



UZMA BERHAD

(Company No: 769866-V)

**Quarterly Report on Consolidated Financial Results
For the Third Quarter Ended 31 March 2020**



UZMA BERHAD
(Company No : 769866-V)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER AND PERIOD ENDED 31 MARCH 2020**

	(Unaudited) 3 Months Quarter Ended 31.03.20 RM'000	(Unaudited) 3 Months Quarter Ended 31.03.19 RM'000	(Unaudited) 9 Months Period To Date 31.03.20 RM'000	(Unaudited) 9 Months Period To Date 31.03.19 RM'000
Revenue	122,958	111,433	406,303	304,536
Cost of sales	<u>(45,659)</u>	<u>(72,782)</u>	<u>(221,596)</u>	<u>(197,441)</u>
Gross profit	77,299	38,651	184,707	107,095
Other income	<u>862</u>	<u>56,564</u>	<u>1,601</u>	<u>58,583</u>
	78,161	95,215	186,308	165,678
Administrative and Operating expenses	<u>(55,549)</u>	<u>(72,934)</u>	<u>(125,614)</u>	<u>(127,403)</u>
	22,612	22,281	60,694	38,275
Unrealised foreign exchange loss	<u>(4,118)</u>	<u>(8,314)</u>	<u>(3,157)</u>	<u>(617)</u>
Operating profit	<u>18,494</u>	<u>13,967</u>	<u>57,537</u>	<u>37,658</u>
Finance costs	<u>(7,999)</u>	<u>(7,905)</u>	<u>(22,891)</u>	<u>(21,032)</u>
Share of profit/(loss) of investments accounted for using the equity method	<u>117</u>	<u>(463)</u>	<u>433</u>	<u>5,489</u>
Profit before taxation	<u>10,612</u>	<u>5,599</u>	<u>35,079</u>	<u>22,115</u>
Income tax expense	<u>(3,724)</u>	<u>(1,264)</u>	<u>(6,038)</u>	<u>(1,581)</u>
Profit after taxation	<u>6,888</u>	<u>4,335</u>	<u>29,041</u>	<u>20,534</u>
Profit after taxation attributable to :-				
Owners of the Company	5,436	2,485	21,624	17,900
Non-Controlling Interest	<u>1,452</u>	<u>1,850</u>	<u>7,417</u>	<u>2,634</u>
	<u>6,888</u>	<u>4,335</u>	<u>29,041</u>	<u>20,534</u>
Note:				
Profit after taxation attributable to owner of the Company	5,436	2,485	21,624	17,900
Adjustment: Unrealised foreign exchange loss	4,118	8,314	3,157	617
Adjusted profit after tax and NCI	<u>9,554</u>	<u>10,799</u>	<u>24,781</u>	<u>18,517</u>

The unaudited Condensed Consolidated Statement of 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 THIRD QUARTER AND PERIOD ENDED 31 MARCH 2020**

	(Unaudited) 3 Months Quarter Ended 31.03.20 RM'000	(Unaudited) 3 Months Quarter Ended 31.03.19 RM'000	(Unaudited) 6 Months Period To Date 31.03.20 RM'000	(Unaudited) 6 Months Period To Date 31.03.19 RM'000
Profit after taxation	6,888	4,335	29,041	20,534
Other comprehensive income, net of tax				
Item that will not be reclassified subsequently to profit or loss:				
-Actuarial loss from employee benefits	1	-	(10)	-
Item that may be reclassified subsequently to profit or loss:				
-Foreign currency translation differences	3,662	(273)	2,904	14,506
Total comprehensive income for the financial period	<u>10,551</u>	<u>4,062</u>	<u>31,935</u>	<u>35,040</u>
Total comprehensive income attributable to:-				
Owners of the Company	9,127	2,195	24,245	32,139
Non-Controlling Interest	1,424	1,867	7,690	2,901
	<u>10,551</u>	<u>4,062</u>	<u>31,935</u>	<u>35,040</u>
Earning per share (Note 26)				
- Basic/Diluted (sen)	1.70	0.78	6.76	5.59
- Adjusted (sen)	2.99	3.37	7.74	5.79

The unaudited Condensed Consolidated Statement of 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 MARCH 2020

	(Unaudited)	(Audited)
	As at	As at
	31.03.20	30.06.19
	RM'000	RM'000
ASSETS		
Non-current assets		
Investments in joint venture and associates	11,184	10,751
Other investments	4,285	4,285
Property, plant and equipment	532,818	532,950
Other Receivables	92	6,561
Goodwill on consolidation	177,213	177,213
Intangible assets	19,149	21,398
Deferred tax assets	410	2,292
	<u>745,151</u>	<u>755,450</u>
Current assets		
Inventories	39,647	30,710
Trade receivables	236,193	168,843
Other receivables, deposits and prepayments	185,974	197,110
Contract assets	1,325	-
Tax recoverable	8,245	3,014
Short-term investments	1,139	1,136
Fixed deposits with licensed banks	81,079	38,083
Cash and bank balances	43,650	25,534
	<u>597,252</u>	<u>464,430</u>
TOTAL ASSETS	<u><u>1,342,403</u></u>	<u><u>1,219,880</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	290,069	290,069
Reserves	190,079	196,596
Shareholders' equity	<u>480,148</u>	<u>486,665</u>
Non-controlling interests	36,726	54,184
Total equity	<u>516,874</u>	<u>540,849</u>
Non-current liabilities		
Long-term borrowings	440,171	405,050
Deferred tax liabilities	13,915	14,361
Trade payables	802	3,646
Post employment benefit liabilities	152	748
	<u>455,040</u>	<u>423,805</u>
Current liabilities		
Trade payables	135,151	107,660
Other payables and accruals	64,406	24,614
Provision for taxation	8,900	319
Short-term borrowings	162,032	122,633
	<u>370,489</u>	<u>255,226</u>
Total liabilities	<u>825,529</u>	<u>679,031</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,342,403</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 THIRD QUARTER AND PERIOD ENDED 31 MARCH 2020**

	-----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 THIRD QUARTER AND PERIOD ENDED 31 MARCH 2020**

	<-----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	-	-	-	-	-	-	21,624	21,624	7,417	29,041
Other comprehensive income for the financial period, net of tax										
- Actuarial gain from employee benefits	-	-	-	-	-	-	(10)	(10)	-	(10)
- Foreign currency translation differences	-	-	2,631	-	-	-	-	2,631	273	2,904
Total comprehensive income for the financial year	-	-	2,631	-	-	-	21,614	24,245	7,690	31,935
Contribution by and distribution to owners of the Company										
- Dividend										
- by the subsidiaries to non-controlling interest	-	-	-	-	-	-	-	-	(3,110)	(3,110)
Increase in shareholding in a subsidiary							(30,762)	(30,762)	(22,038)	(52,800)
Balance at 31.03.2020	<u>290,069</u>	<u>-</u>	<u>29,172</u>	<u>(29,700)</u>	<u>426</u>	<u>(6,000)</u>	<u>196,181</u>	<u>480,148</u>	<u>36,726</u>	<u>516,874</u>

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 THIRD QUARTER AND PERIOD ENDED 31 MARCH 2020**

	(Unaudited) Cumulative Period To Date 31.03.20 RM'000	(Unaudited) Corresponding Period To Date 31.03.19 RM'000
Profit before taxation	35,079	22,115
Adjustments for non-cash items :		
Depreciation of property, plant and equipment	34,867	28,540
Interest expense	22,891	21,032
Unrealised foreign exchange loss	3,157	617
Amortisation of intangible assets	2,249	2,249
(Gain)/Loss on disposal of property, plant and equipment	(81)	1,492
Impairment loss on receivables	-	38,702
Property, plant and equipment written off	-	339
Reversal of provision for post employee benefit	(606)	-
Share of profit of investments accounted for using the equity method	(433)	(5,489)
Interest income	(1,044)	(547)
Re-measurement gain on investment	-	(56,572)
Operating profit before working capital changes	96,079	52,478
Changes in working capital	301	(105,946)
	96,380	(53,468)
Tax paid	(1,252)	(6,241)
Interest paid	(22,891)	(21,032)
Net cash from/(for) operating activities	72,237	(80,741)
Investing activities		
Proceeds from disposal of plant and equipment	3,500	323
Interest received	1,044	547
Dividend received from a joint venture	-	3,065
Acquisition of subsidiaries, net of cash acquired	-	7,288
Repayment from jointly controlled entity	-	2,229
Purchase of short term investment	(3)	(1,003)
Purchase of property, plant and equipment, net	(37,363)	(25,784)
Investment in a subsidiary	(52,800)	-
Withdrawal/(placement) of deposits pledged with licensed banks	(62,005)	9,087
Net cash for investing activities	(147,627)	(4,248)
Financing activities		
Dividend paid to non-controlling interest	(3,110)	(870)
Repayment to an associates	-	(2,228)
Net drawdown of borrowings	60,091	91,832
Net cash from financing activities	56,981	88,734
Net change in cash and cash equivalents	(18,409)	3,745
Effect of exchange rate changes	3,087	8,690
Cash and cash equivalents at beginning of the period	23,165	9,802
Cash and cash equivalents at end of the period	7,843	22,237
Cash and cash equivalents at end of the period comprised:		
Fixed deposit with licences banks	81,079	27,157
Cash and bank balances	43,650	31,854
Cash and cash equivalent as reported in the Statement of Financial Position	124,729	59,011
Less: Fixed deposits pledged with licensed banks	(80,965)	(15,611)
Less: Bank overdrafts	(35,921)	(21,163)
	7,843	22,237

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 THIRD QUARTER ENDED 31 MARCH 2020

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 [#]
MFRS 3	Business Combinations	1 January 2020/ 1 January 2021 [#]
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021 [#]
MFRS 7	Financial Instruments: Disclosures	1 January 2020/ 1 January 2021 [#]
MFRS 9	Financial Instruments	1 January 2020/ 1 January 2021 [#]
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2021 [#]
MFRS 101	Presentation of Financial Statements	1 January 2020/ 1 January 2021 [#]
MFRS 107	Statements of Cash Flows	1 January 2021 [#]
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020
MFRS 116	Property, Plant and Equipment	1 January 2021 [#]
MFRS 119	Employee Benefits	1 January 2021 [#]
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2021 [#]
MFRS 132	Financial Instruments: Presentation	1 January 2021 [#]
MFRS 136	Impairment of Assets	1 January 2021 [#]
MFRS 138	Intangible Assets	1 January 2021 [#]
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2020
MFRS 140	Investment Property	1 January 2021 [#]

[#]Amendments as the consequence of MFRS 17 Insurance Contracts come into effect.

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 March 2020, 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 March 2020.

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 March 2020.

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 involves 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 - Manufacturing, marketing, distribution and supply of oilfield chemicals, petrochemical and chemical products, equipment and services.

(A) REPORTABLE BUSINESS SEGMENTS

	(Unaudited) Current Quarter Ended 31.03.2020		(Unaudited) Preceding Quarter Ended 31.12.2019		Difference	
	RM'000	%	RM'000	%	RM'000	%
REVENUE						
Upstream Services	115,010	80.6	130,814	78.7	(15,804)	(12.1)
Other Services	22,562	15.8	24,866	14.9	(2,304)	(9.3)
Holding company and dormant companies	5,195	3.6	10,577	6.4	(5,382)	(50.9)
	<u>142,767</u>	100.0	<u>166,257</u>	100.0		
Consolidation adjustments and eliminations	<u>(19,809)</u>		<u>(16,708)</u>		<u>(3,101)</u>	<u>(18.6)</u>
	<u>122,958</u>		<u>149,549</u>		<u>(26,591)</u>	<u>(17.8)</u>
OPERATING PROFITS						
Upstream Services	28,908		26,622		2,286	8.6
Other Services	2,616		2,320		296	12.8
Holding company and dormant companies	(10,361)		933		(11,294)	(1,210.5)
Consolidation adjustments and eliminations	<u>(2,669)</u>		<u>(10,454)</u>		<u>7,785</u>	<u>74.5</u>
	<u>18,494</u>		<u>19,421</u>		<u>(927)</u>	<u>4.8</u>

8. SEGMENTAL INFORMATION (CONT'D)

(A) REPORTABLE BUSINESS SEGMENTS (CONT'D)

	(Unaudited) Cumulative 9 months Period To Date 31.03.2020		(Unaudited) Cumulative 9 months Period To Date 31.03.2019		Difference	
	RM'000	%	RM'000	%	RM'000	%
REVENUE						
Upstream Services	369,954	79.7	250,600	69.3	119,354	47.6
Other Services	69,531	15.0	62,174	17.2	7,357	11.8
Holding company and dormant companies	24,949	5.3	48,726	13.5	(23,777)	(48.8)
	<u>464,434</u>	<u>100.0</u>	<u>361,500</u>	<u>100.0</u>		
Consolidation adjustments and eliminations	<u>(58,131)</u>		<u>(56,964)</u>		<u>(1,167)</u>	<u>(2.0)</u>
	<u>406,303</u>		<u>304,536</u>		<u>101,767</u>	<u>33.4</u>
OPERATING PROFITS						
Upstream Services	76,795		52,645		24,150	45.9
Other Services	7,450		5,164		2,286	44.3
Holding company and dormant companies	(3,728)		(15,913)		12,185	76.6
Consolidation adjustments and eliminations	<u>(22,980)</u>		<u>(4,238)</u>		<u>(18,742)</u>	<u>(442.2)</u>
	<u>57,537</u>		<u>37,658</u>		<u>19,879</u>	<u>52.8</u>

(B) GEOGRAPHICAL SEGMENTS

	(Unaudited) Current Quarter Ended 31.03.2020		(Unaudited) Preceding Quarter Ended 31.12.2019		Difference	
	RM'000	%	RM'000	%	RM'000	%
REVENUE						
Malaysia	129,567	90.7	149,823	90.1	(20,256)	(13.5)
Outside Malaysia	13,200	9.3	16,435	9.9	(3,235)	(19.7)
	<u>142,767</u>	<u>100.0</u>	<u>166,258</u>	<u>100.0</u>		
Consolidation adjustments and eliminations	<u>(19,809)</u>		<u>(16,709)</u>		<u>(3,100)</u>	<u>(18.6)</u>
	<u>122,958</u>		<u>149,549</u>		<u>(26,591)</u>	<u>17.8</u>
OPERATING PROFITS						
Malaysia	21,709		29,020		(7,311)	(25.2)
Outside Malaysia	(546)		855		(1,401)	(163.9)
Consolidation adjustments and eliminations	<u>(2,669)</u>		<u>(10,454)</u>		<u>7,785</u>	<u>74.5</u>
	<u>18,494</u>		<u>19,421</u>		<u>(927)</u>	<u>4.8</u>

8. SEGMENTAL INFORMATION (CONT'D)

(B) GEOGRAPHICAL SEGMENT (CONT'D)

	(Unaudited) Cumulative 9 months Period To Date 31.03.2020		(Unaudited) Cumulative 9 months Period To Date 31.03.2019		Difference	
	RM'000	%	RM'000	%	RM'000	%
REVENUE						
Malaysia	415,740	89.5	330,145	91.3	85,595	25.9
Outside Malaysia	48,694	10.5	31,355	8.7	17,339	55.3
	<u>464,434</u>	100.0	<u>361,500</u>	100.0		
Consolidation adjustments and eliminations	<u>(58,131)</u>		<u>(56,964)</u>		<u>(1,167)</u>	<u>(2.0)</u>
	<u>406,303</u>		<u>304,536</u>		<u>101,767</u>	<u>33.4</u>
OPERATING PROFITS						
Malaysia	75,686		47,135		28,551	60.6
Outside Malaysia	4,831		(5,239)		10,070	192.2
Consolidation adjustments and eliminations	<u>(22,980)</u>		<u>(4,238)</u>		<u>(18,742)</u>	<u>(442.2)</u>
	<u>57,537</u>		<u>37,658</u>		<u>19,879</u>	<u>52.8</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 March 2020 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

There were no material events subsequent to the end of the current quarter.

12. CHANGES IN THE COMPOSITION OF THE GROUP

On 27 February 2020, Tenggara Analisis Sdn. Bhd. ("TASB"), a wholly owned subsidiary of Uzma Berhad, completed the acquisition of additional 22% equity interest in Setegap Ventures Petroleum Sdn. Bhd. ("SVP") by for total cash consideration of RM52.8 million.

The change is expected to positively impact the net assets per share and earnings per share of the Group.

There were no other changes in the composition of the Group during the financial period ended 31 March 2020.

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 RM548.6 million as at 31 March 2020.

14. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions which were entered into on agreed terms and prices for the financial period ended 31 March 2020 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
Related party transaction with subsidiaries:	
- Dividend income	4,200
- Management fee income	12,980
- Interest income	3,036
- Rental expense	(981)

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	14,227	13,168

16. REVIEW OF PERFORMANCE

	(Unaudited) Current Quarter Ended 31.03.2020 RM'000	(Unaudited) Corresponding Quarter Ended 31.03.2019 RM'000	Difference	
			RM'000	%
Revenue	122,958	111,433	11,525	10.3
Gross profit	77,299	38,651	38,648	100.0
Profit after taxation (“PAT”) attributable to the owner of the Company	5,436	2,485	2,951	118.8
Adjust for:				
-Unrealised loss on foreign exchange	4,118	8,314		
Adjusted PAT after NCI	<u>9,554</u>	<u>10,799</u>	(1,245)	11.5

The Group’s revenue increased by RM11.5 million or 10.3% for the current quarter compared to corresponding quarter, which is mainly due full quarter revenue reported by a subsidiary for the current quarter, at higher revenue of RM16.7 million, as compared to partial quarter revenue reported of a new subsidiary in corresponding quarter.

Consequently, the gross profit increased by RM38.6 million or 100.0% for current quarter compared corresponding quarter, with the gross profit margin improved from 34.7% to 62.9%, which is mainly due to one-off modification revenue of equipment and re-classification of previous quarters staff cost from cost of sales to operating expense of a subsidiary during the current quarter ended 31 March 2020. Significant decreased in unrealised foreign exchange loss is due to lower amount of the Group’s dollar loans at the end of the current quarter compared to corresponding quarter.

	(Unaudited) Cumulative 9 months Period To Date 31.03.2020 RM'000	(Unaudited) Cumulative 9 months Period To Date 31.03.2019 RM'000	Difference	
			RM'000	%
Revenue	406,303	304,536	101,767	33.4
Gross profit	184,707	107,095	77,612	72.5
Profit after taxation (“PAT”) attributable to the owner of the Company	21,624	17,900	3,724	20.8
Adjust for:				
-Unrealised loss on foreign exchange	3,157	617		
Adjusted PAT after NCI	<u>24,781</u>	<u>18,517</u>	6,264	33.8

The Group’s revenue increased by RM101.8 million or 33.4% for the financial period ended 31 March 2020 compared to 31 March 2019, which is mainly due to the full year to date impact of the consolidation of a subsidiary for the current financial period amounted to RM102.6 million as compared to only one quarter for financial period ended 31 March 2019.

Consequently, the gross profit increased by RM77.6 million or 72.5% for the financial period ended 31 March 2020 compared to 31 March 2019, with the gross profit margin improved from 35.2% to 45.5%. The significant increase in gross profit margin mainly due to higher gross profit margin of a new subsidiary. Significantly higher unrealised foreign exchange loss in the current financial period ended 31 March 2020 is due to appreciation of dollar currency for the Group’s dollar loans.

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

	(Unaudited) Current Quarter Ended 31.03.2020 RM'000	(Unaudited) Preceding Quarter Ended 31.12.2019 RM'000	Difference	
			RM'000	%
Revenue	122,958	149,549	(26,591)	(17.8)
Gross profit	77,299	55,655	21,644	38.9
PAT attributable to the owner of the Company	5,436	6,756	(1,320)	(19.5)
Adjust for:				
-Unrealised loss on foreign exchange	4,118	1,460		
Adjusted PAT after NCI	<u>9,554</u>	<u>8,216</u>	1,338	16.3

The Group's revenue decreased by RM26.6 million or 17.8% for third quarter ended 31 March 2020 as compared to preceding quarter 31 December 2019, mainly due to lower revenue from near completion of existing contracts and new contracts commencing in the coming quarters.

The Group's gross profit reported an increased by RM21.6 million or 38.9%, with the increased in gross profit margin from 37.2% to 62.9%, mainly due to one-off modification revenue of equipment and re-classification of previous quarters staff cost from cost of sales to operating expense of a subsidiary during the current quarter ended 31 March 2020.

18. PROSPECTS FOR NEXT FINANCIAL YEAR

The current global Covid-19 pandemic since early 2020, with lockdowns continues, has impacted many industries including Oil & Gas industry. Over the period, the crude oil price and demand for oil & gas has dropped to an unprecedented level. Further, the agreement of recent production cut by oil majors have yet to show significant impact to oil price and expected to reduce production activities. Many countries expected their GDP growth to contract for year 2020, and governments have given out stimulus package to soften the downturn. The low oil price and uncertain times have pressured many oil majors to reduce their capital expenditure ("capex") investments, as well as operating expenses.

In Malaysia, PETRONAS announced to maintain domestic capex plans, but will continuously re-assess its plans and budget. Hence, we are cautious of the potential challenges of delay in activities and negotiation of margins. However, this impact may be limited as most of our long term contracts were awarded during the previous low oil price environment, including our D18 water injection contract utilising our largest asset, Marsya.

In the reporting Quarter, our operations are not materially impacted by the pandemic, as our industry is deemed as essential services and exempted from the Movement Control Order ("MCO") implemented in Malaysia. However, there are some operational issues for specific contracts due to the 14 days quarantine requirement for crew change at off-shore locations, in addition to domestic and international travel restriction. We have mitigated this issue by reviewing our overall crew scheduling. We anticipated some delays on equipment delivery for specific contracts, due to the disruption in the global supply chain and logistics issues, and we are working to accelerate the process and/or source for alternatives, and at the same time working with our clients to minimise impact to overall project delivery.

18. PROSPECTS FOR NEXT FINANCIAL YEAR (CONT'D)

Further, we are committed to sustain our resiliency by carrying out initiatives (i) to preserve cash through selective discretionary spending, operational cost reduction review and building buffer for potential delay in activities; (ii) to make available and build access to capital through securing new funding, especially for new contracts that will strengthen our financial position; (iii) to review staff cost, including reduction in executives' package; and (iv) to review operating assets portfolio, including potential impairments and disposal of assets with low utilisation.

We maintain our focus to grow our upstream oil & gas services segment, largely integrated well solution services, as the main revenue contributor; and pursue opportunities to bring our core business into regional market, especially in Thailand, Indonesia, Brunei and Philippines; as well as to strengthen our service proposition. In addition, we are also working to build our sustainable energy business, particularly solar energy. Our orderbook currently stands at RM2.0 billion, inclusive of orders from umbrella contracts, as well as contracts within Malaysia and outside Malaysia.

We remain cautious of the challenges faced during this unprecedented time and we believe that our commitment on the execution of our strategic plans will continue to steer our Group towards a 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

	(Unaudited) Current Quarter Ended 3 months 31.03.2020 RM'000	(Unaudited) Corresponding Quarter Ended 3 months 31.03.2019 RM'000	(Unaudited) Cumulative Period To Date 9 months 31.03.2020 RM'000	(Unaudited) Corresponding Period To Date 9 months 31.03.2019 RM'000
Current tax	(3,068)	(3,033)	(6,361)	(4,767)
Deferred tax	(656)	1,769	323	3,186
	<u>(3,724)</u>	<u>(1,264)</u>	<u>(6,038)</u>	<u>(1,581)</u>
Effective tax rate excluding share of profit of joint ventures and associate	35.5%	20.9%	17.4%	9.5%

The effective tax rate for the current quarter and period ended 31 March 2020 is higher than the statutory tax rate of 24% and the corresponding quarter, mainly due to under-provision of prior year income tax expense charged during the quarter ended 31 March 2020.

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

	(Unaudited) Current Quarter Ended 3 months 31.03.2020 RM'000	(Unaudited) Cumulative Period To Date 9 months 31.03.2020 RM'000
<u>Profit for the period is arrived at after crediting/(charging):</u>		
- Depreciation of property, plant and equipment	(11,766)	(34,867)
- Amortisation of intangible assets	(750)	(2,249)
- Realised foreign exchange loss	(2,275)	(2,911)
- Interest income	525	1,044

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 March 2020					
	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	-	18,038	-	152,580	-	170,618
Hire purchase payables	-	2,992	-	11,218	-	14,210
Medium term notes	-	-	-	247,719	-	247,719
Invoice financing	-	5,870	-	-	-	5,870
Revolving credit	-	39,504	-	-	-	39,504
Overdraft	-	35,551	-	-	-	35,551
<u>Foreign Currency</u>						
Term loan (USD)	13,798	59,512	6,422	27,696	20,220	87,208
Term loan (THB)	1,355	178	7,292	958	8,647	1,136
Hire purchase payables (THB)	128	17	-	-	128	17
Overdraft (THB)	2,818	370	-	-	2,818	370
Total		<u>162,032</u>		<u>440,171</u>		<u>602,203</u>

23. GROUP BORROWINGS AND DEBT SECURITIES (CONT'D)

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

	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 March 2020.

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.

Parties are currently waiting for further directions from the Court on the next case management date.

26. EARNINGS PER SHARE (“EPS”)

	(Unaudited) Current Quarter ended 3 months 31.03.2020	(Unaudited) Corresponding Quarter ended 3 months 31.03.2019	(Unaudited) Cumulative Period to date 9 months 31.03.2020	(Unaudited) Corresponding Period to date 9 months 31.03.2019
(i) Basic EPS				
Net profit attributable to owners of the Company (RM'000)	5,436	2,485	21,624	17,900
Weighted average number of ordinary shares in issue ('000)	320,029	320,029	320,029	320,029
Basic EPS (sen)	<u>1.70</u>	<u>0.78</u>	<u>6.76</u>	<u>5.59</u>
(ii) Adjusted EPS				
Net profit attributable to owners of the Company (RM'000)	5,436	2,485	21,624	17,900
Adjust for:				
-Unrealised foreign exchange loss	4,118	8,314	3,157	617
Weighted average number of ordinary shares in issue ('000)	9,554	10,799	24,781	18,517
Adjusted EPS (sen)	<u>2.99</u>	<u>3.37</u>	<u>7.74</u>	<u>5.79</u>

(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.

(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

20 May 2020