



# **UZMA BERHAD**

(Company No: 200701011861 (769866-V))

**Quarterly Report on Consolidated Financial Results  
For the First Quarter Ended 30 September 2020**



**UZMA BERHAD**

(Company No : 200701011861 (769866-V))

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER AND PERIOD ENDED 30 SEPTEMBER 2020**

	(Unaudited) 3 Months Quarter Ended 30.09.2020 RM'000	(Unaudited) 3 Months Quarter Ended 30.09.2019 RM'000	(Unaudited) 3 Months Year To Date 30.09.2020 RM'000	(Unaudited) 3 Months Year To Date 30.09.2019 RM'000
Revenue	99,605	133,796	99,605	133,796
Cost of sales	<u>(55,381)</u>	<u>(82,043)</u>	<u>(55,381)</u>	<u>(82,043)</u>
Gross profit	44,224	51,753	44,224	51,753
Other income	<u>2,302</u>	<u>393</u>	<u>2,302</u>	<u>393</u>
	46,526	52,146	46,526	52,146
Operating expenses	<u>(36,841)</u>	<u>(32,524)</u>	<u>(36,841)</u>	<u>(32,524)</u>
Operating profit	9,685	19,622	9,685	19,622
Finance costs	<u>(6,392)</u>	<u>(7,356)</u>	<u>(6,392)</u>	<u>(7,356)</u>
Share of profit of investments accounted for using the equity method	-	337	-	337
Profit before taxation	<u>3,293</u>	<u>12,603</u>	<u>3,293</u>	<u>12,603</u>
Income tax expense	<u>(872)</u>	<u>(1,128)</u>	<u>(872)</u>	<u>(1,128)</u>
Profit after taxation	<u>2,421</u>	<u>11,475</u>	<u>2,421</u>	<u>11,475</u>
Profit after taxation attributable to :-				
Owners of the Company	1,652	9,432	1,652	9,432
Non-Controlling Interest	<u>769</u>	<u>2,043</u>	<u>769</u>	<u>2,043</u>
	<u>2,421</u>	<u>11,475</u>	<u>2,421</u>	<u>11,475</u>
Adjusted PAT attributable to Owner of the Company*	<u>6,562</u>	<u>7,761</u>	<u>6,562</u>	<u>7,761</u>
Earning per share				
- Basic/Diluted (sen)	0.52	2.95	0.52	2.95

\*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 2020 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 2020**

	<b>(Unaudited) 3 Months Quarter Ended 30.09.2020 RM'000</b>	<b>(Unaudited) 3 Months Quarter Ended 30.09.2019 RM'000</b>	<b>(Unaudited) 12 Months Year To Date 30.09.2020 RM'000</b>	<b>(Unaudited) 12 Months Year To Date 30.09.2019 RM'000</b>
Profit after taxation	2,421	11,475	2,421	11,475
Other comprehensive income, net of tax				
Item that will not be reclassified subsequently to profit or loss:				
-Actuarial gain/(loss) from employee benefits	-	(11)	-	(11)
Item that may be reclassified subsequently to profit or loss:				
-Foreign currency translation differences	(5,631)	2,438	(5,631)	2,438
Total comprehensive income for the financial period	<u>(3,210)</u>	<u>13,902</u>	<u>(3,210)</u>	<u>13,902</u>
Total comprehensive income attributable to:-				
Owners of the Company	(4,812)	11,565	(4,812)	11,565
Non-Controlling Interest	<u>1,602</u>	<u>2,337</u>	<u>1,602</u>	<u>2,337</u>
	<u>(3,210)</u>	<u>13,902</u>	<u>(3,210)</u>	<u>13,902</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 2020 and the accompanying explanatory notes attached to this report.

**UZMA BERHAD***(Company No : 200701011861 (769866-V))***CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AT 30 SEPTEMBER 2020**

	(Unaudited) As at 30.09.2020 RM'000	(Audited) As at 30.06.2020 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	505,290	509,679
Right of use assets	19,447	20,419
Intangible assets	212,427	213,879
Investments in associates	11,922	12,048
Deferred tax assets	5,925	6,284
Trade and other receivables	6,477	6,477
Other investments	4,285	4,285
	<u>765,773</u>	<u>773,071</u>
<b>Current assets</b>		
Inventories	38,486	41,142
Trade and other receivables	203,229	212,730
Contract assets	119,664	138,980
Other investments	1,398	1,398
Current tax assets	5,433	5,650
Deposits, cash and bank balances	120,447	144,444
	<u>488,657</u>	<u>544,344</u>
<b>TOTAL ASSETS</b>	<u>1,254,430</u>	<u>1,317,415</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	290,069	290,069
Foreign currency translation reserve	44,178	50,642
Capital reserve	426	426
Merger deficit	(29,700)	(29,700)
Fair value reserve	(6,000)	(6,000)
Retained earnings	153,289	151,637
	<u>452,262</u>	<u>457,074</u>
Non-controlling interests	34,616	33,014
<b>Total equity</b>	<u>486,878</u>	<u>490,088</u>
<b>Non-current liabilities</b>		
Loan and borrowings	356,808	380,183
Lease liabilities	10,091	9,915
Deferred tax liabilities	17,662	17,985
Trade and other payables	3,776	3,776
Post employment benefit liabilities	2,932	2,932
Deferred income	6,972	7,467
	<u>398,241</u>	<u>422,258</u>
<b>Current liabilities</b>		
Loans and borrowings	197,684	195,205
Lease liabilities	6,870	6,870
Trade and other payables	164,010	202,247
Current tax liabilities	747	747
	<u>369,311</u>	<u>405,069</u>
<b>Total liabilities</b>	<u>767,552</u>	<u>827,327</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,254,430</u>	<u>1,317,415</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 2020 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 2020**

	Non-Distributable					Distributable				Total Equity RM'000
	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	
Balance at 01.07.2019	290,069	-	42,124	(29,700)	426	(6,000)	205,439	502,358	52,950	555,308
Loss after taxation for the financial year	-	-	-	-	-	-	(22,881)	(22,881)	7,272	(15,609)
Other comprehensive income for the financial year, net of tax										
- Actuarial gain from employee benefits	-	-	-	-	-	-	(159)	(159)	4	(155)
- Foreign currency translation differences	-	-	8,518	-	-	-	-	8,518	278	8,796
Total comprehensive income for the financial year	-	-	8,518	-	-	-	(23,040)	(14,522)	7,554	(6,968)
Contribution by and distribution to owners of the Company										
Changes in ownership interests in subsidiary	-	-	-	-	-	-	(30,762)	(30,762)	(22,038)	(52,800)
Dividend paid by the subsidiaries to non-controlling interest	-	-	-	-	-	-	-	-	(5,452)	(5,452)
Total transaction with owners	-	-	-	-	-	-	(30,762)	(30,762)	(27,490)	(58,252)
Transfer of share premium to share capital	-	-	-	-	-	-	-	-	-	-
Balance at 30.06.2020	290,069	-	50,642	(29,700)	426	(6,000)	151,637	457,074	33,014	490,088

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 2020 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 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 01.07.2020	290,069	-	50,642	(29,700)	426	(6,000)	151,637	457,074	33,014	490,088
Profit after taxation for the financial period	-	-	-	-	-	-	1,652	1,652	769	2,421
Other comprehensive income for the financial period, net of tax										
- Actuarial gain from employee benefits	-	-	-	-	-	-	-	-	-	-
- Foreign currency translation differences	-	-	(6,464)	-	-	-	-	(6,464)	833	(5,631)
- Income tax relating to components of other comprehensive Income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the financial period	-	-	(6,464)	-	-	-	1,652	(4,812)	1,602	(3,210)
Contribution by and distribution to owners of the Company										
- Dividend										
- by the subsidiaries to non-controlling interest	-	-	-	-	-	-	-	-	-	-
Balance at 30.09.2020	290,069	-	44,178	(29,700)	426	(6,000)	153,289	452,262	34,616	486,878

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 2020 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 YEAR ENDED 30 SEPTEMBER 2020**

	(Unaudited) Cumulative Year To Date 30.09.2020 RM'000	(Unaudited) Corresponding Year To Date 30.09.2019 RM'000
<b>Profit before taxation</b>	<b>3,293</b>	12,603
<b>Adjustments for non-cash items :</b>		
Depreciation of property, plant and equipment	11,194	11,423
Depreciation of right of use assets	972	-
Interest expense	6,392	7,356
Unrealised foreign exchange loss	5,709	-
Amortisation of intangible assets	1,452	750
Unrealised foreign exchange gain	(2,251)	(2,421)
Reversal of provision for post employee benefit	-	(617)
Share of loss/(profit) of investments accounted for using the equity method	126	(337)
Interest income	(143)	(200)
<b>Operating profit before working capital changes</b>	<b>26,744</b>	28,557
<b>Changes in working capital</b>	<b>(8,151)</b>	21,388
	<b>18,593</b>	49,945
Tax paid	(619)	(8,091)
Interest paid	(6,392)	(7,356)
<b>Net cash from operating activities</b>	<b>11,582</b>	34,498
<b>Investing activities</b>		
Interest received	143	200
Purchase of short term investment	-	(24)
Purchase of property, plant and equipment	(8,914)	(13,986)
Withdrawal/(placement) of deposits pledged with licensed banks	3,448	(7,903)
<b>Net cash for investing activities</b>	<b>(5,323)</b>	(21,713)
<b>Financing activities</b>		
Dividend paid to non-controlling interest	(2,566)	(1,310)
Net (repayment)/drawdown of borrowings	(22,890)	3,854
<b>Net cash from financing activities</b>	<b>(25,456)</b>	2,544
<b>Net change in cash and cash equivalents</b>	<b>(19,197)</b>	15,329
<b>Effect of exchange rate changes</b>	<b>(3,522)</b>	1,670
<b>Cash and cash equivalents at beginning of the period</b>	<b>77,540</b>	23,165
<b>Cash and cash equivalents at end of the period</b>	<b>54,821</b>	40,164
<b>Cash and cash equivalents at end of the period comprised:</b>		
Fixed deposit with licences banks	101,490	43,192
Cash and bank balances	18,957	40,643
Cash and cash equivalent as reported in the Statement of Financial Position	120,447	83,835
Less: Fixed deposits pledged with licensed banks	(29,181)	(26,863)
Less: Bank overdrafts	(36,445)	(16,808)
	<b>54,821</b>	40,164

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 2020 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 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 2020. 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 2020.

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 2020.

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 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022 <sup>^</sup> / 1 January 2023 <sup>#</sup>
MFRS 3	Business Combinations	1 January 2020/ 1 January 2022 <sup>#</sup>
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021 <sup>#</sup>
MFRS 7	Financial Instruments: Disclosures	1 January 2020/ 1 January 2023 <sup>#</sup>
MFRS 9	Financial Instruments	1 January 2020/ 1 January 2022 <sup>^</sup> / 1 January 2023 <sup>#</sup>
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 <sup>#</sup>
MFRS 16	Leases	1 January 2020/ 1 January 2022 <sup>^</sup> / 1 January 2023 <sup>#</sup>
MFRS 101	Presentation of Financial Statements	1 January 2020/ 1 January 2023/ 1 January 2023 <sup>#</sup>
MFRS 107	Statements of Cash Flows	1 January 2023 <sup>#</sup>
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023 <sup>#</sup>
MFRS 119	Employee Benefits	1 January 2023 <sup>#</sup>
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 <sup>#</sup>
MFRS 132	Financial Instruments: Presentation	1 January 2023 <sup>#</sup>
MFRS 136	Impairment of Assets	1 January 2023 <sup>#</sup>
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023 <sup>#</sup>
MFRS 138	Intangible Assets	1 January 2023 <sup>#</sup>
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2020
MFRS 140	Investment Property	1 January 2023 <sup>#</sup>
MFRS 141	Agriculture	1 January 2022 <sup>^</sup>

<sup>^</sup> The annual improvements to MFRS standards 2018-2020

<sup>\*</sup> Earlier application is permitted, including in financial statements not authorised for issue at 28 May 2020

<sup>#</sup> 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 2020.

## **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 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 30 September 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 30 September 2020.

## **7. DIVIDENDS**

No dividend has been paid and or recommended during the financial period ended 30 September 2020.

## **8. SEGMENTAL INFORMATION**

The Group has three reportable segments, as the Group's strategic business units. For each of the strategic business units, the Group Chief Executive Officer, reviews the internal management report on monthly basis. 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 - Other services segment include manufacturing, marketing, distribution and supply of oilfield chemicals, petrochemical and chemical products, equipment and services; software development and digital solutions; supply equipment and consumables; aviation and aerospace services.
- (iii) Renewable energy - The services under Renewable 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.

**8. SEGMENTAL INFORMATION (CONT'D)**

**(A) REPORTABLE BUSINESS SEGMENTS**

**(I) THE RESULTS OF THE CURRENT QUARTER COMPARED TO THE RESULTS OF THE PRECEDING QUARTER**

	<b>(Unaudited) Current Quarter Ended 30.09.2020</b>		<b>(Unaudited) Preceding Quarter Ended 30.06.2020</b>		<b>Difference</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
<b>REVENUE</b>						
Upstream Services	79,043	76.8	130,466	81.7	(51,423)	(39.4)
Other Services	17,835	17.4	22,627	14.1	(4,792)	21.2
Renewable Energy	6,010	5.8	-	-	6,010	100.0
Holding company and dormant companies	-	-	6,671	4.2	(6,671)	(100.0)
	<u>102,888</u>	<u>100.0</u>	<u>159,764</u>	<u>100.0</u>		
Consolidation adjustments and eliminations	<u>(3,283)</u>		<u>(8,011)</u>		<u>4,728</u>	<u>(59.0)</u>
	<u>99,605</u>		<u>151,753</u>		<u>(52,148)</u>	<u>(34.4)</u>
<b>OPERATING PROFITS</b>						
Upstream Services	18,794		16,465		2,329	14.1
Other Services	1,767		1,259		508	40.3
Renewable Energy	192		(316)		508	>(100.0)
Holding company and dormant companies	(2,650)		(14,297)		11,647	(81.5)
Consolidation adjustments and eliminations	<u>(8,418)</u>		<u>(36,329)</u>		<u>27,911</u>	<u>(76.8)</u>
	<u>9,685</u>		<u>(33,218)</u>		<u>42,903</u>	<u>&gt;(100.0)</u>

**8. SEGMENTAL INFORMATION (CONT'D)**

**(A) REPORTABLE BUSINESS SEGMENTS**

**(II) THE RESULTS OF THE CURRENT QUARTER COMPARED TO THE RESULTS OF THE CORRESPONDING QUARTER**

	<b>(Unaudited) Current 3 months Year To Date 30.09.2020</b>		<b>(Unaudited) Corresponding 3 months Year To Date 30.09.2019</b>		<b>Difference</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
<b>REVENUE</b>						
Upstream Services	79,043	76.8	121,706	82.8	(42,663)	(35.1)
Other Services	17,835	17.4	25,277	17.2	(7,442)	(29.4)
Renewable Energy	6,010	5.8	-	-	6,010	>(100.0)
Holding company and dormant companies	-	-	-	-	-	-
	<u>102,888</u>	<u>100.0</u>	<u>146,983</u>	<u>100.0</u>		
Consolidation adjustments and eliminations	<u>(3,283)</u>		<u>(13,187)</u>		<u>9,904</u>	<u>(75.1)</u>
	<u>99,605</u>		<u>133,796</u>		<u>(34,191)</u>	<u>(25.6)</u>
<b>OPERATING PROFITS</b>						
Upstream Services	18,794		21,669		(2,875)	(13.3)
Other Services	1,767		2,592		(825)	(31.8)
Renewable Energy	192		(408)		600	>(100.0)
Holding company and dormant companies	(2,650)		702		(3,352)	>(100.0)
Consolidation adjustments and eliminations	<u>(8,418)</u>		<u>(4,933)</u>		<u>(3,485)</u>	<u>70.6</u>
	<u>9,685</u>		<u>19,622</u>		<u>(9,937)</u>	<u>(50.6)</u>

## 8. SEGMENTAL INFORMATION (CONT'D)

### (B) GEOGRAPHICAL SEGMENTS

#### (I) THE RESULTS OF THE CURRENT QUARTER COMPARED TO THE RESULTS OF THE PRECEDING QUARTER

	<b>(Unaudited) Current Quarter Ended 30.09.2020</b>		<b>(Unaudited) Preceding Quarter Ended 30.06.2020</b>		<b>Difference</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
<b>REVENUE</b>						
Malaysia	86,988	84.5	127,856	80.0	(40,868)	(32.0)
Outside Malaysia	15,900	15.5	31,908	20.0	(16,008)	50.2
	<u>102,888</u>	<u>100.0</u>	<u>159,764</u>	<u>100.0</u>		
Consolidation adjustments and eliminations	<u>(3,283)</u>		<u>(8,011)</u>		<u>4,728</u>	<u>(59.0)</u>
	<u>99,605</u>		<u>151,753</u>		<u>(52,148)</u>	<u>34.4</u>
<b>OPERATING PROFITS</b>						
Malaysia	14,534		(7,698)		22,232	>(100.0)
Outside Malaysia	3,569		10,809		(7,240)	(77.6)
Consolidation adjustments and eliminations	<u>(8,418)</u>		<u>(36,329)</u>		<u>27,911</u>	<u>&gt;(76.8)</u>
	<u>9,685</u>		<u>(33,218)</u>		<u>42,903</u>	<u>&gt;(100.0)</u>

#### (II) THE RESULTS OF THE CURRENT QUARTER COMPARED TO THE RESULTS OF THE CORRESPONDING QUARTER

	<b>(Unaudited) Current 3 months Year To Date 30.09.2020</b>		<b>(Unaudited) Corresponding 3 months Year To Date 30.09.2019</b>		<b>Difference</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
<b>REVENUE</b>						
Malaysia	86,988	84.5	129,240	87.9	(42,252)	(32.7)
Outside Malaysia	15,900	15.5	17,743	12.1	(1,843)	(10.4)
	<u>102,888</u>	<u>100.0</u>	<u>146,983</u>	<u>100.0</u>		
Consolidation adjustments and eliminations	<u>(3,283)</u>		<u>(13,187)</u>		<u>9,904</u>	<u>(75.1)</u>
	<u>99,605</u>		<u>133,796</u>		<u>(34,191)</u>	<u>(25.6)</u>
<b>OPERATING PROFITS</b>						
Malaysia	14,534		20,119		(5,585)	(27.8)
Outside Malaysia	3,569		4,436		(867)	(19.6)
Consolidation adjustments and eliminations	<u>(8,418)</u>		<u>(4,933)</u>		<u>(3,485)</u>	<u>70.6</u>
	<u>9,685</u>		<u>19,622</u>		<u>(9,937)</u>	<u>(50.6)</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 2020 is as follows:

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

## 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 13 August 2020, Uzma Engineering Sdn Bhd, a wholly owned subsidiary of Uzma Berhad, entered into a joint venture agreement with Rizq Jaya Sdn. Bhd., a company incorporated under the laws of Brunei by a subscription of 40% equity interest in Rizqma Energy Sdn Bhd., for a consideration of BND4,000.

On 8 October 2020, Uzma Teras Sdn. Bhd., a wholly owned subsidiary of Uzma Berhad, acquired 70% equity interest in Mapri Sdn Bhd., for a consideration of RM192,500.

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 period ended 30 September 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 September 2020.

## 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 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 2020.

	Company RM'000
Related party transaction with subsidiaries:	
- Dividend income	2,366
- Management fee income	4,251
- Interest income	4,329
- Rental expense	(564)

## 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	5,683	1,398	-	4,285	5,683

## 16. REVIEW OF PERFORMANCE

	(Unaudited) Current Quarter Ended/ Period Ended 30.09.2020 RM'000	(Unaudited) Corresponding Quarter Ended/ Period Ended 30.09.2019 RM'000	Difference	
			RM'000	%
Revenue	99,605	133,796	(34,191)	(25.6)
Gross profit	44,224	51,753	(7,529)	(14.5)
PAT attributable to the Owner of the Company	1,652	9,432	(7,780)	(82.5)
Adjust for:				
- Net unrealised loss/(gain) on foreign exchange	3,458	(2,421)		
- Amortisation of intangible assets	1,452	750		
Adjusted PAT attributable to Owner	6,562	7,761	(1,199)	(15.4)

The Group's revenue significantly decreased by RM34.2 million or 25.6% for the current quarter under review 30.09.2020 compared to corresponding quarter 30.09.2019. This is due to the lower and delayed activities as a result of COVID-19 pandemic which has led to unprecedented impacts on the industry.

The gross profit margin increased from 39% to 44%, with higher margin projects in the current quarter 30.09.2020 compared to corresponding quarter 30.09.2019, as well as lower operating costs incurred for the current quarter under review 30.09.2020 as a result of continuous cost optimisation initiatives started in the preceding quarter 30.06.2020.

For the current quarter under review 30.09.2020, the Group recorded PAT attributable to Owner of RM1.7 million and Adjusted PAT attributable to Owner of RM6.6 million, after adjusting for non-cash transactions amounted to RM4.9 million comprising amortisation of intangible assets of RM1.4 million and net unrealised loss on foreign exchange of RM3.5 million.

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

	<b>(Unaudited) Current Quarter Ended 30.09.2020 RM'000</b>	<b>(Unaudited) Preceding Quarter Ended 30.06.2020 RM'000</b>	<b>Difference</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	99,605	151,753	(52,148)	(52.4)
Gross profit	44,224	37,066	7,158	16.2
PAT/(LAT) after taxation attributable to the Owner of the Company	1,652	(45,223)	46,875	>100.0
Adjust for:				
- Net unrealised (gain)/loss on foreign exchange	3,458	(3,883)		
- 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	1,452	2,808		
Adjusted PAT/(LAT) attributable to Owner	<u>6,562</u>	<u>(22,062)</u>	28,624	>100.0

The Group's revenue significantly decreased by RM52.1 million or 52.4% for the current quarter under review 30.09.2020 compared to preceding quarter 30.06.2020. This is due to the lower activities as a result of COVID-19 pandemic which has led to unprecedented impacts on the industry.

For the current quarter 30.09.2020, the gross profit margin increased from 24% to 44% is mainly due to lower operating costs incurred for the current quarter under review 30.09.2020 as a result of continuous cost optimisation initiatives started in the preceding quarter 30.06.2020 as well as 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 in the preceding quarter 30.06.2020.

For the current quarter under review 30.09.2020, the Group recorded PAT attributable to Owner of RM1.7 million and Adjusted PAT attributable to Owner of RM6.6 million, after adjusting for non-cash transactions amounted to RM4.9 million comprising amortisation of intangible assets of RM1.4 million and net unrealised loss on foreign exchange of RM3.5 million.

For the preceding quarter ended 30.06.2020, the Group recorded LAT attributable to Owner of RM45.2 million and Adjusted LAT attributable to Owner of RM22.1 million, after adjusting for 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**

As we move into FY2021, the prolonged COVID-19 crisis continues to negatively impact the global economic and O&G industry outlook. As fresh waves of COVID-19 cases continue to plague countries worldwide, this continues to drive crude oil prices on a volatile trend as demand for fuel fall, as a result of the continuation of restrictions in movements, both domestically and internationally.

Despite the extremely challenging business landscape ahead, we remain committed to deploying initiatives identified under our strategic plan, to fortify our internal capabilities as well as to strengthen our financial resilience. We will remain focused on achieving a more robust cost management structure, maintaining our sight on improving our operating cost and operational efficiency, in turn protecting our business margins, optimising returns from our existing assets and building our cash reserves to fund our future growth plans.

We will continue to build resilience in our core O&G business, by consolidating capabilities within the Group with the aim to reinforce our competitive strengths, to adopt a more integrated approach in our service offerings and capitalising 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 as well as non-O&G sector. Concurrently, we will pursue expanding our core business into regional market, especially in Thailand and Indonesia. In recent months, we have started a few projects that were delayed due to Covid-19 and low oil price environment.

Further, we will accelerate our efforts to pursue opportunities to diversify and balance our business portfolio beyond the hydrocarbon O&G sector, venturing into new key growth areas such as Renewable Energy and, Digital and Technology. We will seek out non-organic growth opportunities through merger & acquisitions, and strategic partnerships with existing players in these markets.

We are assured in our ability to consistently secure new contracts. In the last twelve months, we had secured three material contracts which include plug and abandonment, portable water injection module and directional drilling contracts, as announced on 2 March 2020, 4 June 2020 and 23 June 2020, respectively. These contracts will contribute positively to the Group's financial results. In addition, our orderbook currently stands at RM1.35 billion, inclusive of firm workorders from umbrella contracts, as well as contracts within and outside Malaysia.

As part of the capital management plan, we are currently working to complete our financing program to make available and build access to capital, especially for new contracts.

We remain cautiously confident of our capability to stay resilient facing challenges 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 30.09.2020 RM'000	(Unaudited) Corresponding Quarter Ended 3 months 30.09.2019 RM'000	(Unaudited) Current Year To Date 3 months 30.09.2020 RM'000	(Unaudited) Corresponding Year To Date 3 months 30.09.2019 RM'000
Current tax	(1,196)	(2,035)	(1,196)	(2,035)
Deferred tax	324	907	324	907
	<u>(872)</u>	<u>(1,128)</u>	<u>(872)</u>	<u>(1,128)</u>
Effective tax rate excluding share of profit of joint ventures and associate	26%	35.4%	26%	35.4%

The effective tax rate for the financial period ended 30 September 2020 is higher than the statutory tax rate of 24%, mainly due to the 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 30.09.2020 RM'000	(Unaudited) Current Period To Date 3 months 30.09.2019 RM'000
<u>Profit for the quarter/year is arrived at after crediting/(charging):</u>		
- Depreciation of property, plant and equipment	(11,194)	(11,423)
- Amortisation of intangible assets	(1,452)	(750)
- Realised foreign exchange loss	(1,080)	(279)
- Interest income	143	200

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 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	-	40,022	-	134,034	-	174,056
Lease liabilities	-	3,275	-	12,914	-	16,189
Medium term notes	-	50,000	-	197,926	-	247,926
Invoice financing	-	2,534	-	-	-	2,534
Revolving credits	-	53,678	-	-	-	53,678
Overdrafts	-	36,392	-	-	-	36,392
<u>Foreign Currency</u>						
Term loan (USD)	4,262	17,711	5,115	21,252	9,377	38,963
Term loan (THB)	6,774	889	-	-	6,774	889
Lease liabilities (THB)	-	-	186	773	186	773
Overdraft (THB)	400	53	-	-	400	53
Total		<u>204,554</u>		<u>366,899</u>		<u>571,453</u>

	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	-	19,811	-	143,418	-	163,229
Lease liabilities	-	6,264	-	9,593	-	15,857
Medium term notes	-	25,000	-	222,822	-	247,822
Invoice financing	-	5,448	-	-	-	5,448
Revolving credits	-	52,357	-	-	-	52,357
Overdrafts	-	33,900	-	-	-	33,900
<u>Foreign Currency</u>						
Term loan (USD)	13,421	57,445	3,190	13,653	16,611	71,098
Term loan (THB)	6,266	869	2,085	289	8,351	1,158
Lease liabilities (THB)	4,370	606	2,327	323	6,697	929
Overdraft (THB)	2,700	375	-	-	2,700	375
Total		<u>202,075</u>		<u>390,098</u>		<u>592,173</u>

## 24. DERIVATIVE FINANCIAL INSTRUMENTS

The Group does not have any derivative financial instruments for the quarter and financial period ended 30 September 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. 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 application at the Sabah High Court was fixed for hearing on 8 October 2020. However, the hearing date was postponed, and the Court has not fixed a new date.

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 30.09.2020	(Unaudited) Corresponding Quarter ended 3 months 30.09.2019	(Unaudited) Current Year to date 3 months 30.09.2020	(Unaudited) Corresponding Year to date 3 months 30.09.2019
(a) Basic EPS				
Net profit attributable to owners of the Company (RM’000)	1,652	9,432	1,652	9,432
Weighted average number of ordinary shares in issue (’000)	320,029	320,029	320,029	320,029
Basic EPS (sen)	0.52	2.95	0.52	2.95

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

(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 2020.

(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 2020.

BY ORDER OF THE BOARD

Dato’ Kamarul Redzuan Bin Muhamed  
Group Chief Executive Officer

25 November 2020