



UZMA BERHAD

(Company No: 200701011861 (769866-V))

**Quarterly Report on Consolidated Financial Results
For the First Quarter Ended 30 September 2021**



UZMA BERHAD

(Company No : 200701011861 (769866-V))

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER AND PERIOD ENDED 30 SEPTEMBER 2021**

	(Unaudited) Current 3 Months Quarter Ended 30.09.21 RM'000	(Unaudited) Corresponding 3 Months Quarter Ended 30.09.20 RM'000	(Unaudited) Cumulative 3 Months Year To Date 30.09.21 RM'000	(Unaudited) Corresponding 3 Months Year To Date 30.09.20 RM'000
Revenue	101,394	99,605	101,394	99,605
Cost of sales	<u>(59,727)</u>	<u>(55,381)</u>	<u>(59,727)</u>	<u>(55,381)</u>
Gross profit	41,667	44,224	41,667	44,224
Other income	670	2,302	670	2,302
Administrative expenses	(18,969)	(19,658)	(18,969)	(19,658)
Other expenses	(2,979)	(5,890)	(2,979)	(5,890)
Depreciation	(12,315)	(11,293)	(12,315)	(11,293)
Operating profit	<u>8,074</u>	<u>9,685</u>	<u>8,074</u>	<u>9,685</u>
Finance costs	(6,665)	(6,392)	(6,665)	(6,392)
Share of profit of investments accounted for using the equity method	<u>(372)</u>	<u>-</u>	<u>(372)</u>	<u>-</u>
Profit/(Loss) before taxation	1,036	3,293	1,036	3,293
Income tax expense	(451)	(872)	(451)	(872)
Profit/(Loss) after taxation	<u>586</u>	<u>2,421</u>	<u>586</u>	<u>2,421</u>
Profit/(Loss) after taxation attributable to :-				
Owners of the Company	347	1,652	347	1,652
Non-Controlling Interest	<u>239</u>	<u>769</u>	<u>239</u>	<u>769</u>
	<u>586</u>	<u>2,421</u>	<u>586</u>	<u>2,421</u>
Adjusted PAT/(LAT) attributable to Owners of the Company*	<u>3,975</u>	<u>6,562</u>	<u>3,975</u>	<u>6,562</u>
Earning per share				
- Basic/Diluted (sen)	<u>0.11</u>	<u>0.52</u>	<u>0.11</u>	<u>0.52</u>

*Please refer to Note 16 of the Report on the Adjusted PAT reconciliation.

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 2021 and the accompanying explanatory notes attached to this report.



UZMA BERHAD

(Company No : 200701011861 (769866-V))

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER AND PERIOD ENDED 30 SEPTEMBER 2021**

	(Unaudited) 3 Months Quarter Ended 30.09.21 RM'000	(Unaudited) 3 Months Quarter Ended 30.09.20 RM'000	(Unaudited) 3 Months Year To Date 30.09.21 RM'000	(Unaudited) 3 Months Year To Date 30.09.20 RM'000
Profit/(Loss) after taxation	586	2,421	586	2,421
Other comprehensive income/(loss), net of tax				
Item that may be reclassified subsequently to profit or loss:				
-Foreign currency translation differences	1,141	(5,631)	1,141	(5,631)
Total comprehensive income/(loss) for the financial period	<u>1,727</u>	<u>(3,210)</u>	<u>1,727</u>	<u>(3,210)</u>
Total comprehensive income/(loss) attributable to:-				
Owners of the Company	1,127	(4,812)	1,127	(4,812)
Non-Controlling Interest	600	1,602	600	1,602
	<u>1,727</u>	<u>(3,210)</u>	<u>1,727</u>	<u>(3,210)</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 2021 and the accompanying explanatory notes attached to this report.

UZMA BERHAD*(Company No : 200701011861 (769866-V))***CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021**

	(Unaudited) As at 30.09.2021 RM'000	(Audited) As at 30.06.2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	508,592	519,073
Right of use assets	17,182	18,154
Assets held for sale	5,024	-
Intangible assets	206,357	207,567
Investments in associates	11,755	12,113
Investments in joint ventures	1	1
Deferred tax assets	5,502	5,693
Trade and other receivables	6,750	6,750
Other investments	4,285	4,285
	<u>765,448</u>	<u>773,636</u>
Current assets		
Inventories	38,328	35,813
Trade and other receivables	263,816	135,346
Contract assets	100,386	172,958
Other investments	1,083	1,374
Current tax assets	16,522	13,258
Deposits, cash and bank balances	126,136	136,834
	<u>546,271</u>	<u>495,583</u>
TOTAL ASSETS	<u>1,311,719</u>	<u>1,269,219</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	290,069	290,069
Foreign currency translation reserve	31,627	30,847
Capital reserve	375	375
Merger deficit	(29,700)	(29,700)
Fair value reserve	(6,000)	(6,000)
Retained earnings	165,110	164,763
	<u>451,481</u>	<u>450,354</u>
Perpetual sukuk	40,852	40,852
Non-controlling interests	31,985	31,385
Total equity	<u>524,318</u>	<u>522,591</u>
Non-current liabilities		
Loan and borrowings	298,963	305,183
Lease liabilities	8,184	6,806
Deferred tax liabilities	16,796	18,922
Trade and other payables	3,910	3,910
Post employment benefit liabilities	2,898	2,898
Deferred income	15,238	5,995
	<u>345,989</u>	<u>343,714</u>
Current liabilities		
Loans and borrowings	188,992	208,083
Lease liabilities	5,988	5,988
Trade and other payables	245,496	187,907
Contract liabilities	385	385
Current tax liabilities	551	551
	<u>441,412</u>	<u>402,914</u>
Total liabilities	<u>787,401</u>	<u>746,628</u>
TOTAL EQUITY AND LIABILITIES	<u>1,311,719</u>	<u>1,269,219</u>
Net asset per share attributable to owners of the parent (RM)	<u>1.54</u>	<u>1.53</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 2021 and the accompanying explanatory notes attached to this report.

UZMA BERHAD

(Company No : 200701011861 (769866-V))

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER AND PERIOD ENDED 30 SEPTEMBER 2021**

	Non-Distributable					Distributable				
	Share Capital RM'000	Foreign Exchange Translation Reserves RM'000	Capital Reserve RM'000	Merger Deficit RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	Attributable To The Owners Of The Company RM'000	Perpetual Sukuk RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Balance at 01.07.2020	290,069	50,642	426	(29,700)	(6,000)	151,637	457,074	-	33,014	490,088
Total comprehensive loss for the financial year										
Profit for the financial year	-	-	-	-	-	13,443	13,443	-	1,155	14,598
Actuarial gain from employee benefits	-	-	-	-	-	84	84	-	12	96
Foreign currency translation reserve	-	(20,983)	-	-	-	-	(20,983)	-	(5)	(20,988)
Total comprehensive loss	-	(20,983)	-	-	-	13,527	(7,456)	-	1,162	(6,294)
Transaction with owners										
Disposal of a subsidiary	-	1,188	(51)	-	-	51	1,188	-	(1,063)	125
Issuance of shares by the subsidiaries to non-controlling interest	-	-	-	-	-	-	-	-	817	817
Dividend paid by the subsidiaries to non-controlling interest	-	-	-	-	-	-	-	-	(2,545)	(2,545)
Issuance of perpetual sukuk	-	-	-	-	-	-	-	40,852	-	40,852
Distribution to perpetual sukuk holders	-	-	-	-	-	(452)	(452)	-	-	(452)
Total transaction with owners	-	1,188	(51)	-	-	(401)	736	40,852	(2,791)	38,797
Balance at 30.06.2021	290,069	30,847	375	(29,700)	(6,000)	164,763	450,354	40,852	31,385	522,591

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 2021 and the accompanying explanatory notes attached to this report.

UZMA BERHAD*(Company No : 200701011861 (769866-V))***CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER AND PERIOD ENDED 30 SEPTEMBER 2021**

	Non-Distributable					Distributable				Total Equity RM'000
	Share Capital RM'000	Foreign Exchange Translation Reserves RM'000	Capital Reserve RM'000	Merger Deficit RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	Attributable To The Owners Of The Company RM'000	Perpetual Sukuk RM'000	Non- Controlling Interests RM'000	
Balance at 01.07.2021	290,069	30,847	375	(29,700)	(6,000)	164,763	450,354	40,852	31,385	522,591
Total comprehensive loss for the financial year										
Profit for the financial year	-	-	-	-	-	347	347	-	239	586
Foreign currency translation reserve	-	780	-	-	-	-	780	-	361	1,141
Total comprehensive loss	-	780	-	-	-	347	1,127	-	600	1,727
Balance at 30.09.2021	290,069	31,627	375	(29,700)	(6,000)	165,110	451,481	40,852	31,985	524,318

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 2021 and the accompanying explanatory notes attached to this report.

UZMA BERHAD*(Company No : 200701011861 (769866-V))***CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER AND PERIOD ENDED 30 SEPTEMBER 2021**

	(Unaudited) Current Year To Date 30.09.21 RM'000	(Unaudited) Corresponding Year To Date 30.09.20 RM'000
Profit before taxation	1,036	3,293
Adjustments for non-cash items :		
Depreciation of property, plant and equipment	11,343	11,194
Depreciation of right of use assets	972	972
Interest expense	6,665	6,392
Unrealised foreign exchange loss	2,501	5,709
Amortisation of intangible assets	1,130	1,452
Fair value loss on quoted equity securities	291	-
Unrealised foreign exchange gain	-	(2,251)
Share of result from equity accounted method	372	126
Interest income	(114)	(143)
Operating profit before working capital changes	24,196	26,744
Changes in working capital	65	(8,151)
Tax paid	(1,324)	(619)
Net cash from operating activities	22,937	17,974
Investing activities		
Proceeds from disposal of plant and equipment	60	-
Interest received	114	143
Purchase of property, plant and equipment	(2,412)	(8,914)
Placement of deposits pledged with licensed banks	26,032	3,448
Net cash from/(for) investing activities	23,794	(5,323)
Financing activities		
Interest paid	(6,665)	(6,392)
Repayment of borrowings	(23,706)	(22,890)
Net cash for financing activities	(30,371)	(31,848)
Net change in cash and cash equivalents	16,360	(19,197)
Effect of exchange rate changes	(799)	(3,522)
Cash and cash equivalents at beginning of the period	50,731	77,540
Cash and cash equivalents at end of the period	66,292	54,821
Cash and cash equivalents at end of the period comprised:		
Fixed deposit with licences banks	106,875	101,490
Cash and bank balances	19,261	18,957
Cash and cash equivalent as reported in the Statement of Financial Position	126,136	120,447
Less: Fixed deposits pledged with licensed banks	(17,261)	(29,181)
Less: Bank overdrafts	(42,583)	(36,445)
	66,292	54,821

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 2021 and the accompanying explanatory notes attached to this report.

NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2021

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 2021. 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 2021.

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 2021.

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

Amendments/Improvements to MFRSs

MFRS 3	Business Combinations
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error
MFRS 139	Financial Instruments: Recognition and Measurement

The adoption of the above standards 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 year:

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 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023#
MFRS 4	Insurance Contracts	1 January 2021
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2021/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2021/ 1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2021/ 1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2021
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

[^] Annual Improvements to MFRS Standards 2018-2020

[#] 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 Group and Company for the financial ended 30 June 2021.

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 30 September 2021, 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 30 September 2021.

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 30 September 2021.

7. DIVIDENDS

No dividend has been paid and or recommended during the financial period ended 30 September 2021.

8. SEGMENTAL INFORMATION

The Group has four reportable segments, as the Group's strategic business units. For each of the strategic business units, the Group Chief Executive Officer together with Management Committee, reviews the internal management report on monthly basis. The Group's reportable segments are described as follows:

- (i) Upstream O&G Services - The services under Upstream Oil & Gas ("O&G") Services segments include 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 O&G Services - Other services segment include manufacturing, marketing, distribution and supply of oilfield chemicals, petrochemical and chemical products, equipment and services.
- (iii) New Energy - The services under New Energy segment include developing and operating innovative ways to garner energy from non-fossil fuel and renewable energy, EPC contractor for solar PV and geothermal.
- (iv) Digitalisation & Technology - The services under Digitalisation & Technology segment include technology and modernisation through software development and digital solutions; supply technology/digitalisation equipment and consumables; aviation and aerospace services.

(A) REPORTABLE BUSINESS SEGMENTS

(I) THE RESULTS OF THE CURRENT QUARTER/YEAR COMPARED TO THE RESULTS OF THE CORRESPONDING QUARTER/ YEAR

	(Unaudited) Current 3 Months Quarter Ended 30.09.2021		(Unaudited) Corresponding 3 Months Quarter Ended 30.09.2020		Difference	
	RM'000	%	RM'000	%	RM'000	%
REVENUE						
Upstream O&G Services	99,869	87.4	79,043	76.8	20,826	26.3
Other O&G Services	12,521	11.0	16,432	16.0	(3,911)	(23.8)
New Energy	1,037	0.9	6,010	5.8	(4,973)	(82.7)
Digitalisation & Technology	827	0.7	1,403	1.4	(576)	(41.1)
	<u>114,254</u>	<u>100</u>	<u>102,888</u>	<u>100</u>		
Consolidation adjustments and eliminations	<u>(12,860)</u>		<u>(3,283)</u>		<u>(9,577)</u>	<u>>100.0</u>
	<u>101,394</u>		<u>99,605</u>		<u>1,789</u>	<u>1.8</u>
OPERATING PROFITS						
Upstream O&G Services	16,843		18,795		(1,952)	(10.4)
Other O&G Services	1,070		1,512		(442)	(29.2)
New Energy	111		192		(81)	(42.2)
Digitalisation & Technology	(221)		255		(476)	>(100.0)
Holding company and dominant companies	(1,797)		(2,651)		854	(32.2)
Consolidation adjustments and eliminations	<u>(8,303)</u>		<u>(8,418)</u>		<u>115</u>	<u>(1)</u>
	<u>7,703</u>		<u>9,685</u>		<u>(1,982)</u>	<u>(20.5)</u>

8. SEGMENTAL INFORMATION (CONT'D)

(A) REPORTABLE BUSINESS SEGMENTS

(II) THE RESULTS OF THE CURRENT QUARTER COMPARED TO THE RESULTS OF THE PRECEDING QUARTER

	(Unaudited) Current Quarter Ended 30.09.2021		(Unaudited) Preceding Quarter Ended 30.06.2021		Difference	
	RM'000	%	RM'000	%	RM'000	%
REVENUE						
Upstream O&G Services	99,869	87.4	108,601	83.8	(8,732)	(8.0)
Other O&G Services	12,521	11.0	14,320	11.1	(1,799)	(12.6)
New Energy	1,037	0.9	5,252	4.1	(4,215)	(80.3)
Digitalisation & Technology	827	0.7	1,359	1.0	(532)	(39.1)
	<u>114,254</u>	<u>100</u>	<u>129,532</u>	<u>100</u>		
Consolidation adjustments and eliminations	(12,860)		(27,359)		14,499	(53.0)
	<u>101,394</u>		<u>102,173</u>		<u>(779)</u>	<u>(0.8)</u>
OPERATING PROFITS						
Upstream O&G Services	16,843		32,630		(15,787)	(48.4)
Other O&G Services	1,070		736		334	45.4
New Energy	111		545		(434)	(79.6)
Digitalisation & Technology	(221)		(206)		(15)	7.3
Holding company and dormant companies	(1,797)		7,429		(9,226)	>(100.0)
Consolidation adjustments and eliminations	(8,303)		(37,367)		29,064	(77.8)
	<u>7,703</u>		<u>3,767</u>		<u>3,936</u>	<u>104.5</u>

(B) GEOGRAPHICAL SEGMENTS

(I) THE RESULTS OF THE CURRENT QUARTER/YEAR COMPARED TO THE RESULTS OF THE CORRESPONDING QUARTER/YEAR

	(Unaudited) Current 3 Months Quarter Ended 30.09.2021		(Unaudited) Corresponding 3 Months Quarter Ended 30.09.2020		Difference	
	RM'000	%	RM'000	%	RM'000	%
REVENUE						
Malaysia	95,376	83.5	86,988	84.5	8,388	9.6
Outside Malaysia	18,878	16.5	15,900	15.5	2,978	18.7
	<u>114,254</u>	<u>100.0</u>	<u>102,888</u>	<u>100.0</u>		
Consolidation adjustments and eliminations	(12,860)		(3,283)		(9,577)	>100.0
	<u>101,394</u>		<u>99,605</u>		<u>1,789</u>	<u>1.8</u>
OPERATING PROFITS						
Malaysia	14,596		14,535		61	0.4
Outside Malaysia	1,410		3,568		(2,158)	(60.5)
Consolidation adjustments and eliminations	(8,303)		(8,418)		115	(1.4)
	<u>7,703</u>		<u>9,685</u>		<u>(1,982)</u>	<u>(20.5)</u>

8. SEGMENTAL INFORMATION (CONT'D)

(B) GEOGRAPHICAL SEGMENTS

(II) THE RESULTS OF THE CURRENT QUARTER COMPARED TO THE RESULTS OF THE PRECEDING QUARTER

	(Unaudited) Current Quarter Ended 30.09.2021		(Unaudited) Preceding Quarter Ended 30.06.2021		Difference	
	RM'000	%	RM'000	%	RM'000	%
REVENUE						
Malaysia	95,376	83.5	98,299	75.9	(2,923)	(3.0)
Outside Malaysia	18,878	16.5	31,233	24.1	(12,355)	(39.6)
	<u>114,254</u>	<u>100.0</u>	<u>129,532</u>	<u>100.0</u>		
Consolidation adjustments and eliminations	<u>(12,860)</u>		<u>(27,359)</u>		<u>14,499</u>	<u>(53.0)</u>
	<u>101,394</u>		<u>102,173</u>		<u>(779)</u>	<u>(0.8)</u>
OPERATING PROFITS						
Malaysia	14,596		37,574		(22,978)	(61.2)
Outside Malaysia	1,410		3,560		(2,150)	(60.4)
Consolidation adjustments and eliminations	<u>(8,303)</u>		<u>(37,367)</u>		<u>29,064</u>	<u>(77.8)</u>
	<u>7,703</u>		<u>3,767</u>		<u>3,936</u>	<u>104.5</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 30 September 2021 is as follows:

	RM'000
Capital expenditure in respect of property, plant and equipment - Approved and contracted for	<u>8,389</u>

11. MATERIAL EVENTS SUBSEQUENT TO THE END OF PERIOD

On 9 September 2021, the Company had proposed to undertake a private placement of up to 32,002,000 new ordinary shares in the Company ("Uzma Shares" or "Shares"), representing 10% of the existing total number of issued Shares (excluding treasury shares) ("Private Placement"). On 20 October 2021, the Company increased its issued and paid-up ordinary share capital from RM290,069,106 to RM299,027,506 by way of issuance of 16,000,000 ordinary shares of RM0.5599 each through first tranche of the Private Placement. On 18 November 2021, the Company increased its issued and paid-up ordinary share capital from RM299,027,506 to RM307,697,390 by way of issuance of 16,002,000 ordinary shares of RM0.5418 each through second and final tranche of the Private Placement.

12. CHANGES IN THE COMPOSITION OF THE GROUP

On 9 July 2021, the Company's wholly-owned subsidiary, Enviro had incorporated a wholly-owned subsidiary, namely Uzma Kuala Muda Sdn. Bhd. ("Kuala Muda") with an issued and paid-up capital of 2 ordinary shares of RM1 each. The intended principal activity of Kuala Muda is provision of renewable energy services.

On 9 July 2021, the Company's wholly-owned subsidiary, Uzma Energy Venture (Sarawak) Sdn. Bhd. had incorporated a wholly-owned subsidiary, namely Uzma Energy Venture SK433 Sdn. Bhd. ("SK433") with an issued and paid-up capital of 2 ordinary shares of RM1 each. The intended principal activity of SK433 is provision of geoscience and reservoir engineering, drilling, project and operation services and other specialised services within the oil and gas industry.

On 15 July 2021, the Company's wholly-owned subsidiary, Enviro had incorporated a wholly-owned subsidiary, namely Uzma Nexus Sdn. Bhd. ("Nexus") with an issued and paid-up capital of 1 ordinary shares of RM1 each. The intended principal activity of Nexus is provision of renewable energy services.

On 16 July 2021, the Company's wholly-owned subsidiary, Enviro. had incorporated a wholly-owned subsidiary, namely Uzma Solar Sdn. Bhd. ("Uzma Solar") with an issued and paid-up capital of 1 ordinary shares of RM1 each. The intended principal activity of Uzma Solar is provision of renewable energy services.

On 16 July 2021, the Company's wholly-owned subsidiary, UESB had disposed the entire 120,000 ordinary shares, representing 60% of equity interest in Uzma Integrated Solutions Sdn. Bhd. ("UIS") for a total cash consideration of RM120,000.

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 RM133.7 million as at 30 September 2021.

14. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions which were entered into on agreed terms and prices for the financial period ended 30 September 2021 are set out below. The relationships of the related parties are disclosed in the audited financial statements for the financial year ended 30 June 2021.

	Company RM' 000
Related party transaction with subsidiaries:	
- Dividend income	-
- Management fee income	4,414
- Interest income	3,292
- Rental expense	(467)

15. FAIR VALUE MEASUREMENT

The table below shows the carrying amounts and fair value of the other investments, 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 value of other investments is determined by reference to the redemption price at the end of the reporting period.

	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Fair value RM'000
Financial assets					
- Other investments	5,368	1,083	-	4,285	5,368

16. REVIEW OF PERFORMANCE

	(Unaudited) Current 3 Months Quarter Ended/ Period Ended 30.09.2021 RM'000	(Unaudited) Corresponding 3 Months Quarter Ended/ Period Ended 30.09.2020 RM'000	Difference	
			RM'000	%
Revenue	101,394	99,605	1,789	1.8
Gross profit	41,667	44,224	(2,557)	(5.8)
PAT attributable to the Owners of the Company	347	1,652		
Adjust for:				
- Net unrealised loss on foreign exchange	2,498	3,458		
- Amortisation of intangible assets	1,130	1,452		
Adjusted PAT attributable to the Owners	3,975	6,562	(2,587)	(39.4)

The Group's revenue slightly increased by RM1.8 million or 1.8% for the current quarter under review 30.09.2021 compared to corresponding quarter 30.09.2020. Both current and corresponding quarters experienced lower as well as delayed activities as a result of COVID-19 pandemic, which has led to unprecedented impacts on the industry.

The gross profit margin decreased to 41% in current quarter ended 30.09.2021 as compared to corresponding quarter 30.09.2020 at 44% due to higher operating cost for certain projects, and partly offset by lower operating costs as a result of continuous cost optimisation initiatives started in previous financial year.

For the current quarter under review 30.09.2021, the Group recorded PAT attributable to Owners of RM0.3 million (30.09.2020: RM1.7 million) and Adjusted PAT attributable to Owners of RM3.9 million (30.09.2020: RM6.6 million), after adjusting for non-cash transactions which mainly comprise amortisation of intangible assets of RM1.1 million (30.09.2020: RM1.4 million) and net unrealised loss on foreign exchange of RM2.5 million (30.09.2020: RM3.5 million).

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

	(Unaudited) Current Quarter Ended 30.09.2021 RM'000	(Unaudited) Preceding Quarter Ended 30.06.2021 RM'000	Difference RM'000	%
Revenue	101,394	102,173	(779)	(0.8)
Gross profit	41,667	38,258	3,409	8.9
PAT/(LAT) after taxation attributable to the Owners of the Company	347	(3,611)	3,958	>(100.0)
Adjust for:				
- Net unrealised loss/(gain) on foreign exchange	2,498	2,147		
- Impairment loss on investment in associate	-	238		
- Impairment loss on receivables	-	2,707		
- Amortisation of intangible assets	1,130	131		
Adjusted PAT attributable to the Owners	<u>3,975</u>	<u>1,612</u>	2,363	>100.0

The Group's revenue slightly decreased by RM0.8 million or 0.8% for the current quarter under review 30.09.2021 compared to preceding quarter 30.06.2021. Both current and preceding quarters experienced lower as well as delayed activities as a result of COVID-19 pandemic, which has led to unprecedented impacts on the industry.

The gross profit margin increased to 41% for the current quarter ended 30.09.2021 as compared to preceding quarter ended 30.06.2021 at 37% due to lower operating costs as a result of continuous cost optimisation initiatives started in previous financial year.

For the current quarter under review 30.09.2021, the Group recorded PAT attributable to Owners of RM0.3 million and Adjusted PAT attributable to Owners of RM3.9 million, after adjusting for non-cash transactions which mainly comprise amortisation of intangible assets of RM1.1 million and net unrealised loss on foreign exchange of RM2.5 million.

For the preceding quarter ended 30.06.2021, the Group recorded loss after tax attributable to Owners of RM3.6 million and Adjusted PAT attributable to Owners of RM1.6 million, after adjusting for non-cash transactions which comprise amortisation of intangible assets of RM0.1 million, impairment loss on receivables of RM2.7 million, impairment loss on investment in associate of RM0.2 million and net unrealised gain on foreign exchange of RM2.1 million.

18. PROSPECTS FOR NEXT FINANCIAL YEAR

The upturn of crude oil price and availability of vaccine for COVID-19, potentially brings positive impact the global economic and O&G industry outlook. However, the new COVID-19 strain may have offsetting impact to the economic recovery. Hence, the trajectory is expected to be gradual as oil majors increased their prudence in the level of spending and potentially focus on brownfield, domestically in particular.

Although the Movement Control Order ("MCO") did not prevent us to operate as our industry is deemed as essential services, it had unfortunately created operational challenges due to quarantine requirement, closure of supply base, training center, change of various regulations such as port clearance, quarantine requirement and etc. We mitigated the challenging situation by utilising more crews, utilising third parties to implement some work and closely working with our client to minimise the impact. We have incurred additional cost and will continue until the restriction is lifted. We will continue to pursue for cost recovery from client, if any.

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

Despite the challenging business landscape ahead, as a brownfield O&G player, we remain committed to deploy initiatives identified under our strategic plan, to fortify our internal capabilities as well as to strengthen our financial resilience. We remain focused to deliver our ongoing projects, as well as implementing initiatives to achieve robust cost management structure, operating cost and supply chain optimisation, in turn protecting our business margins, optimising operational efficiency and returns from our existing assets.

We continue to be resilient in our O&G business, we have carried out consolidation of capabilities within the Group to reinforce our competitive strengths and adopted a more integrated approach in our service offerings. We continue to extensively reviewed commercial opportunities and aims to capitalise on opportunities available as the industry recovers. We also have expanded our chemical business to include drilling chemical and will soon expand to downstream specialty chemical, and non-O&G sector. We also have successfully provided the chemical business beyond Malaysia. Concurrently, we continue to expand our O&G business into regional market, especially in Thailand and Indonesia. In recent months, we have started projects that were delayed due to COVID-19 and low oil price environment, as well as started new projects recently awarded.

Further, we accelerated our efforts to pursue opportunities to diversify and balance our business portfolio beyond the O&G sector, venturing into new key growth areas such as New Energy and, Digitalisation & Technology. We have ventured into VSAT services as part of Digitalisation & Technology segment, by leveraging opportunities with our existing O&G clients. We also have entered into strategic partnerships with several existing players in these markets to capture growth opportunities. In addition, we have entered into 21-year power purchase agreement on 19 August 2021 for capacity of 50MWac under LSS4 tender, as announced on 19 August 2021, that will potentially boost this segment. We also completed the acquisition of solar EPCC company, Suria Infiniti Sdn Bhd. We believe the acquisition will accelerate our solar EPCC growth and help us to grow our residential and commercial/industrial solar rooftop projects. Further, our new license for the import of liquified natural gas into regasification terminal opens opportunity for us in greener alternative energy business.

We are assured in our ability to consistently secure new contracts. Recently, we secured two material contracts which are 3-year callout contract for the supply of production chemicals and oilfield chemicals including technical services through our wholly owned subsidiary in Thailand and 3-year contract for provision of risk transfer incentive contract (“RTIC”) for idle wells reactivation and production enhancement services as announced on 11 June 2021 and 9 August 2021, respectively. Further, we entered into a joint venture for a Petroleum Contract relating to Exploration, Development and Production of Petroleum as announced on 18 June 2021. These contracts will contribute positively to the Group’s financial results. In addition, our orderbook currently stands at RM2.3 billion, inclusive of firm workorders from umbrella contracts, as well as contracts within and outside Malaysia, O&G and Non-O&G.

As part of the capital management plan, on 30 April 2021, we had issued the first tranche of our Perpetual Sukuk Musharakah amounted to RM42.2 million in nominal value under the Perpetual Sukuk Musharakah Programme - First Tranche. Further, on 20 October 2021 and 18 November 2021, we have completed Private Placement of a total 32,002,000 new ordinary shares of the Company, on the Main Market of Bursa Securities, amounted to RM17.6 million issuance value.

The Board remain cautiously confident to stay resilient facing challenges during these uncertain times, 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 30.09.2021 RM'000	(Unaudited) Corresponding Quarter Ended 3 months 30.09.2020 RM'000	(Unaudited) Current Year To Date 3 months 30.09.2021 RM'000	(Audited) Corresponding Year To Date 3 months 30.09.2020 RM'000
Current tax	(722)	(1,196)	(722)	(1,196)
Deferred tax	271	324	271	324
	(451)	(872)	(451)	(872)
Effective tax rate excluding share of profit of joint ventures and associate (%)	(32.0)	26.5	(32.0)	(26.5)

The effective tax rate for the current quarter ended 30 September 2021 is lower than the statutory tax rate of 24%, mainly due to the Group's allowable expenses during current quarter under review. The effective tax rate for corresponding financial period ended 30 September 2020 was slightly higher than the statutory tax rate, mainly due Group's non-deductible expenses during current quarter under review.

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 30.09.2021 RM'000	(Unaudited) Current Period To Date 3 Months 30.09.2021 RM'000
<u>Profit for the quarter/year is arrived at after crediting/(charging):</u>		
- Amortisation of intangible assets	(1,130)	(1,452)
- Realised foreign exchange gain	1,274	312
- Realised foreign exchange loss	(1,409)	(1,080)
- Interest income	114	143

Other than as presented in the unaudited condensed consolidated statements of comprehensive income and as disclosed the above, there is no other exceptional items for the quarter and financial 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 30 September 2021					
	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	-	45,981	-	117,853	-	163,834
Lease Liabilities	-	5,972	-	7,012	-	12,984
Medium term notes	-	50,000	-	148,341	-	198,341
Invoice financing	-	5,160	-	-	-	5,160
Revolving credits	-	29,208	-	16,709	-	45,917
Overdrafts	-	42,583	-	-	-	42,583
<u>Foreign Currency</u>						
Term loan (USD)	3,998	16,060	3,998	16,060	7,996	32,120
Lease liabilities (THB)	130	16	8,832	1,172	8,962	1,188
Total		<u>194,980</u>		<u>307,147</u>		<u>502,127</u>

	As at 30 June 2021					
	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	-	43,804	-	115,070	-	158,874
Lease Liabilities	-	5,687	-	6,806	-	12,493
Medium term notes	-	50,000	-	173,237	-	223,237
Invoice financing	-	8,987	-	-	-	8,987
Revolving credits	-	51,865	-	-	-	51,865
Overdrafts	-	42,810	-	-	-	42,810
<u>Foreign Currency</u>						
Term loan (USD)	2,643	10,617	4,201	16,876	6,844	27,493
Lease liabilities (THB)	2,328	301	-	-	-	301
Total		<u>214,071</u>		<u>311,989</u>		<u>526,060</u>

24. DERIVATIVE FINANCIAL INSTRUMENTS

The Group does not have any derivative financial instruments for the quarter and period ended 30 September 2021.

25. MATERIAL LITIGATION

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 RM63.0 million.

25. MATERIAL LITIGATION (CONT'D)

Kong entered appearance on 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. UESB filed an application at the Sabah High Court to obtain leave to commence or proceed with the court proceedings or arbitration against Kong.

The leave was later granted by the Sabah High Court on 12 January 2021 to UESB to commence or continue action or proceedings against Kong either by way of originating process or counter claim, in court and/or arbitration. On 10 February 2021, UESB withdrew the suit action with liberty to file afresh.

On 16 March 2021, UESB has filed a fresh Writ and Statement of Claim against Khan and Kong in Kuala Lumpur High Court.

The Writ and Statement of Claim was served on Kong through their solicitors on 29 March 2021. Kong has filed an application dated 12 April 2021 for a stay of proceedings pursuant to Section 10 of the Arbitration Act 2005. With regards to Khan, UESB has obtained court order to extend the validity of the Writ and Statement of Claim for a further 6 months until 16 March 2022 to enable service out of jurisdiction.

26. EARNINGS PER SHARE ("EPS")

	(Unaudited) Current Quarter Ended	(Unaudited) Corresponding Quarter Ended	(Unaudited) Current Year To Date	(Unaudited) Corresponding Year To Date
(a) Basic EPS	3 Months 30.09.2021	3 Months 30.09.2020	3 Months 30.09.2021	3 Months 30.09.2020
Net profit attributable to owners of the Company (RM'000)	347	1,652	347	1,652
Weighted average number of ordinary shares in issue ('000)	320,029	320,029	320,029	320,029
Basic EPS (sen)	0.11	0.52	0.11	0.52

(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 financial period ended 30 September 2021.

(b) 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 financial period ended 30 September 2021.

BY ORDER OF THE BOARD

Dato' Kamarul Redzuan Bin Muhamed
Group Chief Executive Officer