



UZMA BERHAD

(Company No: 769866-V)

**Quarterly Report on Consolidated Financial Results
For the Fourth Quarter Ended 30 June 2020**



UZMA BERHAD
(Company No : 769866-V)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER AND YEAR ENDED 30 JUNE 2020**

	(Unaudited) 3 Months Quarter Ended 30.06.20 RM'000	(Unaudited) 3 Months Quarter Ended 30.06.19 RM'000	(Unaudited) 12 Months Year To Date 30.06.20 RM'000	(Audited) 12 Months Year To Date 30.06.19 RM'000
Revenue	151,753	141,963	558,056	446,499
Cost of sales	<u>(114,687)</u>	<u>(100,633)</u>	<u>(336,283)</u>	<u>(298,074)</u>
Gross profit	37,066	41,330	221,773	148,425
Other income	<u>2,653</u>	<u>23,923</u>	<u>4,254</u>	<u>82,546</u>
	39,719	65,253	226,027	230,971
Administrative and Operating expenses	<u>(54,988)</u>	<u>(44,797)</u>	<u>(180,602)</u>	<u>(172,240)</u>
Impairment loss for property, plant and equipment	<u>(21,832)</u>	<u>-</u>	<u>(21,832)</u>	<u>-</u>
	(37,101)	20,456	23,593	58,731
Unrealised foreign exchange gain	3,883	7,971	726	7,354
Operating profit	<u>(33,218)</u>	<u>28,427</u>	<u>24,319</u>	<u>66,085</u>
Finance costs	<u>(8,498)</u>	<u>(8,357)</u>	<u>(31,389)</u>	<u>(29,389)</u>
Share of profit/(loss) of investments accounted for using the equity method	<u>738</u>	<u>(350)</u>	<u>1,171</u>	<u>5,139</u>
Profit before taxation	<u>(40,978)</u>	<u>19,720</u>	<u>(5,899)</u>	<u>41,835</u>
Income tax expense	<u>(4,292)</u>	<u>(7,101)</u>	<u>(10,330)</u>	<u>(8,682)</u>
Profit after taxation	<u><u>(45,270)</u></u>	<u><u>12,619</u></u>	<u><u>(16,229)</u></u>	<u><u>33,153</u></u>
Profit after taxation attributable to:				
Owners of the Company	<u>(45,223)</u>	10,379	<u>(23,599)</u>	28,279
Non-Controlling Interest	<u>(47)</u>	<u>2,240</u>	<u>7,370</u>	<u>4,874</u>
	<u><u>(45,270)</u></u>	<u><u>12,619</u></u>	<u><u>(16,229)</u></u>	<u><u>33,153</u></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 FOURTH QUARTER AND YEAR ENDED 30 JUNE 2020**

	(Unaudited) 3 Months Quarter Ended 30.06.20 RM'000	(Unaudited) 3 Months Quarter Ended 30.06.19 RM'000	(Unaudited) 12 Months Year To Date 30.06.20 RM'000	(Audited) 12 Months Year To Date 30.06.19 RM'000
Profit after taxation	(45,270)	12,619	(16,229)	33,153
Other comprehensive income, net of tax				
Item that will not be reclassified subsequently to profit or loss:				
-Actuarial gain from employee benefits	46	23	36	23
-Fair value loss of equity instrument designated at fair value through other comprehensive income	-	(6,000)	-	(6,000)
Item that may be reclassified subsequently to profit or loss:				
-Foreign currency translation differences	4,058	(9,608)	6,962	4,898
-Income tax relating to components of other comprehensive income	(190)	-	(190)	-
Total comprehensive income for the financial year	<u>(41,356)</u>	<u>(2,966)</u>	<u>(9,421)</u>	<u>32,074</u>
Total comprehensive income attributable to:				
Owners of the Company	(41,339)	(5,235)	(17,094)	26,904
Non-Controlling Interest	(17)	2,269	7,673	5,170
	<u>(41,356)</u>	<u>(2,966)</u>	<u>(9,421)</u>	<u>32,074</u>
Earning per share (Note 26)				
- Basic/Diluted (sen)	(14.13)	3.24	(7.37)	8.84
- Adjusted (sen)	(6.89)	1.64	0.85	0.62

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 30 JUNE 2020

	(Unaudited)	(Audited)
	As at	As at
	30.06.20	30.06.19
	RM'000	RM'000
ASSETS		
Non-current assets		
Investments in joint venture and associates	11,922	10,751
Other investments	4,285	4,285
Property, plant and equipment	527,278	532,950
Other Receivables	109	6,561
Goodwill on consolidation	161,888	177,213
Intangible assets	34,277	21,398
Deferred tax assets	1,563	2,292
	<u>741,322</u>	<u>755,450</u>
Current assets		
Inventories	39,415	30,710
Trade receivables	233,160	168,843
Other receivables, deposits and prepayments	133,786	197,110
Contract assets	1,215	-
Tax recoverable	9,690	3,014
Short-term investments	1,133	1,136
Fixed deposits with licensed banks	87,586	38,083
Cash and bank balances	57,879	25,534
	<u>563,864</u>	<u>464,430</u>
TOTAL ASSETS	<u>1,305,186</u>	<u>1,219,880</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	290,069	290,069
Reserves	148,850	196,596
Shareholders' equity	<u>438,919</u>	<u>486,665</u>
Non-controlling interests	33,132	54,184
Total equity	<u>472,051</u>	<u>540,849</u>
Non-current liabilities		
Long-term borrowings	410,670	405,050
Deferred tax liabilities	18,047	14,361
Trade payables	796	3,646
Post employment benefit liabilities	488	748
	<u>430,001</u>	<u>423,805</u>
Current liabilities		
Trade payables	154,345	107,660
Other payables and accruals	67,498	24,614
Provision for taxation	733	319
Short-term borrowings	180,558	122,633
	<u>403,134</u>	<u>255,226</u>
Total liabilities	<u>833,135</u>	<u>679,031</u>
TOTAL EQUITY AND LIABILITIES	<u>1,305,186</u>	<u>1,219,880</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 FOURTH QUARTER AND YEAR ENDED 30 JUNE 2020**

	<-----Non- Distributable----->					Distributable				
	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	Total Equity RM'000
Balance at 30.06.2019	290,069	-	26,541	(29,700)	426	(6,000)	205,329	486,665	54,184	540,849
- Restatement as per MFRS 3							110	110	(1,233)	(1,123)
Restated balance at 01.07.2019	290,069	-	26,541	(29,700)	426	(6,000)	205,439	486,775	52,951	539,726
Profit after taxation for the financial year	-	-	-	-	-	-	(23,599)	(23,599)	7,370	(16,229)
Other comprehensive income for the financial period, net of tax										
- Actuarial gain from employee benefits	-	-	-	-	-	-	36	36	-	36
- Foreign currency translation differences	-	-	6,659	-	-	-	-	6,659	303	6,962
- Income tax relating to components of other comprehensive Income	-	-	-	-	-	-	(190)	(190)	-	(190)
Total comprehensive income for the financial year	-	-	6,659	-	-	-	(23,753)	(17,094)	7,673	(9,421)
Contribution by and distribution to owners of the Company										
- Dividend										
- by the subsidiaries to non-controlling interest	-	-	-	-	-	-	-	-	(5,454)	(5,454)
Increase in shareholding in a subsidiary							(30,762)	(30,762)	(22,038)	(52,800)
Balance at 30.06.2020	290,069	-	33,200	(29,700)	426	(6,000)	150,924	438,919	33,132	472,051

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 FOURTH QUARTER AND YEAR ENDED 30 JUNE 2020**

	(Unaudited) Current Year To Date 30.06.20 RM'000	(Audited) Corresponding Year To Date 30.06.19 RM'000
Profit before taxation	(5,899)	41,835
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	48,351	40,301
Accretion of interest	-	(4,977)
Interest expense	31,389	29,389
Unrealised foreign exchange loss	(726)	(7,354)
Amortisation of intangible assets	5,807	2,998
(Gain)/Loss on disposal of property, plant and equipment	(232)	1,527
Impairment loss on receivables	394	41,572
Impairment loss on property, plant and equipment	21,832	-
Fair value loss on quoted equity securities	7	12
Inventories written back	-	(59)
Inventories written down	-	244
Inventories written off	-	87
Property, plant and equipment written off	2,010	49
Reversal of provision for post employee benefit	(224)	124
Share of profit of investments accounted for using the equity method	(1,171)	(5,139)
Interest income	(2,419)	(1,165)
Re-measurement gain on investment	-	(56,573)
Operating profit before working capital changes	99,119	82,871
Changes in working capital	85,356	(71,737)
	184,475	11,134
Tax (paid)/recovered	(16,851)	1,857
Interest paid	(1,130)	(1,130)
Net cash from operating activities	166,494	11,861
Investing activities		
Proceeds from disposal of plant and equipment	3,990	302,793
Interest received	2,419	1,165
Acquisition of subsidiaries, net of cash acquired	-	(31,312)
Advances to related parties	(3,091)	-
Purchase of short term investment	(4)	(1,756)
Purchase of property, plant and equipment, net	(66,219)	(355,562)
Investment in a subsidiary	(52,800)	-
Placement of fixed deposits	-	(5,015)
Withdrawal/(placement) of deposits pledged with licensed banks	(59,231)	10,753
Net cash for investing activities	(174,936)	(78,934)
Financing activities		
Interest paid	(30,259)	(28,259)
Dividend paid to non-controlling interest	(5,454)	(870)
Repayment to an associates	-	(2,228)
Net drawdown of borrowings	48,306	114,368
Net cash from financing activities	12,593	83,011
Net change in cash and cash equivalents	4,151	15,938
Effect of exchange rate changes	5,683	(2,575)
Cash and cash equivalents at beginning of the year	23,165	9,802
Cash and cash equivalents at end of the year	32,999	23,165
Cash and cash equivalents at end of the period comprised:		
Fixed deposit with licences banks	87,586	38,076
Cash and bank balances	57,879	25,534
Short term cash investments	-	7
Cash and cash equivalent as reported in the Statement of Financial Position	145,465	63,617
Less: Fixed deposits pledged with licensed banks	(78,191)	(18,960)
Less: Bank overdrafts	(34,275)	(21,492)
	32,999	23,165

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 FOURTH QUARTER ENDED 30 JUNE 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 year, 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
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Amendments/Improvements to MFRSs

MFRS 3	Business Combination
MFRS 9	Financial Instruments
MFRS11	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
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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 year:

MFRSs and IC Interpretations (Including The Consequential Amendments)

		Effective for financial years 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 Group and 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 year ended 30 June 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 year ended 30 June 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 year ended 30 June 2020.

7. DIVIDENDS

No dividend has been paid and/or recommended during the current quarter and financial year ended 30 June 2020.

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 monthly 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 30.06.2020		(Unaudited) Preceding Quarter Ended 31.03.2020		Difference	
	RM'000	%	RM'000	%	RM'000	%
REVENUE						
Upstream Services	131,773	82.5	115,010	80.6	16,763	14.6
Other Services	20,910	13.1	22,562	15.8	(1,652)	(7.3)
Holding company and dormant companies	7,081	4.4	5,195	3.6	1,886	35.9
	<u>159,764</u>	<u>100.0</u>	<u>142,767</u>	<u>100.0</u>		
Consolidation adjustments and eliminations	<u>(8,011)</u>		<u>(19,809)</u>		<u>11,798</u>	<u>59.6</u>
	<u>151,753</u>		<u>122,958</u>		<u>28,795</u>	<u>23.4</u>
OPERATING PROFITS						
Upstream Services	16,525		28,908		(12,383)	(42.8)
Other Services	1,210		2,616		(1,406)	(53.7)
Holding company and dormant companies	(14,624)		(10,361)		(4,263)	(41.1)
Consolidation adjustments and eliminations	<u>(36,329)</u>		<u>(2,669)</u>		<u>(33,660)</u>	<u>>(100.0)</u>
	<u>(33,218)</u>		<u>18,494</u>		<u>(51,712)</u>	<u>>(100.0)</u>

8. SEGMENTAL INFORMATION (CONT'D)

(A) REPORTABLE BUSINESS SEGMENTS (CONT'D)

(B)

	(Unaudited)		(Audited)		Difference	
	Current 12 months Year To Date 30.06.2020		Corresponding 12 months Year To Date 30.06.2019			
	RM'000	%	RM'000	%	RM'000	%
REVENUE						
Upstream Services	501,727	80.4	361,758	71.5	139,969	38.7
Other Services	90,442	14.5	90,642	17.9	(200)	(0.2)
Holding company and dormant companies	32,030	5.1	53,593	10.6	(21,563)	(40.2)
	<u>624,199</u>	<u>100.0</u>	<u>505,993</u>	<u>100.0</u>		
Consolidation adjustments and eliminations	<u>(66,143)</u>		<u>(59,494)</u>		<u>(6,649)</u>	<u>(11.2)</u>
	<u>558,056</u>		<u>446,499</u>		<u>111,557</u>	<u>25.0</u>
OPERATING PROFITS						
Upstream Services	93,320		78,344		14,976	19.1
Other Services	8,661		6,594		2,067	31.3
Holding company and dormant companies	(18,352)		(32,857)		14,505	44.1
Consolidation adjustments and eliminations	<u>(59,310)</u>		<u>14,004</u>		<u>(73,314)</u>	<u>>(100.0)</u>
	<u>24,319</u>		<u>66,085</u>		<u>(41,766)</u>	<u>(63.2)</u>

(B) GEOGRAPHICAL SEGMENTS

	(Unaudited)		(Unaudited)		Difference	
	Current Quarter Ended 30.06.2020		Preceding Quarter Ended 31.03.2020			
	RM'000	%	RM'000	%	RM'000	%
REVENUE						
Malaysia	127,856	80.0	129,567	90.7	(1,711)	(1.3)
Outside Malaysia	31,908	20.0	13,200	9.3	18,708	141.7
	<u>159,764</u>	<u>100.0</u>	<u>142,767</u>	<u>100.0</u>		
Consolidation adjustments and eliminations	<u>(8,011)</u>		<u>(19,809)</u>		<u>11,798</u>	<u>59.6</u>
	<u>151,753</u>		<u>122,958</u>		<u>28,795</u>	<u>23.4</u>
OPERATING PROFITS						
Malaysia	(7,698)		21,709		(29,407)	>(100.0)
Outside Malaysia	10,809		(546)		11,355	>100.0
Consolidation adjustments and eliminations	<u>(36,329)</u>		<u>(2,669)</u>		<u>(33,660)</u>	<u>>(100.0)</u>
	<u>(33,218)</u>		<u>18,494</u>		<u>(51,712)</u>	<u>>(100.0)</u>

8. SEGMENTAL INFORMATION (CONT'D)

(B) GEOGRAPHICAL SEGMENT (CONT'D)

	(Unaudited)		(Audited)		Difference	
	Current 12 months Year To Date 30.06.2020		Corresponding 12 months Year To Date 30.06.2019			
	RM'000	%	RM'000	%	RM'000	%
REVENUE						
Malaysia	543,597	87.1	458,866	90.7	84,731	18.5
Outside Malaysia	80,602	12.9	47,127	9.3	33,475	71.0
	<u>624,199</u>	100.0	<u>505,993</u>	100.0		
Consolidation adjustments and eliminations	<u>(66,143)</u>		<u>(59,494)</u>		<u>(6,649)</u>	<u>(11.2)</u>
	<u>558,056</u>		<u>446,499</u>		<u>111,557</u>	<u>25.0</u>
OPERATING PROFITS						
Malaysia	67,988		60,139		7,849	13.1
Outside Malaysia	15,641		(8,058)		23,699	>100.0
Consolidation adjustments and eliminations	<u>(59,310)</u>		<u>14,004</u>		<u>(73,314)</u>	<u>>(100.0)</u>
	<u>24,319</u>		<u>66,085</u>		<u>(41,766)</u>	<u>(63.2)</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 June 2020 is as follows:

	RM'000
Capital expenditure in respect of property, plant and equipment - Approved and contracted for	<u>21,391</u>

11. MATERIAL EVENTS SUBSEQUENT TO THE END OF PERIOD

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

12. CHANGES IN THE COMPOSITION OF THE GROUP

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

On 28 February 2020, Uzma Resource Solution Sdn. Bhd., a wholly owned subsidiary of Uzma Berhad, acquired 51% equity interest in Jannatul Firdaus International Sdn. Bhd., for consideration of RM0.76million

The change is expected to positively impact the net assets and earnings per share of the Group. There were no other changes in the composition of the Group during the financial year ended 30 June 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 RM566.3 million as at 30 June 2020.

14. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions which were entered into on agreed terms and prices for the financial year ended 30 June 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	17,080
- Interest income	2,101
- Rental expense	(1,308)

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	15,591	13,168

16. REVIEW OF PERFORMANCE

	(Unaudited) Current Quarter Ended 30.06.2020 RM'000	(Unaudited) Corresponding Quarter Ended 30.06.2019 RM'000	Difference	
			RM'000	%
Revenue	151,753	141,963	9,790	6.9
Gross profit	37,066	41,330	(4,264)	(10.3)
(Loss)/PAT attributable to the owner of the Company	(45,223)	10,379	(55,602)	>(100.0)
Adjust for:				
- Unrealised gain on foreign exchange	(3,883)	(7,971)		
- Impairment loss on receivables	394	2,870		
- Impairment loss on property, plant and equipment	21,832	-		
- Write-off of property, plant and equipment	2,010	-		
- Amortisation of intangible assets	2,808	-		
Adjusted PAT after NCI	<u>(22,062)</u>	<u>5,278</u>	(27,340)	>(100.0)

The Group's revenue increased moderately by RM9.8 million or 7% for the current quarter under review 30.06.2020 compared to corresponding quarter 30.06.2019. However, the gross profit margin reported a decreased from 29% to 24%, as the Group recognised additional accruals included in the cost of sales amounted to RM18.8 million for ongoing projects in the current quarter 30.06.2020. Further, although the oil & gas industry is deemed as necessity services, the Group is required to comply with MCO measures, the Group has recognised cost, such as cost for quarantine period for staff to/from offshore projects and other related costs, during the quarter under review.

In addition, during the current quarter the Group also recognised non-cash transactions of RM27.0 million comprising impairment loss on receivables of RM0.4 million, impairment loss on property, plant and equipment of RM21.8 million, write-off of property, plant and equipment of RM2.0 million and amortisation of intangible assets upon acquisition of subsidiaries of RM2.8 million.

16. REVIEW OF PERFORMANCE (CONT'D)

	(Unaudited) Current 12 months Year To Date 30.06.2020 RM'000	(Audited) Corresponding 12 months Year To Date 30.06.2019 RM'000	Difference RM'000 %	
Revenue	558,056	446,499	111,557	25.0
Gross profit	221,773	148,425	73,348	49.4
(Loss)/PAT after taxation attributable to the owner of the Company	(23,599)	28,279	(51,878)	>(100.0)
Adjust for:				
- Unrealised gain on foreign exchange	(726)	(7,354)		
- Impairment loss on receivables	394	41,572		
- Impairment loss on property, plant and Equipment	21,832	-		
- Write-off of property, plant and Equipment	2,010	49		
- Amortisation of intangible assets	2,808	-		
- Re-measurement gain of associate	-	(56,573)		
- Accretion of interest on receivables and payables	-	(4,003)		
Adjusted PAT after NCI	<u>2,719</u>	<u>1,970</u>	749	38.0

The Group's revenue increased by RM111.6 million or 25% for the current financial year under review 30.06.2020 compared to corresponding financial year 30.06.2019, is mainly due to full year impact of the consolidation of a subsidiary for the current financial year amounted to RM84.7 million as compared to only four months in the corresponding financial year ended 30.06.2019.

The Group's gross profit margin for the current financial year under review 30.06.2020 has improved from 33% to 40% compared to corresponding financial year 30.06.2019, which is mainly due lower manpower cost in the current quarter.

During the current financial year 30.06.2020, the Group's loss after tax (after NCI) of RM23.6 million is after recognition of non-cash transactions amounted to RM27.0 million comprising impairment loss on receivables of RM0.4 million, impairment loss on property, plant and equipment of RM21.8 million, write-off of property, plant and equipment of RM2.0 million and amortisation of intangible assets upon acquisition of subsidiaries of RM2.8 million.

Whilst, for the corresponding financial year 30.06.2019, the Group recognised non-cash transactions of RM15.0 million comprising impairment loss on receivables of RM41.6 million off-set with re-measurement gain of associate company upon additional equity acquisition of RM56.6 million.

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

	(Unaudited) Current Quarter Ended 30.06.2020 RM'000	(Unaudited) Preceding Quarter Ended 31.03.2020 RM'000	Difference	
			RM'000	%
Revenue	151,753	122,958	28,795	23.4
Gross profit	37,066	77,299	(40,233)	(52.0)
(Loss)/PAT after taxation attributable to the owner of the Company	(45,223)	5,436	(50,659)	>(100.0)
Adjust for:				
- Unrealised (gain)/ loss on foreign exchange	(3,883)	4,118		
- Impairment loss on receivables	394	-		
- Impairment loss on property, plant and equipment	21,832	-		
- Write-off of property, plant and equipment	2,010	-		
- Amortisation of intangible assets	2,808	-		
Adjusted PAT after NCI	<u>(22,062)</u>	<u>9,554</u>	(31,616)	>(100.0)

The Group's revenue increased by RM28.8m or 23% for the current quarter under review 30.6.2020 compared to preceding quarter 31.03.2020, is mainly due to revenue growth in well services activities from foreign branch unit recognised in the current quarter of RM14.3 million.

For the current quarter 30.06.2020, the gross profit margin decreased to 24% from 63%, and closer to corresponding quarter 30.6.2019 of 29%, is mainly due to one-off modification revenue of equipment amounted to RM15.5 million and re-classification of manpower cost from cost of sales to operating expense of a subsidiary during the preceding quarter 31.03.2020; compared to current quarter 30.06.2020, the Group has recognised additional accruals included in the cost of sales amounted to RM18.8 million for ongoing projects and cost to comply with MCO measures, such as cost for quarantine period for staff from/to offshore projects and other related costs.

During the current quarter under review 30.06.2020, the Group's loss after tax (after NCI) of RM45.2 million is after recognition of non-cash transactions amounted to RM27.0 million comprising impairment loss on receivables of RM0.4 million, impairment loss on property, plant and equipment of RM21.8 million, write-off of property, plant and equipment of RM2.0 million and amortisation of intangible assets upon acquisition of subsidiaries of RM2.8 million.

18. PROSPECTS FOR NEXT FINANCIAL YEAR

The current global Covid-19 pandemic since early 2020, whilst lockdowns released recently, has impacted many industries including oil & gas industry. The crude oil price has dropped since March 2020 and despite the production cuts that reflect similar reaction to 2014 oil price downturn, the dropped in demand for oil & gas has outweigh the production cuts. The current quarter under review may have been the weakest contraction. With governments given out various stimulus package to soften the downturn, the pace of recovery is still uncertain as there is weak labour market and cautious consumer spending. Hence, the low oil price and uncertainty of the pace of recovery, have pressured many oil majors to reduce their capital expenditure investments, as well as operating expenses.

Despite the slowdown, the Group are pleased to secure new plug and abandonment, portable water injection module and directional drilling contracts in recent months, as announced on 2 March 2020, 4 June 2020 and 23 June 2020, respectively.

Our operations are impacted by the pandemic. However, as our industry is deemed as essential services and exempted from the Movement Control Order implemented in Malaysia. There are some operational issues for specific contracts due to the 14 days quarantine requirement for crew change at off-shore locations. 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 have worked 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.

The Group seeks to sustain its resiliency through the following initiatives:

- (i) assessing the Group's financing requirements for new contracts as well as working capital, and currently the Group is working to complete financing program to make available and build access to capital;
- (ii) evaluating the Group's operating assets utilisation rates and provision for impairment requirements;
- (iii) assessing the Group's excess capacity of resources and rationalisation through disposal, to release cash flow; and
- (iv) preserving cash flow through cautious spending and operational cost reduction reviews.

The Group remained focused to grow the upstream oil & gas services segment, and is ensuring it is ready to take opportunities when the sector recovers. The Group has successfully grown its regional revenue contribution through its operations in Thailand, Indonesia and Philippines. In addition, the Group is working to explore, diversify and balance our portfolio into non-oil & gas services such as sustainable energy and digitalisation. Our orderbook currently stands at RM1.7 billion, inclusive of firm orders from umbrella contracts, as well as contracts both within Malaysia and outside Malaysia.

We remain cautious of the challenges faced during this uncertain 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 30.06.2020 RM'000	(Unaudited) Corresponding Quarter Ended 3 months 30.06.2019 RM'000	(Unaudited) Current Year To Date 12 months 30.06.2020 RM'000	(Audited) Corresponding Year To Date 12 months 30.06.2019 RM'000
Current tax	(3,811)	(1,785)	(10,172)	(6,552)
Deferred tax	(481)	(5,316)	(158)	(2,130)
	<u>(4,292)</u>	<u>(7,101)</u>	<u>(10,330)</u>	<u>(8,682)</u>
Effective tax rate excluding share of profit of joint ventures and associate	-10.4%	35.4%	-146.1%	23.7%

The effective tax rate for the current quarter and year ended 30 June 2020 is lower than the statutory tax rate of 24% and the corresponding quarter and year, mainly due to the Group's losses arising from non-cash transactions during the quarter and financial year ended 30 June 2020, as explained in note 16 of this report.

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 30.06.2020 RM'000	(Unaudited) Current Year To Date 12 months 30.06.2020 RM'000
<u>Profit for the quarter/year is arrived at after crediting/(charging):</u>		
- Depreciation of property, plant and equipment	(13,484)	(48,351)
- Amortisation of intangible assets	(3,558)	(5,807)
- Realised foreign exchange loss	(1,576)	(4,487)
- Impairment loss on receivables	(394)	(394)
- Impairment loss on property, plant and equipment	(21,832)	(21,832)
- Property, plant and equipment written off	(2,010)	(2,010)
- Fair value loss on investments	(7)	(7)
- Interest income	1,375	2,419
- Gain on disposal property, plant and equipment	151	232

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 year 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 June 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	-	17,636	-	144,497	-	162,133
Hire purchase payables	-	5,164	-	10,418	-	15,582
Medium term notes	-	24,782	-	223,040	-	247,822
Invoice financing	-	3,157	-	-	-	3,157
Revolving credits	-	50,577	-	-	-	50,577
Overdrafts	-	33,900	-	-	-	33,900
<u>Foreign Currency</u>						
Term loan (USD)	10,430	44,669	7,436	31,845	42,275	76,514
Term loan (THB)	2,085	289	6,266	870	8,351	1,159
Hire purchase payables (THB)	64	9	-	-	64	9
Overdraft (THB)	2,700	375	-	-	2,700	375
Total		<u>180,558</u>		<u>410,670</u>		<u>591,228</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 credits	-	21,603	-	-	-	21,603
Overdrafts	-	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 year ended 30 June 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 RM63.0 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 30.06.2020	(Unaudited) Corresponding Quarter ended 3 months 30.06.2019	(Unaudited) Current Year to date 12 months 30.06.2020	(Audited) Corresponding Year to date 12 months 30.06.2019
(i) Basic EPS				
Net profit attributable to owners of the Company (RM’000)	(45,223)	10,379	(23,599)	28,279
Weighted average number of ordinary shares in issue (’000)	320,029	320,029	320,029	320,029
Basic EPS (sen)	(14.13)	3.24	(7.37)	8.84

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

(ii) Adjusted EPS	(Unaudited) Current Quarter ended 3 months 30.06.2020	(Unaudited) Corresponding Quarter ended 3 months 30.06.2019	(Unaudited) Current Year to date 12 months 30.06.2020	(Audited) Corresponding Year to date 12 months 30.06.2019
Net profit attributable to owners of the Company (RM’000)	(45,223)	10,379	(23,599)	28,279
Adjust for:				
- Unrealised foreign exchange gain	(3,883)	(7,971)	(726)	(7,354)
- Impairment loss on receivables	394	2,870	394	41,572
- Impairment loss on property, plant and equipment	21,832	-	21,832	-
- Write-off of property, plant and equipment	2,010	-	2,010	49
- Amortisation of intangible assets	2,808	-	2,808	-
- Re-measurement gain of associate	-	-	-	(56,573)
- Accretion of interest on receivables and payables	-	-	-	(4,003)
	(22,062)	5,278	2,719	1,970
Weighted average number of ordinary shares in issue ('000)	320,029	320,029	320,029	320,029
Adjusted EPS (sen)	(6.89)	1.64	0.85	0.62

(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 year.

(b) Adjusted EPS

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

(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 year.

BY ORDER OF THE BOARD

Dato’ Kamarul Redzuan Bin Muhamed
Group Chief Executive Officer

26 August 2020