



UZMA BERHAD

(Company No: 200701011861 (769866-V))

**Quarterly Report on Consolidated Financial Results
For the First Quarter Ended 30 September 2022**



UZMA BERHAD

(Company No : 200701011861 (769866-V))

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER AND PERIOD ENDED 30 SEPTEMBER 2022**

	(Unaudited) Current 3 Months Quarter Ended 30.09.22 RM'000	(Unaudited) Corresponding 3 Months Quarter Ended 30.09.21 RM'000	(Unaudited) Cumulative 3 Months Year To Date 30.09.22 RM'000	(Audited) Corresponding 3 Months Year To Date 30.09.21 RM'000
Revenue	121,804	101,394	121,804	101,394
Cost of sales	<u>(68,358)</u>	<u>(59,727)</u>	<u>(68,358)</u>	<u>(59,727)</u>
Gross profit	53,446	41,667	53,446	41,667
Other income	4,767	670	4,767	670
Administrative expenses	(21,887)	(18,969)	(21,887)	(18,969)
Other expenses	(6,760)	(2,979)	(6,760)	(2,979)
Depreciation	(11,650)	(12,315)	(11,650)	(12,315)
Operating profit	<u>17,916</u>	<u>8,074</u>	<u>17,916</u>	<u>8,074</u>
Finance costs	(4,990)	(6,665)	(4,990)	(6,665)
Share of profit of investments accounted for using the equity method	<u>(754)</u>	<u>(372)</u>	<u>(754)</u>	<u>(372)</u>
Profit before taxation	12,172	1,037	12,172	1,037
Income tax expense	<u>(2,262)</u>	<u>(451)</u>	<u>(2,262)</u>	<u>(451)</u>
Profit after taxation	<u>9,910</u>	<u>586</u>	<u>9,910</u>	<u>586</u>
Profit after taxation attributable to :-				
Owners of the Company	8,828	347	8,828	347
Non-Controlling Interest	<u>1,082</u>	<u>239</u>	<u>1,082</u>	<u>239</u>
	<u>9,910</u>	<u>586</u>	<u>9,910</u>	<u>586</u>
Adjusted PAT attributable to Owners of the Company*	<u>13,639</u>	<u>3,975</u>	<u>13,639</u>	<u>3,975</u>
Earning per share				
- Basic/Diluted (sen)	<u>2.51</u>	<u>0.11</u>	<u>2.51</u>	<u>0.11</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 2022 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 2022**

	(Unaudited) 3 Months Quarter Ended 30.09.22 RM'000	(Unaudited) 3 Months Quarter Ended 30.09.21 RM'000	(Unaudited) 3 Months Year To Date 30.09.22 RM'000	(Audited) 3 Months Year To Date 30.09.21 RM'000
Profit after taxation	9,910	586	9,910	586
Other comprehensive income, net of tax Item that may be reclassified subsequently to profit or loss:				
-Foreign currency translation differences	7,761	4,937	7,761	4,937
Total comprehensive income for the financial period	<u>17,671</u>	<u>5,523</u>	<u>17,671</u>	<u>5,523</u>
Total comprehensive income attributable to:-				
Owners of the Company	16,174	3,906	16,174	3,906
Non-Controlling Interest	<u>1,497</u>	<u>1,617</u>	<u>1,497</u>	<u>1,617</u>
	<u>17,671</u>	<u>5,523</u>	<u>17,671</u>	<u>5,523</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 2022 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 2022**

	(Unaudited) As at 30.09.2022 RM'000	(Audited) As at 30.06.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	481,841	496,764
Right of use assets	22,870	23,842
Intangible assets	207,683	204,899
Investments in associates	9,500	11,489
Deferred tax assets	2,247	2,365
Trade and other receivables	5,957	5,957
Other investments	4,080	4,080
	<u>734,178</u>	<u>749,396</u>
Current assets		
Inventories	40,700	46,208
Trade and other receivables	257,253	170,074
Contract assets	85,440	166,090
Other investments	103	241
Current tax assets	18,150	17,379
Deposits, cash and bank balances	107,872	110,615
	<u>509,518</u>	<u>510,607</u>
TOTAL ASSETS	<u>1,243,696</u>	<u>1,260,003</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	307,535	307,535
Foreign currency translation reserve	42,924	35,578
Capital reserve	375	375
Merger deficit	(29,700)	(29,700)
Fair value reserve	(6,000)	(6,000)
Retained earnings	152,576	146,402
	<u>467,710</u>	<u>454,190</u>
Perpetual sukuk	40,852	40,852
Non-controlling interests	31,079	29,582
Total equity	<u>539,641</u>	<u>524,624</u>
Non-current liabilities		
Loan and borrowings	226,953	234,116
Lease liabilities	11,458	12,954
Deferred tax liabilities	23,445	23,645
Trade and other payables	4,149	4,149
Post employment benefit liabilities	2,898	2,744
Deferred income	14,655	14,862
	<u>283,558</u>	<u>292,470</u>
Current liabilities		
Loans and borrowings	209,399	216,726
Lease liabilities	3,647	3,647
Trade and other payables	206,517	221,602
Contract liabilities	357	357
Current tax liabilities	577	577
	<u>420,497</u>	<u>442,909</u>
Total liabilities	<u>704,055</u>	<u>735,379</u>
TOTAL EQUITY AND LIABILITIES	<u>1,243,696</u>	<u>1,260,003</u>
Net asset per share attributable to owners of the parent (RM)	<u>1.44</u>	<u>1.41</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 2022 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 2022**

	←-----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 01.07.2021, restated	290,069	30,847	375	(29,700)	(6,000)	143,320	428,911	40,852	30,948	500,711
Total comprehensive loss for the financial year										
Profit for the financial year	-	-	-	-	-	5,045	5,045	-	1,535	6,580
Actuarial gain from employee benefits	-	-	-	-	-	124	124	-	18	142
Fair value loss of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(205)	(205)	-	-	(205)
Foreign currency translation reserve	-	4,731	-	-	-	-	4,731	-	64	4,795
Total comprehensive loss	-	4,731	-	-	-	4,964	9,695	-	1,617	11,312
Transaction with owners										
Changes in ownership interest of subsidiaries	-	-	-	-	-	320	320	-	(634)	(314)
Non-controlling interest arising from acquisition of new subsidiaries	-	-	-	-	-	-	-	-	4	4
Dividend paid by the subsidiaries to non-controlling interest	-	-	-	-	-	-	-	-	(2,353)	(2,353)
Issuance of ordinary shares pursuant to private placement	17,628	-	-	-	-	-	17,628	-	-	17,628
Transaction costs of share issue	(162)	-	-	-	-	-	(162)	-	-	(162)
Distribution to perpetual sukuk holders	-	-	-	-	-	(2,202)	(2,202)	-	-	(2,202)
Total transaction with owners	17,466	-	-	-	-	(1,882)	15,584	-	(2,983)	12,601
Balance at 30.06.2022	307,535	35,578	375	(29,700)	(6,000)	146,402	454,190	40,852	29,582	524,624

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 2022 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 2022**

	←-----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 01.07.2021	307,535	35,578	375	(29,700)	(6,000)	146,402	454,190	40,852	29,582	524,624
Total comprehensive income for the financial year										
Profit for the financial year	-	-	-	-	-	8,828	8,828	-	1,082	9,910
Foreign currency translation reserve	-	7,346	-	-	-	-	7,346	-	415	7,761
Total comprehensive income	-	7,346	-	-	-	8,828	16,174	-	1,497	17,671
Transaction with owners										
Distribution to perpetual sukuk holders	-	-	-	-	-	(2,654)	(2,654)	-	-	(2,654)
Total transaction with owners	-	-	-	-	-	(2,654)	(2,654)	-	-	(2,654)
Balance at 30.09.2022	307,535	42,924	375	(29,700)	(6,000)	152,576	467,710	40,852	31,079	539,641

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 2022 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 2022**

	(Unaudited) Current Year To Date 30.09.22 RM'000	(Unaudited) Corresponding Year To Date 30.09.21 RM'000
Profit before taxation	12,172	1,037
Adjustments for non-cash items :		
Amortisation of intangible assets	1,125	1,130
Depreciation of property, plant and equipment	10,678	11,343
Depreciation of right of use assets	972	972
Fair value loss on unquoted shares	-	293
Interest income	(131)	(114)
Interest expense	4,990	6,665
Net unrealised loss on foreign exchange	3,686	2,498
Share of result from equity accounted method	754	372
Operating profit before working capital changes	34,246	24,196
Changes in working capital	(6,949)	65
	27,297	24,261
Tax paid	(834)	(1,324)
Tax refunded	11,572	-
Net cash from operating activities	38,035	22,937
Investing activities		
Interest received	131	114
Proceeds from disposal of plant and equipment	-	60
Purchase of property, plant and equipment	(4,500)	(2,412)
Placement of deposits pledged with licensed banks	2,642	26,032
Net cash for investing activities	(1,727)	23,794
Financing activities		
Interest paid	(4,990)	(6,665)
Drawdown of borrowing	6,062	-
Repayment of borrowing	(43,712)	(23,706)
Net cash for financing activities	(42,640)	(30,371)
Net change in cash and cash equivalents	(6,332)	16,360
Effect of exchange rate changes	7,288	(799)
Cash and cash equivalents at beginning of the period	21,133	50,731
Cash and cash equivalents at end of the period	22,089	66,292
Cash and cash equivalents at end of the period comprised:		
Fixed deposit with licences banks	56,974	106,875
Cash and bank balances	50,898	19,261
Cash and cash equivalent as reported in the Statement of Financial Position	107,872	126,136
Less: Fixed deposits pledged with licensed banks	(44,092)	(17,261)
Less: Bank overdrafts	(41,691)	(42,583)
	22,089	66,292

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 2022 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 2022

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 2022. 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 2022.

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 2022.

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 4	Insurance Contracts
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases
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 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 [#]
MFRS 7	Financial Instruments: Disclosures	1 January 2023 [#]
MFRS 9	Financial Instruments	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 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 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 year ended 30 June 2022.

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 September 2022, 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 September 2022.

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 2022.

7. DIVIDENDS

No dividend has been paid and or recommended during the financial year ended 30 September 2022.

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) Trading - Trading 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 30.09.22		(Unaudited) Corresponding 3 Months Quarter Ended 30.09.21		Difference	
	RM'000	%	RM'000	%	RM'000	%
REVENUE						
Upstream O&G Services	98,934	75.3	99,869	87.4	(935)	(0.9)
Trading	28,931	22.0	12,521	11.0	16,410	>100.0
New Energy	3,575	2.7	1,037	0.9	2,538	>100.0
Digitalisation & Technology	48	0.0	827	0.7	(779)	(94.2)
	<u>131,488</u>	<u>100</u>	<u>114,254</u>	<u>100</u>		
Consolidation adjustments and eliminations	<u>(9,684)</u>		<u>(12,860)</u>		<u>3,176</u>	<u>(24.7)</u>
	<u>121,804</u>		<u>101,394</u>		<u>20,410</u>	<u>20.1</u>
OPERATING PROFITS						
Upstream O&G Services	27,113		16,843		10,270	61.0
Trading	918		1,070		(152)	(14.2)
New Energy	1,577		111		1,466	>100.0
Digitalisation & Technology	24		(221)		245	>(100.0)
Holding company and dormant companies	(5,952)		(1,797)		(4,155)	>100.0
Consolidation adjustments and eliminations	<u>(5,764)</u>		<u>(7,932)</u>		<u>2,168</u>	<u>(27.3)</u>
	<u>17,916</u>		<u>8,074</u>		<u>9,842</u>	<u>>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 PRECEDING QUARTER

	(Unaudited) Current Quarter Ended 30.09.22		(Unaudited) Preceding Quarter Ended 30.06.22		Difference	
	RM'000	%	RM'000	%	RM'000	%
REVENUE						
Upstream O&G Services	98,934	75.3	108,751	86.4	(9,817)	(9.0)
Trading	28,931	22.0	9,185	7.3	19,746	>100.0
New Energy	3,575	2.7	8,356	6.6	(4,781)	(57.2)
Digitalisation & Technology	48	0.0	(398)	(0.3)	446	>(100.0)
	<u>131,488</u>	<u>100</u>	<u>125,894</u>	<u>100</u>		
Consolidation adjustments and eliminations	(9,684)		(9,873)		189	(1.9)
	<u>121,804</u>		<u>116,021</u>		<u>5,783</u>	<u>5.0</u>
OPERATING PROFITS						
Upstream O&G Services	27,113		32,016		(4,903)	(15.3)
Trading	918		494		424	85.8
New Energy	1,577		2,430		(853)	(35.1)
Digitalisation & Technology	24		183		(159)	(86.9)
Holding company and dormant companies	(5,952)		(8,041)		2,089	(26.0)
Consolidation adjustments and eliminations	(5,764)		(9,967)		4,203	(42.2)
	<u>17,916</u>		<u>17,115</u>		<u>801</u>	<u>4.7</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 30.09.22		(Unaudited) Corresponding 3 Months Quarter Ended 30.09.21		Difference	
	RM'000	%	RM'000	%	RM'000	%
REVENUE						
Malaysia	108,760	82.7	95,376	83.5	13,384	14.0
Outside Malaysia	22,728	17.3	18,878	16.5	3,850	20.4
	<u>131,488</u>	<u>100.0</u>	<u>114,254</u>	<u>100.0</u>		
Consolidation adjustments and eliminations	(9,684)		(12,860)		3,176	(24.7)
	<u>121,804</u>		<u>101,394</u>		<u>20,410</u>	<u>20.1</u>
OPERATING PROFITS						
Malaysia	22,415		14,596		7,819	53.6
Outside Malaysia	1,265		1,410		(145)	(10.3)
Consolidation adjustments and eliminations	(5,764)		(7,932)		2,168	(27.3)
	<u>17,916</u>		<u>8,074</u>		<u>9,842</u>	<u>>100.0</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 30.09.22		(Unaudited) Preceding Quarter Ended 30.06.22		Difference	
	RM'000	%	RM'000	%	RM'000	%
REVENUE						
Malaysia	108,760	82.7	102,339	81.3	6,421	6.3
Outside Malaysia	22,728	17.3	23,555	18.7	(827)	(3.5)
	<u>131,488</u>	<u>100.0</u>	<u>125,894</u>	<u>100.0</u>		
Consolidation adjustments and eliminations	<u>(9,684)</u>		<u>(9,873)</u>		<u>189</u>	<u>(1.9)</u>
	<u>121,804</u>		<u>116,021</u>		<u>5,783</u>	<u>5.0</u>
OPERATING PROFITS						
Malaysia	22,415		22,592		(177)	(0.8)
Outside Malaysia	1,265		4,490		(3,225)	(71.8)
Consolidation adjustments and eliminations	<u>(5,764)</u>		<u>(9,967)</u>		<u>4,203</u>	<u>(42.2)</u>
	<u>17,916</u>		<u>17,115</u>		<u>801</u>	<u>4.7</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 of 30 September 2022 is as follows:

	RM'000
Capital expenditure in respect of property, plant and equipment - Approved and contracted for	<u>1,167</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 other than disclosed in Note 22 of this report.

12. CHANGES IN THE COMPOSITION OF THE GROUP

On 4 July 2022, the Company's wholly-owned subsidiary, Enviro had incorporated wholly-owned subsidiary, namely Enviroenergy Bakti Sdn. Bhd. ("Bakti") with an issued and paid-up capital of 1,000 ordinary shares of RM1 each. The intended principal activity of Bakti was solar system construction.

12. CHANGES IN THE COMPOSITION OF THE GROUP (CONT'D)

On 13 September 2022, the Company's wholly-owned subsidiary, Uzma Engineering Sdn Bhd had disposed its entire 60% equity investment in joint venture, namely Rizqma Energy Sdn Bhd for a total consideration of BND1.00.

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 RM125.5 million as of 30 September 2022.

14. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions which were entered into on agreed terms and prices for the financial year ended 30 September 2022 are set out below. The relationships of the related parties are disclosed in the audited financial statements for the financial year ended 30 June 2022.

	Company RM'000
Related party transaction with subsidiaries:	
- Management fee income	4,303
- Interest income	2,722
- Rental expense	(413)
	<hr/>

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	4,080	-	-	4,080	4,080
					<hr/>

16. REVIEW OF PERFORMANCE

	(Unaudited) Current 3 Months Quarter Ended/ Year Ended 30.09.2022 RM'000	(Unaudited) Corresponding 3 Months Quarter Ended/ Year Ended 30.09.2021 RM'000	Difference	
			RM'000	%
Revenue	121,804	101,394	20,410	20.1
Gross profit	53,446	41,667	11,779	28.3
PAT attributable to the Owners of the Company	8,828	347		
Adjust for:				
- Net unrealised loss on foreign exchange	3,686	2,498		
- Amortisation of intangible assets	1,125	1,130		
Adjusted PAT attributable to the Owners	<u>13,639</u>	<u>3,975</u>	9,664	>100.0

The Group's revenue increased by RM20.4 million or 20.1% for the current quarter under review 30.09.2022 as compared to corresponding quarter 30.09.2021 mainly due to higher revenue generated from Trading segment arising from higher trade activities in commodities.

The Group's gross profit margin was higher at 43.9% in current quarter ended 30.09.2022 as compared to corresponding quarter 30.09.2021 at 41.1% mainly came from increased in Upstream O&G Services segment to 50.3% (30.09.2021:37%) due to higher costs in previous year's quarter from compliance to pandemic SOP costs.

For the current quarter under review 30.09.2022, the Group recorded PAT attributable to Owners of RM8.8 million and Adjusted PAT attributable to Owners of RM13.6 million, after adjusting for non-cash transactions which mainly due to appreciation of US dollar currency against Ringgit in current quarter resulted in net unrealised loss on foreign exchange of RM3.7 million.

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

	(Unaudited) Current Quarter Ended 30.09.2022 RM'000	(Unaudited) Preceding Quarter Ended 30.06.2022 RM'000	Difference	
			RM'000	%
Revenue	121,804	116,021	5,783	5.0
Gross profit	53,446	54,566	(1,120)	(2.1)
PAT after taxation attributable to the Owners of the Company	8,828	3,886	4,942	>100.0
Adjust for:				
- Net unrealised (gain)/loss on foreign exchange	3,686	2,449		
- Impairment loss on receivables	-	1,388		
- Amortisation of intangible assets	1,125	491		
Adjusted PAT attributable to the Owners	<u>13,639</u>	<u>8,214</u>	5,425	66.0

The Group's revenue increased by RM5.8 million or 5.0% for the current quarter under review 30.09.2022 compared to preceding quarter 30.06.2022. In the current quarter under review, the increased in revenue was mainly from higher revenue generated by Trading segment arising from higher trade activities in commodities.

The gross profit margin decreased to 43.9% for the current quarter ended 30.09.2022 as compared to preceding quarter ended 30.6.2022 at 47% mainly due to decreased in Trading segment margin to 7% (30.6.2022: 15%).

For the current quarter under review 30.09.2022, the Group recorded PAT attributable to Owners of RM8.8 million and Adjusted PAT attributable to Owners of RM13.6 million, after adjusting for non-cash transactions which mainly comprise net unrealised loss on foreign exchange of RM3.7 million, and amortisation of intangible assets of RM1.1 million.

18. PROSPECTS FOR NEXT FINANCIAL YEAR

Upstream O&G Services Segment

Oil prices remains volatile due to global recession worries and concerns about China's rising COVID-19 case numbers denting demand from the world's top crude oil importer. However the positive impact of a retreat in the U.S. dollar and European Union embargo on Russian oil set to start in Dec 2022 and will be followed by a halt on oil products imports in February 2023 may potentially increase the oil prices.

Amid global uncertainties from the pandemic and wars, the brent crude continue to trade in the region of USD80 to USD100 per barrel. Positive outlook from Petronas in their Activity Outlook 2022 – 2024 given the oil price recovery and the relaxation of pandemic SOP is a major boost to local O&G service companies as oil companies look to increase output to capitalise on current oil prices. Our recent contract extension from Petronas Carigali Sdn Bhd for the provision of leasing, operation and maintenance of a D18 water injection facility for 5 years is a testimony of positive outlook for the industry. In addition, with the increased upstream activities by the oil companies, our Trading segment such as oilfield chemical solutions is expected to benefit from higher crude production.

New Energy Segment

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.

Our renewable energy business is steadily growing. On 8 August 2022, the Energy Commission extended the Power Purchase Agreement (“PPA”) tenure from 21 years to 25 years for our 50 megawatt (“MW”) Large Scale Solar 4 (“LSS4”). Our 50MW LSS4 project has progressed positively with the development order obtains from Majlis Perbandaran Sungai Petani (MPSPK) on 28 May 2022. In Oct 2022, we have submitted application to the authorities for permits such as Earth works permit and Road & Drainage plan and target to site commencement by December 2022. In addition, we also secured several Net Energy Metering (“NEM”) contracts; both as EPCC and PPA holder.

In December 2021, the Ministry of Energy and Natural Resources of Malaysia (KeTSA) set a target to reach 31% of renewable energy share in the national installed capacity mix by 2025. This target supports Malaysia’s global climate commitment to reduce its economy-wide carbon intensity (against GDP) of 45% in 2030, compared to 2005 level. The Malaysia Renewable Energy Roadmap (MyRER) is commissioned to support further decarbonisation of the electricity sector in Malaysia through the 2035 milestone. Under MyRER, new capacity target was launched and we expect this will augur well with our strategy to aggressively grow in New Energy business. On 31 October 2022, the Ministry of Energy and Natural Resources announced the implementation of Corporate Green Power Programme administered by Suruhanjaya Tenaga. The programme is among the government’s initiative to achieve the targeted decarbonisation of electricity sector in Malaysia.

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 30.09.2022 RM'000	(Unaudited) Corresponding Quarter Ended 3 months 30.09.2021 RM'000	(Unaudited) Current Year To Date 3 months 30.09.2022 RM'000	(Audited) Corresponding Year To Date 3 months 30.09.2021 RM'000
Current tax	(2,411)	(722)	(2,411)	(722)
Deferred tax	149	271	149	271
	(2,262)	(451)	(2,262)	(451)
Effective tax rate excluding share of profit of joint ventures and associate (%)	(17.5)	32.0	(17.5)	(32.0)

The effective tax rate for the current period ended 30 September 2022 is lower than the statutory tax rate of 24%, mainly due to the Group's reversal of overprovision of taxes in previous financial year based on higher estimated revenue.

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

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.

	(Unaudited) Current Quarter Ended 3 Months 30.09.2022 RM'000	(Unaudited) Current Period To Date 3 Months 30.09.2022 RM'000
<u>Profit for the quarter/year is arrived at after crediting/(charging):</u>		
- Amortisation of intangible assets	(1,125)	(1,125)
- Realised foreign exchange gain	2,667	2,667
- Realised foreign exchange loss	(1,941)	(1,941)
- Interest income	131	131
- Interest expenses	(4,990)	(4,990)

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 2022					
	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	-	30,619	-	118,221	-	148,840
Lease Liabilities	-	3,325	-	10,946	-	14,271
Medium term notes	-	50,000	-	100,000	-	150,000
Invoice financing	-	44,061	-	-	-	44,061
Revolving credits	-	34,296	-	-	-	34,296
Overdrafts	-	41,691	-	-	-	41,691
<u>Foreign Currency</u>						
Term loan (USD)	1,984	8,731	1,984	8,731	3,968	17,462
Lease liabilities (THB)	2,576	322	4,101	513	6,677	835
Total		<u>213,045</u>		<u>238,411</u>		<u>451,456</u>

	As at 30 June 2022					
	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	-	33,158	-	99,734	-	132,892
Lease Liabilities	-	3,325	-	12,442	-	15,767
Medium term notes	-	50,000	-	123,652	-	173,652
Invoice financing	-	44,629	-	-	-	44,629
Revolving credits	-	35,675	-	-	-	35,675
Overdrafts	-	42,748	-	-	-	42,748
<u>Foreign Currency</u>						
Term loan (USD)	2,386	10,516	2,435	10,730	4,821	21,246
Lease liabilities (THB)	2,576	322	4,101	512	6,677	834
Total		<u>220,373</u>		<u>247,070</u>		<u>467,443</u>

24. DERIVATIVE FINANCIAL INSTRUMENTS

The Group does not have any derivative financial instruments for the quarter and year ended 30 September 2022.

25. MATERIAL LITIGATION

In addition to previously disclosed in our quarterly announcement, the current update on material litigation as follows:

On 28 October 2022, the High Court has directed that all 3 applications, i.e. UESB's injunction application and Khan's and Kong's applications for stay of proceedings to be heard on 20 January 2023.

26. EARNINGS PER SHARE ("EPS")

	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Current	Corresponding	Current	Corresponding
	Quarter Ended	Quarter Ended	Year To Date	Year To Date
(a) Basic EPS	3 Months	3 Months	3 Months	3 Months
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
Net profit attributable to owners of the Company (RM'000)	8,828	347	8,828	347
Weighted average number of ordinary shares in issue ('000)	352,031	320,029	352,031	320,029
Basic EPS (sen)	<u>2.51</u>	<u>0.11</u>	<u>2.51</u>	<u>0.11</u>

(a) Basic EPS

The basic EPS is calculated based on the Group's Profit Attributable to Owners of the Company divided by the weighted average number of ordinary shares in issue during the financial period ended 30 September 2022.

(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 2022.

BY ORDER OF THE BOARD

Dato' Kamarul Redzuan Bin Muhamed
Group Chief Executive Officer