 769866-V)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER AND PERIOD ENDED 31 DECEMBER 2019**

	(Unaudited) 3 Months Quarter Ended 31.12.19 RM'000	(Unaudited) 3 Months Quarter Ended 31.12.18 RM'000	(Unaudited) 6 Months Period To Date 31.12.19 RM'000	(Unaudited) 6 Months Period To Date 31.12.18 RM'000
Revenue	149,549	105,577	283,345	193,103
Cost of sales	<u>(93,894)</u>	<u>(68,097)</u>	<u>(175,937)</u>	<u>(124,659)</u>
Gross profit	55,655	37,480	107,408	68,444
Other income	<u>346</u>	<u>1,815</u>	<u>739</u>	<u>2,019</u>
	56,001	39,295	108,147	70,463
Administrative and Operating expenses	<u>(35,120)</u>	<u>(26,701)</u>	<u>(70,065)</u>	<u>(54,469)</u>
	20,881	12,594	38,082	15,994
Unrealised foreign exchange (loss)/ gain	<u>(1,460)</u>	<u>942</u>	<u>961</u>	<u>7,697</u>
Operating profit	<u>19,421</u>	<u>13,536</u>	<u>39,043</u>	<u>23,691</u>
Finance costs	<u>(7,536)</u>	<u>(7,757)</u>	<u>(14,892)</u>	<u>(13,127)</u>
Share of (loss)/profit of investments accounted for using the equity method	<u>(21)</u>	<u>3,506</u>	<u>316</u>	<u>5,952</u>
Profit before taxation	<u>11,864</u>	<u>9,285</u>	<u>24,467</u>	<u>16,516</u>
Income tax expense	<u>(1,186)</u>	<u>(964)</u>	<u>(2,314)</u>	<u>(317)</u>
Profit after taxation	<u>10,678</u>	<u>8,321</u>	<u>22,153</u>	<u>16,199</u>
Profit after taxation attributable to :-				
Owners of the Company	6,756	8,175	16,188	15,415
Non-Controlling Interest	<u>3,922</u>	<u>146</u>	<u>5,965</u>	<u>784</u>
	<u>10,678</u>	<u>8,321</u>	<u>22,153</u>	<u>16,199</u>
<b>Note:</b>				
Profit after taxation attributable to owner of the Company	6,756	8,175	16,188	15,415
Adjustment: Unrealised foreign exchange loss/(gain)	<u>1,460</u>	<u>(942)</u>	<u>(961)</u>	<u>(7,697)</u>
Adjusted profit after tax and NCI	<u>8,216</u>	<u>7,233</u>	<u>15,227</u>	<u>7,718</u>

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to this report.



**UZMA BERHAD**  
(Company No : 769866-V)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER AND PERIOD ENDED 31 DECEMBER 2019**

	(Unaudited) 3 Months Quarter Ended 31.12.19 RM'000	(Unaudited) 3 Months Quarter Ended 31.12.18 RM'000	(Unaudited) 6 Months Period To Date 31.12.19 RM'000	(Unaudited) 6 Months Period To Date 31.12.18 RM'000
Profit after taxation	<b>10,678</b>	<b>8,321</b>	<b>22,153</b>	<b>16,199</b>
Other comprehensive income, net of tax				
Item that may be reclassified subsequently to profit or loss:				
-Actuarial loss from employee benefits	-	-	<b>(11)</b>	-
-Foreign currency translation differences	<b>(3,196)</b>	12,886	<b>(758)</b>	14,779
Total comprehensive income for the financial period	<u><b>7,482</b></u>	<u>21,207</u>	<u><b>21,384</b></u>	<u>30,978</u>
Total comprehensive income attributable to:-				
Owners of the Company	<b>3,553</b>	21,069	<b>15,118</b>	29,944
Non-Controlling Interest	<b>3,929</b>	138	<b>6,266</b>	1,034
	<u><b>7,482</b></u>	<u>21,207</u>	<u><b>21,384</b></u>	<u>30,978</u>
Earning per share (Note 26)				
- Basic/Diluted (sen)	2.11	2.55	5.06	4.82
- Adjusted (sen)	2.57	2.26	4.76	2.41

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to this report.

**UZMA BERHAD**  
(Company No : 769866-V)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2019**

	(Unaudited) As at 31.12.19 RM'000	(Audited) As at 30.06.19 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investments in joint venture and associates	11,067	10,751
Other investments	4,285	4,285
Property, plant and equipment	532,938	532,950
Other Receivables	6,502	6,561
Goodwill on consolidation	177,213	177,213
Intangible assets	19,899	21,398
Deferred tax assets	1,535	2,292
	<u>753,439</u>	<u>755,450</u>
<b>Current assets</b>		
Inventories	39,429	30,710
Trade and other receivables	361,469	365,953
Contract assets	469	-
Tax recoverable	9,787	3,014
Short-term investments	1,138	1,136
Fixed deposits with licensed banks	64,001	38,083
Cash and bank balances	58,369	25,534
	<u>534,662</u>	<u>464,430</u>
<b>TOTAL ASSETS</b>	<u><u>1,288,101</u></u>	<u><u>1,219,880</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	290,069	290,069
Reserves	211,714	196,596
<b>Shareholders' equity</b>	<u>501,783</u>	<u>486,665</u>
Non-controlling interests	57,340	54,184
<b>Total equity</b>	<u>559,123</u>	<u>540,849</u>
<b>Non-current liabilities</b>		
Long-term borrowings	389,605	405,050
Deferred tax liabilities	14,069	14,361
Trade payables	3,646	3,646
Post employment benefit liabilities	131	748
	<u>407,451</u>	<u>423,805</u>
<b>Current liabilities</b>		
Trade and other payables	156,484	132,274
Provision for taxation	7,711	319
Short-term borrowings	157,332	122,633
	<u>321,527</u>	<u>255,226</u>
<b>Total liabilities</b>	<u>728,978</u>	<u>679,031</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>1,288,101</u></u>	<u><u>1,219,880</u></u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to this report.

**UZMA BERHAD**

(Company No : 769866-V)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER AND PERIOD ENDED 31 DECEMBER 2019**

	-----Non- Distributable-----					Distributable				
	Share Capital RM'000	Share Premium RM'000	Foreign Exchange Translation Reserves RM'000	Merger Deficit RM'000	Capital Reserve RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Attributable To The Owners Of The Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance at 01.07.2018	194,926	95,143	21,937	(29,700)	426	-	177,029	459,761	20,049	479,810
Profit after taxation for the financial year	-	-	-	-	-	-	28,279	28,279	4,874	33,153
Other comprehensive income for the financial year, net of tax										
- Actuarial gain from employee benefits	-	-	-	-	-	-	21	21	2	23
- Fair value loss of equity instrument designated at fair value through other comprehensive income	-	-	-	-	-	(6,000)	-	(6,000)	-	(6,000)
- Foreign currency translation differences	-	-	4,604	-	-	-	-	4,604	294	4,898
Total comprehensive income for the financial year	-	-	4,604	-	-	(6,000)	28,300	26,904	5,170	32,074
Contribution by and distribution to owners of the Company										
Non-controlling interest arising from acquisition of a subsidiary	-	-	-	-	-	-	-	-	29,835	29,835
Dividend paid by the subsidiaries to non-controlling interest	-	-	-	-	-	-	-	-	(870)	(870)
Total transaction with owners	-	-	-	-	-	-	-	-	28,965	28,965
Transfer of share premium to share capital	95,143	(95,143)	-	-	-	-	-	-	-	-
Balance at 30.06.2019	290,069	-	26,541	(29,700)	426	(6,000)	205,329	486,665	54,184	540,849

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to this report.

**UZMA BERHAD**

(Company No : 769866-V)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER AND PERIOD ENDED 31 DECEMBER 2019**

	<-----Non- Distributable----->						Distributable			Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Foreign Exchange Translation Reserve RM'000	Merger Deficit RM'000	Capital Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Attributable To The Owners Of The Company RM'000	Non- Controlling Interests RM'000	
Balance at 01.07.2019	290,069	-	26,541	(29,700)	426	(6,000)	205,329	486,665	54,184	540,849
Profit after taxation for the financial period	-	-	-	-	-	-	16,188	16,188	5,965	22,153
Other comprehensive income for the financial period, net of tax										
- Actuarial gain from employee benefits	-	-	-	-	-	-	(11)	(11)	-	(11)
- Foreign currency translation differences	-	-	(1,059)	-	-	-	-	(1,059)	301	(758)
Total comprehensive income for the financial year	-	-	(1,059)	-	-	-	16,177	15,118	6,266	21,384
Contribution by and distribution to owners of the Company										
- Dividend										
- by the subsidiaries to non-controlling interest	-	-	-	-	-	-	-	-	(3,110)	(3,110)
Balance at 31.12.2019	290,069	-	25,482	(29,700)	426	(6,000)	221,506	501,783	57,340	559,123

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to this report.

**UZMA BERHAD**  
(Company No : 769866-V)

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE SECOND QUARTER AND PERIOD ENDED 31 DECEMBER 2019**

	(Unaudited) Cummulative Period To Date 31.12.19 RM'000	(Unaudited) Corresponding Period To Date 31.12.18 RM'000
<b>Profit before taxation</b>	<b>24,467</b>	16,516
<b>Adjustments for non-cash items :</b>		
Depreciation of property, plant and equipment	23,101	17,206
Interest expense	14,892	13,127
Amortisation of intangible assets	1,499	1,499
Reversal of provision for post employee benefit	(628)	-
Interest income	(519)	(247)
Unrealised foreign exchange gain	(961)	(7,697)
Share of profit of investments accounted for using the equity method	(316)	(5,952)
Gain on disposal of property, plant and equipment	-	(317)
<b>Operating profit before working capital changes</b>	<b>61,535</b>	34,135
<b>Changes in working capital</b>	<b>20,526</b>	(83,043)
	<b>82,061</b>	(48,908)
Tax paid	(1,230)	(637)
Interest paid	(14,892)	(13,127)
<b>Net cash from/(for) operating activities</b>	<b>65,939</b>	(62,672)
<b>Investing activities</b>		
Interest received	519	247
Repayment from jointly controlled entity	-	2,229
Purchase of short term investment	(2)	(2,002)
Purchase of property, plant and equipment, net	(22,652)	(7,029)
Proceeds from disposal of plant and equipment	-	317
Withdrawal/(placement) of deposits pledged with licensed banks	(44,927)	11,798
<b>Net cash for investing activities</b>	<b>(67,062)</b>	5,560
<b>Financing activities</b>		
Dividend paid to non-controlling interest	(3,110)	(870)
Repayment to an associates	-	(2,228)
Net drawdown of borrowings	23,819	112,713
<b>Net cash from financing activities</b>	<b>20,709</b>	109,615
<b>Net change in cash and cash equivalents</b>	<b>19,586</b>	52,503
<b>Effect of exchange rate changes</b>	<b>(1,195)</b>	5,551
<b>Cash and cash equivalents at beginning of the period</b>	<b>23,165</b>	9,802
<b>Cash and cash equivalents at end of the period</b>	<b>41,556</b>	67,856
<b>Cash and cash equivalents at end of the period comprised:</b>		
Fixed deposit with licences banks	64,001	24,446
Cash and bank balances	58,369	76,785
	122,370	101,231
Less: Fixed deposits pledged with licensed banks	(63,887)	(12,900)
Less: Bank overdrafts	(16,927)	(20,475)
	<b>41,556</b>	<b>67,856</b>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to this report.

## NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED FINANCIAL RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019

### 1. BASIS OF REPORTING PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provision of the Listing Requirements of the Bursa Malaysia Securities Berhad and Malaysia Financial Reporting Standard 134: *Interim Financial Reporting* (“MFRS 134”), and should be read in conjunction with the consolidated financial statements of the Group as at and for the financial year ended 30 June 2019. The explanatory notes attached to the unaudited condensed consolidated financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2019.

The significant accounting policies adopted in preparing these unaudited condensed consolidated financial statements are consistent with those applied by the Group in its audited financial statements for the financial year ended 30 June 2019.

During the current financial period, the Company and its subsidiary companies (“Group”) have adopted the following new accounting standards and interpretations (including the consequential amendments):-

#### New MFRSs

MFRS 16            Leases

#### Amendments/Improvements to MFRSs

MFRS 3            Business Combination

MFRS 9            Financial Instruments

MFRS 11          Joint Arrangements

MFRS 112        Income Taxes

MFRS 119        Employee Benefits

MFRS 123        Borrowing Costs

MFRS 128        Investments in Associates and Joint Ventures

#### New IC Interpretation (“IC Int”)

IC Int 23          Uncertainty over Income Tax Treatments

The adoption of the above standards and interpretations will not have any material impact on the financial position and performance of the Group.



## 1. BASIS OF REPORTING PREPARATION (CONT'D)

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:-

### MFRSs and IC Interpretations (Including The Consequential Amendments)

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 17	Insurance Contracts	1 January 2021
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2021 <sup>#</sup>
MFRS 3	Business Combinations	1 January 2020/ 1 January 2021 <sup>#</sup>
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021 <sup>#</sup>
MFRS 7	Financial Instruments: Disclosures	1 January 2020/ 1 January 2021 <sup>#</sup>
MFRS 9	Financial Instruments	1 January 2020/ 1 January 2021 <sup>#</sup>
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2021 <sup>#</sup>
MFRS 101	Presentation of Financial Statements	1 January 2020/ 1 January 2021 <sup>#</sup>
MFRS 107	Statements of Cash Flows	1 January 2021 <sup>#</sup>
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020
MFRS 116	Property, Plant and Equipment	1 January 2021 <sup>#</sup>
MFRS 119	Employee Benefits	1 January 2021 <sup>#</sup>
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2021 <sup>#</sup>
MFRS 132	Financial Instruments: Presentation	1 January 2021 <sup>#</sup>
MFRS 136	Impairment of Assets	1 January 2021 <sup>#</sup>
MFRS 138	Intangible Assets	1 January 2021 <sup>#</sup>
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2020
MFRS 140	Investment Property	1 January 2021 <sup>#</sup>

<sup>#</sup>*Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

## 2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

There was no qualification on the audited financial statements of the Company for the financial year ended 30 June 2019.

## 3. SEASONAL OR CYCLICAL FACTORS

The Group's products and services are dependent on the level of activity, and the corresponding capital spending by oil and gas companies which are consequently affected by volatile oil and natural gas prices, and cyclicity in the offshore drilling and oilfield services industries.

## 4. ITEMS OF UNUSUAL NATURE AND AMOUNT

There were no material unusual items affecting assets, liabilities, equity, net income or cash flow for the financial period ended 31 December 2019, other than as disclosed in these unaudited condensed consolidated financial statements.

## 5. MATERIAL CHANGES IN ESTIMATES

There were no changes in the estimates of amount relating to the prior financial years that have a material effect in the financial period ended 31 December 2019.

## 6. ISSUANCES, REPURCHASES, AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

There were no issuances, repurchases, and repayments of debt and equity securities during the financial period ended 31 December 2019.

## 7. DIVIDENDS

No dividend has been paid and/or recommended during the current quarter.

## 8. SEGMENTAL INFORMATION

The Group has two reportable segments, 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 Group's reportable segments are described as follows:

- (i) Upstream services - The services under Upstream Services segments include Integrated Well Solutions, Production Solutions, Subsurface Solutions and other upstream related services which involve the provision of geoscience and reservoir engineering, drilling, project and operations services, and other specialised services within the oil and gas industry.
- (ii) Other services - involved in manufacturing, marketing, distribution and supply of oilfield chemicals, petrochemical and chemical products, equipment and services.

### (A) REPORTABLE BUSINESS SEGMENTS

	<b>(Unaudited) Current Quarter Ended 31.12.2019</b>		<b>(Unaudited) Preceding Quarter Ended 30.09.2019</b>		<b>Difference</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
<b>REVENUE</b>						
Upstream Services	130,814	78.7	124,130	79.9	6,684	5.4
Other Services	35,443	21.3	31,280	20.1	4,163	13.3
	<u>166,257</u>	<u>100.0</u>	<u>155,410</u>	<u>100.0</u>		
Consolidation adjustments and eliminations	<u>(16,708)</u>		<u>(21,614)</u>		<u>4,906</u>	<u>22.7</u>
	<u>149,549</u>		<u>133,796</u>		<u>15,753</u>	<u>11.8</u>
<b>OPERATING PROFITS</b>						
Upstream Services	26,622		21,265		5,357	25.2
Other Services	3,253		8,214		(4,961)	(60.4)
Consolidation adjustments and eliminations	<u>(10,454)</u>		<u>(9,857)</u>		<u>(597)</u>	<u>(6.1)</u>
	<u>19,421</u>		<u>19,622</u>		<u>(201)</u>	<u>(1.0)</u>

## 8. SEGMENTAL INFORMATION (CONT'D)

### (A) REPORTABLE BUSINESS SEGMENTS (CONT'D)

	<b>(Unaudited) Cumulative 6 months Period To Date 31.12.2019</b>		<b>(Unaudited) Cumulative 6 months Period To Date 31.12.2018</b>		<b>Difference</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
<b>REVENUE</b>						
Upstream Services	254,944	79.3	149,259	65.3	105,685	70.8
Other Services	66,723	20.7	79,149	34.7	(12,426)	(15.7)
	<u>321,667</u>	<u>100.0</u>	<u>228,408</u>	<u>100.0</u>		
Consolidation adjustments and eliminations	<u>(38,322)</u>		<u>(35,305)</u>		<u>(3,017)</u>	<u>(8.5)</u>
	<u>283,345</u>		<u>193,103</u>		<u>90,242</u>	<u>46.7</u>
<b>OPERATING PROFITS</b>						
Upstream Services	47,887		38,258		9,629	25.5
Other Services	11,467		4,819		6,648	138.0
Consolidation adjustments and eliminations	<u>(20,311)</u>		<u>(19,386)</u>		<u>(925)</u>	<u>(4.8)</u>
	<u>39,043</u>		<u>23,691</u>		<u>15,352</u>	<u>64.8</u>

### (B) GEOGRAPHICAL SEGMENTS

	<b>(Unaudited) Current Quarter Ended 31.12.2019</b>		<b>(Unaudited) Preceding Quarter Ended 30.09.2019</b>		<b>Difference</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
<b>REVENUE</b>						
Malaysia	149,823	90.1	136,350	87.7	13,473	9.9
Thailand	14,615	8.8	15,724	10.1	(1,109)	7.1
Indonesia	1,820	1.1	3,335	2.1	(1,515)	(45.4)
	<u>166,258</u>	<u>100.0</u>	<u>155,409</u>	<u>100.0</u>		
Consolidation adjustments and eliminations	<u>(16,709)</u>		<u>(21,613)</u>		<u>4,904</u>	<u>22.7</u>
	<u>149,549</u>		<u>133,796</u>		<u>15,753</u>	<u>11.8</u>
<b>OPERATING PROFITS</b>						
Malaysia	29,020		24,956		4,064	16.3
Thailand	965		3,751		(2,786)	(74.3)
Indonesia	(110)		772		(882)	(114.2)
Consolidation adjustments and eliminations	<u>(10,454)</u>		<u>(9,857)</u>		<u>(597)</u>	<u>(6.1)</u>
	<u>19,421</u>		<u>19,622</u>		<u>(201)</u>	<u>(1.0)</u>

## 8. SEGMENTAL INFORMATION (CONT'D)

### (B) GEOGRAPHICAL SEGMENT (CONT'D)

	<b>(Unaudited) Cumulative 6 months Period To Date 31.12.2019</b>		<b>(Unaudited) Cumulative 6 months Period To Date 31.12.2018</b>		<b>Difference</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
<b>REVENUE</b>						
Malaysia	286,173	89.0	209,191	91.6	76,982	36.8
Thailand	30,339	9.4	13,202	5.8	17,137	129.8
Indonesia	5,155	1.6	6,015	2.6	(860)	(14.3)
	<u>321,667</u>	<u>100.0</u>	<u>228,408</u>	<u>100.0</u>		
Consolidation adjustments and eliminations	<u>(38,322)</u>		<u>(35,305)</u>		<u>(3,017)</u>	<u>(8.5)</u>
	<u>283,345</u>		<u>193,103</u>		<u>90,242</u>	<u>46.7</u>
<b>OPERATING PROFITS</b>						
Malaysia	53,976		46,980		6,996	14.9
Thailand	4,716		(4,477)		9,193	205.3
Indonesia	662		574		88	15.3
Consolidation adjustments and eliminations	<u>(20,311)</u>		<u>(19,386)</u>		<u>(925)</u>	<u>(4.8)</u>
	<u>39,043</u>		<u>23,691</u>		<u>15,352</u>	<u>64.8</u>

## 9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no revaluation of property, plant and equipment brought forward from the previous audited financial statements.

## 10. CAPITAL COMMITMENTS

Capital expenditure for property, plant and equipment approved and not provided for in these unaudited condensed consolidated financial statements as at 31 December 2019 is as follows:

	RM'000
Capital expenditure in respect of property, plant and equipment - Approved and contracted for	<u>25,637</u>

## 11. MATERIAL EVENTS SUBSEQUENT TO THE END OF PERIOD REPORTED

On 5 February 2020, Tenggara Analisis Sdn. Bhd. ("TASB"), a wholly owned subsidiary of the Company, signed a Shares Sales Agreement ("SSA") to acquire an additional 22% equity interest in Setegap Ventures Petroleum Sdn. Bhd. ("SVP") for a total cash consideration of RM52.8 million. The acquisition was completed on 27 February 2020 in accordance with the terms and conditions of the SSA.

The above changes are expected to positively impact the net assets per share and earnings per share, and no material impact on the gearing of the Group.

## 12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial period ended 31 December 2019.

## 13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no changes in contingent assets of the Group during the quarter under review.

The Company has given corporate guarantees to licensed financial institutions for banking facilities utilised by its subsidiaries amounting to approximately RM510.0 million as at 31 December 2019.

## 14. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions which were entered into on agreed terms and prices for the financial period ended 31 December 2019 are set out below. The relationships of the related parties are disclosed in the audited financial statements for the financial year ended 30 June 2019.

	Company RM'000
Subsidiaries	
- Dividend income	4,200
- Management fee income	8,653
- Interest income	1,934
- Rental expense	(654)
	<hr/>

## 15. FAIR VALUE MEASUREMENT

The table below shows the carrying amounts and fair value of the finance lease liabilities, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of the finance lease liabilities are estimated using the income approach, by discounting the cash flows based on the market interest rates of a comparable instrument. This is a Level 2 fair value measurement.

	Carrying amount RM'000	Fair value RM'000
Financial liabilities		
- Finance lease liabilities	14,949	13,168
	<hr/>	<hr/>

**16. REVIEW OF PERFORMANCE PERIOD ENDED 31.12.2019 AGAINST 31.12.2018**

	<b>(Unaudited) Cumulative 6 months Period To Date 31.12.2019 RM'000</b>	<b>(Unaudited) Cumulative 6 months Period To Date 31.12.2018 RM'000</b>	<b>Difference</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	283,345	193,103	90,242	46.7
Gross profit	107,408	68,444	38,964	56.9
Profit after taxation (“PAT”) attributable to the owner of the Company	16,188	15,415	773	5.0
Adjust for:				
-Unrealised gain on foreign exchange	(961)	(7,697)		
Adjusted PAT after NCI	<u>15,227</u>	<u>7,718</u>	7,509	97.3

The Group’s revenue increased by RM90.2 million or 46.7% for the financial period ended 31 December 2019 compared to 31 December 2018, which is mainly due to the consolidation of SVP financial results as new subsidiary for the current financial period of RM85.9 million. Furthermore, higher activities and additional call out contracts during the financial period ended 31 December 2019 also contributed to the increased in Group’s revenue.

Consequently, the gross profit increased by RM39.0 million or 56.9% for the financial period ended 31 December 2019 compared to 31 December 2018, with the gross profit margin improving from 35.4% to 37.9%. Significantly lower unrealised foreign exchange gain in current financial period ended 31 December 2019 has contributed to the Group’s higher adjusted PAT after NCI by RM7.5 million or 97.3%.

**17. MATERIAL CHANGES IN THE RESULTS OF THE CURRENT QUARTER COMPARED TO THE RESULTS OF THE PRECEDING QUARTER**

	<b>(Unaudited) Current Quarter Ended 31.12.2019 RM'000</b>	<b>(Unaudited) Preceding Quarter Ended 30.09.2019 RM'000</b>	<b>Difference</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	149,549	133,796	15,753	11.8
Gross profit	55,655	51,753	3,902	7.5
PAT attributable to the owner of the Company	6,756	9,432	(2,676)	(28.4)
Adjust for:				
-Unrealised loss/(gain) on foreign exchange	1,460	(2,421)		
Adjusted PAT after NCI	<u>8,216</u>	<u>7,011</u>	1,205	17.2

The Group’s revenue increased by RM15.8 million or 11.8% for second quarter ended 31 December 2019 as compared to preceding quarter 30 September 2019, mainly due to higher activities and additional call out contracts during the quarter ended 31 December 2019.

Consequently, the Group’s gross profit reported an increased by RM3.9 million or 7.5%, with the gross profit margin remained steady at between 37.2% to 38.6%, and the Adjusted PAT after NCI increased by RM1.2 million or 17.2% as compared to preceding quarter ended 30 September 2019.

**18. PROSPECTS FOR NEXT FINANCIAL YEAR**

Uncertainties in the global growth, production cut by Organization of the Petroleum Exporting Countries (“OPEC”) and non-OPEC, oil production by the US, the US-China trade tension and geopolitical risks, will be among the factors affecting the movement of crude oil prices. Participating producers in the recent OPEC meeting, held on 6 December 2019, decided to further deepen the production cut by 500 thousand barrels per day (“bpd”) to 1.7 million bpd effective January 2020, subject to the full conformity of participating members. However, this may be offset by the extent of weakening global demand and oil production by the US. In addition, the continued strengthening of the US dollar second half of 2019, also kept crude oil prices under pressure. The operators’ increased focus on their profitability and cash flow management kept up pressure on service company such like our Group.

In Malaysia, according to PETRONAS Activity Outlook 2020 – 2022, a steady line-up of drilling activities is planned for 2021 and 2022, and a steady outlook of drilling activities is expected through PETRONAS’ effort of optimising its resource requirement. In turn, this may indicate consistent steady demand for oil and gas support services over the next few years, which expected to contribute positively to our Group.

We are optimistic in our ability to remain competitive to further grow our orderbook in existing and new markets. With the Group’s on-going contracts and recent contract wins, we maintain our focus to grow our upstream services segment, largely integrated well solution services, as the main revenue contributor; and to pursue opportunities for expanding our channels to regional market, especially in Thailand, Indonesia, Brunei and Philippines; to strengthen our service proposition for other service segments and to build the order book for our new renewable energy segment. Our margins, also, had been consistently on uptrend due to improved efficiency and our Group focus on higher margin business. In addition, we are strengthening our operational performance, talent development and corporate support services to address higher activities and operation in new markets, as well as for servicing new customers.

We remain confident that our commitment on the execution of our strategic plans will continue to steer our Group for a positive trajectory and sustainable growth.

**19. VARIANCE OF REVENUE OR PROFIT ESTIMATE, FORECAST, PROJECTION OR INTERNAL TARGETS**

The Group has not previously disclosed or announced any revenue or profit estimate, forecast, projection or internal targets in any previous announcement or public documents.

**20. TAXATION**

	<b>(Unaudited) Current Quarter Ended 3 months 31.12.2019 RM'000</b>	<b>(Unaudited) Corresponding Quarter Ended 3 months 31.12.2018 RM'000</b>	<b>(Unaudited) Cumulative Period To Date 6 months 31.12.2019 RM'000</b>	<b>(Unaudited) Corresponding Period To Date 6 months 31.12.2018 RM'000</b>
Current tax	(1,258)	(936)	(3,293)	(1,734)
Deferred tax	72	(28)	979	1,417
	<u>(1,186)</u>	<u>(964)</u>	<u>(2,314)</u>	<u>(317)</u>
Effective tax rate excluding share of profit of joint ventures and associate	10.0%	10.4%	9.5%	1.9%

The effective tax rate for the current quarter and period ended 31 December 2019 is lower than the statutory tax rate of 24% mainly due to capital allowances absorbed during the quarter ended 31 December 2019.

Domestic income tax is calculated at the Malaysian statutory corporate tax rate of 24% of the estimated assessable profit for the period, whilst taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

**21. ADDITIONAL DISCLOSURE**

	<b>(Unaudited) Current Quarter Ended 3 months 31.12.2019 RM'000</b>	<b>(Unaudited) Cumulative Period To Date 6 months 31.12.2019 RM'000</b>
<u>Profit for the period is arrived at after crediting/(charging):</u>		
- Depreciation of property, plant and equipment	(11,678)	(23,101)
- Amortisation of intangible assets	(749)	(1,499)
- Realised foreign exchange loss	(357)	(636)
- Interest income	319	519

Other than as presented in the unaudited condensed consolidated statements of comprehensive income and as disclosed the above, there is no impairment of assets or any other exceptional items for the financial quarter and period under review.

**22. STATUS OF CORPORATE PROPOSAL**

There are no corporate proposals announced but not completed as at the date of this report.



## 23. GROUP BORROWINGS AND DEBT SECURITIES

The details of the Group's borrowings are as follows:

	As at 31 December 2019					
	Short term		Long term		Total	
	Foreign Currency (‘000)	RM (‘000)	Foreign Currency (‘000)	RM (‘000)	Foreign Currency (‘000)	RM (‘000)
<u>Secured</u>						
<u>Domestic Currency (RM)</u>						
Term loans	-	12,286	-	101,753	-	114,039
Hire purchase payables	-	2,990	-	11,933	-	14,923
Medium term notes	-	-	-	247,615	-	247,615
Invoice financing	-	6,476	-	-	-	6,476
Revolving credit	-	57,621	-	-	-	57,621
Overdraft	-	16,335	-	-	-	16,335
<u>Foreign Currency</u>						
Term loan (USD)	14,815	60,636	6,672	27,306	21,487	87,942
Term loan (THB)	2,704	370	7,292	998	9,996	1,368
Hire purchase payables (THB)	192	26	-	-	192	26
Overdraft (THB)	4,325	592	-	-	4,325	592
Total		<u>157,332</u>		<u>389,605</u>		<u>546,937</u>

	As at 30 June 2019					
	Short term		Long term		Total	
	Foreign Currency (‘000)	RM (‘000)	Foreign Currency (‘000)	RM (‘000)	Foreign Currency (‘000)	RM (‘000)
<u>Secured</u>						
<u>Domestic Currency (RM)</u>						
Term loans	-	25,158	-	75,821	-	100,979
Hire purchase payables	-	3,545	-	9,753	-	13,298
Medium term notes	-	-	-	247,408	-	247,408
Invoice financing	-	14,262	-	-	-	14,262
Revolving credit	-	21,603	-	-	-	21,603
Overdraft	-	21,005	-	-	-	21,005
<u>Foreign Currency</u>						
Term loan (USD)	8,645	35,734	17,217	71,164	25,862	106,898
Term loan (THB)	5,976	806	6,647	896	12,623	1,702
Hire purchase payables (THB)	247	33	63	8	310	41
Overdraft (THB)	3,617	487	-	-	3,617	487
Total		<u>122,633</u>		<u>405,050</u>		<u>527,683</u>

## 24. DERIVATIVE FINANCIAL INSTRUMENTS

The Group does not have any derivative financial instruments for the quarter and period ended 31 December 2019.

## 25. MATERIAL LITIGATION

As announced on 30 October 2019, Uzma Engineering Sdn. Bhd. (“UESB”), a wholly owned subsidiary of the Group had filed a Writ and Statement of Claim in Kuala Lumpur High Court to commence legal action against Khan Co. Ltd (“Khan”) and Kong Offshore Malaysia Sdn. Bhd. (“Kong”) on 29 October 2019 amounting to approximately RM 63.0 million.

Kong entered appearance in 21 November 2019 and filed an application on 29 November 2019 to stay the court proceedings pursuant to Section 10 of the Arbitration Act 2005. UESB filed the Request to serve the notice of writ out of jurisdiction to Khan in Korea and the request is pending processing by the Court. The Court will proceed to hear Kong’s application. Kong was subsequently wound up on 10 December 2019. Kong’s previous solicitors are seeking consent from the liquidator to continue to act for Kong in this writ action

The case management is on 24 March 2020.

## 26. EARNINGS PER SHARE (“EPS”)

	(Unaudited) Current Quarter ended 3 months 31.12.2019	(Unaudited) Corresponding Quarter ended 3 months 31.12.2018	(Unaudited) Cumulative Period to date 6 months 31.12.2019	(Unaudited) Corresponding Period to date 6 months 31.12.2018
(i) Basic EPS				
Net profit attributable to owners of the Company (RM’000)	6,756	8,175	16,188	15,415
Weighted average number of ordinary shares in issue (’000)	320,029	320,029	320,029	320,029
Basic EPS (sen)	2.11	2.55	5.06	4.82
(ii) Adjusted EPS				
Net profit attributable to owners of the Company (RM’000)	6,756	8,175	16,188	15,415
Adjust for:				
-Unrealised foreign exchange loss/(gain)	1,460	(942)	(961)	(7,697)
Weighted average number of ordinary shares in issue (’000)	320,029	320,029	320,029	320,029
Adjusted EPS (sen)	2.57	2.26	4.76	2.41
(a) Basic EPS				

The basic EPS is calculated based on the Group's profit attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the reporting period.

**26. EARNINGS PER SHARE (“EPS”) (CONT’D)**

(b) Adjusted EPS

The adjusted EPS is calculated based on the Group's profit attributable to owners of the Company (excluding unrealised foreign exchange gain/loss) divided by the weighted average number of ordinary shares in issue during the reporting period.

(c) Fully diluted EPS

Fully diluted EPS were not computed as there were no outstanding potential ordinary shares to be issued as at the end of the reporting period.

BY ORDER OF THE BOARD

Dato’ Kamarul Redzuan Bin Muhamed  
Group Chief Executive Officer

27 February 2020