

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2018

	3 months ended 30 June 2018 RM'000	3 months ended 30 June 2017 RM'000	Cumulative period 3 months ended 30 June 2018 RM'000	Cumulative period 3 months ended 30 June 2017 RM'000
Revenue	124,891	168,489	124,891	168,489
Cost of sales	(104,088)	(142,657)	(104,088)	(142,657)
Gross profit	20,803	25,832	20,803	25,832
Other (expenses)/income	12,544	(5,223)	12,544	(5,223)
Administrative expenses	(14,720)	(17,137)	(14,720)	(17,137)
Marketing and selling expenses	(10,584)	(13,694)	(10,584)	(13,694)
Other operating expenses	(444)	(721)	(444)	(721)
Finance expenses	(4,989)	(4,676)	(4,989)	(4,676)
Finance income	292	129	292	129
Share of results of JV and associates	-	(1,235)	-	(1,235)
Profit/(loss) before tax	2,902	(16,725)	2,902	(16,725)
Taxation	(2,590)	(2,260)	(2,590)	(2,260)
Profit/(loss) for the period	312	(18,985)	312	(18,985)
Other comprehensive income				
Currency translation differences	26,471	(32,978)	26,471	(32,978)
Cash flow hedges	-	4,224	-	4,224
	26,471	(28,754)	26,471	(28,754)
Total comprehensive income for the period	26,783	(47,739)	26,783	(47,739)
Profit attributable to :				
Owners of the Company	508	(17,151)	508	(17,151)
Non-controlling interests	(196)	(1,834)	(196)	(1,834)
Profit/(loss) for the period	312	(18,985)	312	(18,985)
Total comprehensive income attributable to:				
Owners of the Company	26,979	(45,905)	26,979	(45,905)
Non-controlling interests	(196)	(1,834)	(196)	(1,834)
	26,783	(47,739)	26,783	(47,739)
Earnings per share				
- Basic and diluted (Sen)	0.02	(0.73)	0.02	(0.73)

The unaudited Condensed Financial Statement should be read in conjunction with the accompanying explanatory notes.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	As at 30 June 2018 RM'000	As at 31 Mar 2018 RM'000 (Restated)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		380,562	384,624
Investment properties		623	2,140
Investment in associates		7,439	7,439
Investment in joint ventures		17,579	16,756
Intangible assets		108,736	106,565
Deferred tax assets		5,530	2,183
Other receivables		45,236	44,720
		<u>565,705</u>	<u>564,427</u>
CURRENT ASSETS			
Inventories		112,168	111,730
Trade and other receivables		266,768	250,394
Current tax assets		19,505	20,174
Cash and bank balances	B8	74,147	67,675
		<u>472,588</u>	<u>449,973</u>
TOTAL ASSETS		<u>1,038,293</u>	<u>1,014,400</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		1,005,535	1,005,535
Treasury shares		(51)	(51)
Other reserves	B10	(514,719)	(541,190)
Retained earnings		18,531	18,023
Total equity attributable to owners of the Company		<u>509,296</u>	<u>482,317</u>
Non-controlling interests		40,797	40,993
TOTAL EQUITY		<u>550,093</u>	<u>523,310</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	B9	76,828	76,822
Provision for retirement benefits		7,700	8,932
Other payables		2,923	3,738
Deferred tax liabilities		4,836	4,068
		<u>92,287</u>	<u>93,560</u>
CURRENT LIABILITIES			
Trade and other payables		255,934	231,047
Loans and borrowings	B9	127,477	140,904
Derivative financial liabilities		-	10,516
Current tax liabilities		12,502	15,063
		<u>395,913</u>	<u>397,530</u>
TOTAL LIABILITIES		<u>488,200</u>	<u>491,090</u>
TOTAL EQUITY AND LIABILITIES		<u>1,038,293</u>	<u>1,014,400</u>
Net assets per share (RM)		<u>0.22</u>	<u>0.21</u>

The unaudited Condensed Financial Statement should be read in conjunction with the accompanying explanatory notes.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2018

	Attributable to owners of the Company						
	Share capital RM '000	Treasury shares RM'000	Other reserves RM '000	Retained earnings RM '000	Total RM '000	Non- controlling interests RM '000	Total equity RM '000
As at 1 April 2018	1,005,535	(51)	(542,246)	32,474	495,712	40,993	536,705
Restatement per MFRS 9	-	-	1,056	(14,451)	(13,395)	-	(13,395)
As at 1 April 2018, restated	1,005,535	(51)	(541,190)	18,023	482,317	40,993	523,310
Total comprehensive income for the year	-	-	26,471	508	26,979	(196)	26,783
As at 30 June 2018	1,005,535	(51)	(514,719)	18,531	509,296	40,797	550,093
Audited							
As at 1 April 2017	1,005,535	(51)	(516,408)	251,179	740,255	47,856	788,111
Total comprehensive income for the year	-	-	(25,838)	(218,705)	(244,543)	(6,863)	(251,406)
Repurchased during the year	-	-	-	-	-	-	-
As at 31 March 2018	1,005,535	(51)	(542,246)	32,474	495,712	40,993	536,705

The unaudited Condensed Financial Statement should be read in conjunction with the accompanying explanatory notes.

SCOMI ENERGY SERVICES BHD (397979-A)
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UNAUDITED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 JUNE 2018

	Note	3 months ended 30 June 2018 RM'000	3 months ended 30 June 2017 RM'000
Cash Flows From Operating Activities			
Profit/(loss) before tax		2,902	(16,725)
Adjustments for non-cash items:		17,538	21,714
Changes in working capital:			
Inventories		(438)	3,094
Receivables		(16,010)	892
Payables		19,946	(56,991)
Cash generated from/(used in) operations		<u>23,938</u>	<u>(48,016)</u>
Tax paid		(3,471)	(2,705)
Interest received		292	129
Net cash generated from (used in) operating activities		<u>20,759</u>	<u>(50,592)</u>
Cash Flows From Investing Activities			
Proceeds from disposal of property, plant and equipment		4,461	446
Purchase of property, plant and equipment		(2,517)	(3,647)
Net cash used in investing activities		<u>1,944</u>	<u>(3,201)</u>
Cash Flows From Financing Activities			
Repayment of borrowings		(5,491)	(3,563)
Proceeds from borrowings		-	22,948
Interest paid on borrowings		(4,754)	(3,987)
Decrease in short term deposit pledged as securities		(2,482)	(2,285)
Net cash (used in)/generated from financing activities		<u>(12,727)</u>	<u>13,113</u>
Net increase/(decrease) in cash and cash equivalents		9,976	(40,680)
Cash and cash equivalents at beginning of the year		36,778	101,680
Currency translation differences		2,523	(3,157)
Cash and cash equivalents at end of the year	B8	<u>49,277</u>	<u>57,843</u>

The unaudited Condensed Financial Statement should be read in conjunction with the accompanying explanatory notes.

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS – FRS 134

A1 Basis of Preparation of interim financial reports

The interim financial statements are prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Listing Requirements and should be read in conjunction with the Company's annual audited financial statements for the year ended 31 March 2018 and the accompanying notes attached to the unaudited condensed consolidated financial statements.

Within the context of these condensed consolidated financial statements, the Group comprises the Company and its subsidiaries, and the Group's interest in associates and joint ventures as at and for the quarter ended 30 June 2018.

Except as described below, the same accounting policies and methods of computation are followed in the condensed consolidated financial statements as compared with the consolidated financial statements for year ended 31 March 2018.

The following are amendments to the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") and have been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

A1 Basis of Preparation of interim financial reports (“continued”)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 April 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018; and
- from the annual period beginning on 1 April 2019 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019.

A1 Basis of Preparation of interim financial reports (“continued”)

The Group and the Company does not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on 1 April 2021 as it is not applicable to the Group and the Company.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company except as mentioned below:

MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The application of MFRS 15 does not have a material effect on the Group’s financial statements.

MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

In respect of impairment of financial assets, MFRS 9 replaces the “incurred loss” model in MFRS 139 with a forward looking “expected credit loss” (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

A1 Basis of Preparation of interim financial reports (“continued”)

As allowed by the transitional provisions of MFRS 9, the Group elected not to restate the comparatives. Effects arising from the initial application of MFRS 9 is as below:

Group	As reported at 31 March 2018 RM'000	Estimated adjustments due to adoption of MFRS 9 RM'000	Estimated adjusted opening balance at 1 April 2018 RM'000
Trade and other receivables	263,789	(13,395)	250,394
Translation reserve	125,804	(1,056)	124,748
Retained earnings	(32,474)	14,451	(18,023)

MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

A2 Audit Report for Preceding Annual Financial Statements

The audit report for the Group's annual financial statements for the year ended 31 March 2018 was not subject to any qualification.

A3 Seasonal or Cyclical Factors

The Group's operations are generally not affected by any seasonal or cyclical factors.

A4 Unusual Items

There are no unusual items that affected the assets, liabilities, equity, net income or cash flows in the current quarter under review other than as disclosed in these unaudited condensed consolidated interim financial statements.

A5 Material Changes In Estimates

There were no material changes in estimates other than as disclosed in these unaudited condensed consolidated interim financial statements that have a material effect on the results for the current quarter under review.

A6 Debt and Equity Securities

There has been no further repurchase of shares during the quarter.

A7 Dividends Paid /Payable

There were no dividends paid during the quarter and financial period ended 30 June 2018.

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A8 Segmental Reporting

Segment information for the financial period as presented in respect of the Group's business segment is as follows:

Revenue and results for three months ended 30 June 2018

	Drilling Services RM'000	Marine Services RM'000	Development and Production Asset and Services RM'000	Total RM'000
REVENUE				
External sales	94,545	30,334	12	124,891
RESULTS				
(Loss)/profit from operations	(4,220)	(216)	(217)	(4,653)
Realised loss on foreign exchange	(116)	(94)	-	(210)
Unrealised gain on foreign exchange	5,741	3,985	-	9,726
Finance costs	(3,802)	(1,187)	-	(4,989)
Other incomes	88	2,940	-	3,028
Share of results in joint ventures	-	-	-	-
(Loss)/profit before tax	(2,309)	5,428	(217)	2,902
Taxation	(2,265)	(325)	-	(2,590)
(Loss)/profit for the period	(4,574)	5,103	(217)	312
Other information				
Depreciation and amortisation	7,473	8,973	-	16,446
Interest income	180	112	-	292
Addition to non-current assets other than financial instruments and deferred tax assets	(4,171)	10,551	(8,965)	(2,585)

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A8 Segmental Reporting ("continued")

Revenue and results for three months ended 30 June 2017

	Drilling Services RM'000	Marine Services RM'000	Development and Production Asset and Services RM'000	Total RM'000
REVENUE				
External sales	131,703	36,399	387	168,489
RESULTS				
(Loss)/profit from operations	(3,796)	(1,536)	(259)	(5,591)
Realised gain on foreign exchange	13,201	882	-	14,083
Unrealised loss on foreign exchange	(18,600)	(2,821)	-	(21,421)
Finance costs	(3,666)	(1,010)	-	(4,676)
Other income/(expenses)	2,200	(85)	-	2,115
Share of results in joint ventures	-	(1,235)	-	(1,235)
Loss before tax	(10,661)	(5,805)	(259)	(16,725)
Taxation	(1,995)	(265)	-	(2,260)
Loss for the period	(12,656)	(6,070)	(259)	(18,985)
Other information				
Depreciation and amortisation	9,190	12,129	-	21,319
Interest income	108	21	-	129
Addition to non-current assets other than financial instruments and deferred tax assets	(19,454)	(13,030)	4,667	(27,817)

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A8 Segmental Reporting (“continued”)

	Drilling Services RM'000	Marine Services RM'000	Development and Production Asset and Services RM'000	Total RM'000
ASSETS AND LIABILITIES AS AT 30 JUNE 2018				
ASSETS				
Assets employed in the segment	631,329	356,691	220	988,240
Investment in associates	-	7,439	-	7,439
Investment in joint venture	755	129	16,695	17,579
	<u>632,084</u>	<u>364,259</u>	<u>16,915</u>	<u>1,013,258</u>
<u>Unallocated corporate assets:</u>				
Current tax assets				19,505
Deferred tax assets				5,530
Total assets				<u><u>1,038,293</u></u>
LIABILITIES				
Liabilities in segment	<u>449,506</u>	<u>16,915</u>	<u>4,441</u>	470,862
<u>Unallocated corporate liabilities:</u>				
Tax payable				12,502
Deferred tax liabilities				4,836
Total liabilities				<u><u>488,200</u></u>
Net assets				<u><u>550,093</u></u>

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A8 Segmental Reporting ("continued")

	Drilling Services RM'000	Marine Services RM'000	Development and Production Asset and Services RM'000	Total RM'000
ASSETS AND LIABILITIES AS AT 30 JUNE 2017				
ASSETS				
Assets employed in the segment	729,369	445,068	317	1,174,754
Investment in associates	-	7,439	-	7,439
Investment in joint venture	1,430	37,388	15,501	54,319
	<u>730,799</u>	<u>489,895</u>	<u>15,818</u>	<u>1,236,512</u>
<u>Unallocated corporate assets:</u>				
Current tax assets				23,568
Deferred tax assets				8,937
Total assets				<u>1,269,017</u>
LIABILITIES				
Liabilities in segment	<u>471,324</u>	<u>(5,281)</u>	<u>3,595</u>	469,638
<u>Unallocated corporate liabilities:</u>				
Tax payable				14,583
Deferred tax liabilities				8,771
Derivatives financial instruments				35,653
Total liabilities				<u>528,645</u>
Net assets				<u>740,372</u>

A9 Valuation of Property, Plant and Equipment

There was no change to the valuation of property, plant and equipment brought forward from the previous annual financial statements.

A10 Material Subsequent Events

There are no material events subsequent to the end of the quarter under review that have not been reflected in these condensed financial statements.

A11 Changes in Composition of the Group

There were no changes in the composition of the Group during the period under review.

A12 Contingent Liabilities

Detail of contingent liabilities of the Group is as follows:-

	RM'000
Contingent liabilities arising from tax matters	<u>2,000</u>

A13 Capital Commitments

Authorised capital commitments not provided for in the financial statements of the Group are as follows:

	Approved and contracted for RM'000	Approved but not contracted for RM'000	Total RM'000
Property	-	-	-
Plant & Machinery	876	5,087	5,963
Vessels (drydocking)	2,517	13,661	16,178
Others	-	1,143	1,143
	<u>3,393</u>	<u>19,891</u>	<u>23,284</u>

A13 Capital Commitments ("continued")

The future minimum lease payments under non-cancellable operating leases as at 30 June 2018 are as follows:

	30 June 2018 RM'000
Less than one year	2,812
Between one and five years	4,138
	<u>6,950</u>

A14 Related party transactions

	3 months ended 30 June 2018 RM'000
Holding company	
Rental expenses	267
Utilities	1
	<u> </u>
Related companies	
SAP maintenance fees expenses	15
Airline ticketing services - Lintas	16
Rental income for office - Suria	(44)
	<u> </u>

The Directors are of the view that the above transactions have been entered into in the normal course of business under terms and conditions no less favorable to the Group and the Company than those arranged with independent third parties.

B EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

B1 Review of Operating Segments

The Group has three reportable segments which are Drilling Services, Marine Services and Development and Production Asset and Services. Drilling Services provides integrated drilling fluids, drilling waste management solutions and production chemicals while Marine Services consist of coal transportation and offshore support vessel services. Development and Production Asset and Services provides subsurface, field development and production management services, provision of products and project management services of offshore facilities encompassing pre-development through ready for start-up, operations and maintenance services.

Current quarter vs. corresponding quarter of the preceding year

	Revenue		Profit/(loss) before tax	
	3 Months to		3 Months to	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Operating Segments:				
Drilling Services	94,545	131,703	(2,309)	(10,661)
Marine Services	30,334	36,399	5,428	(5,805)
Development and Production Asset and Services	12	387	(217)	(259)
	<u>124,891</u>	<u>168,489</u>	<u>2,902</u>	<u>(16,725)</u>

B1 Review of Operating Segments (“continued”)

Group

Group revenue for the current quarter is lower by RM43.6 million or 25.9% compared to the corresponding quarter of the preceding year (“1QFY2018”) contributed by lower revenue from both segments.

Profit Before Tax for the current quarter was RM 2.9million as compared to a Loss before tax of RM16.7 million in 1QFY2018, impacted by a forex gain in current quarter as against a forex loss in 1QFY2018. Excluding the impact of the forex, the loss for the current quarter was lower by **RM2.8** million as compared to 1QFY2018 arising from lower operating expenses.

Drilling Services (“DS”)

The segment’s revenue for the current quarter decreased by RM37.2 million or 28.2% as compared to 1QFY2018, mainly due to lower activity in countries such as Turkmenistan, Thailand and Malaysia.

Loss Before Tax was lower at RM2.3 million in the current quarter as compared to a loss of RM10.7million in 1QFY2018. This was primarily due to lower revenue in current quarter offset by forex gain whereas 1QFY2018 had forex losses.

Marine Services (“MS”)

The segment revenue for the current quarter was lower by RM6.1 million or 16.7% compared to 1QFY2018 with negligible revenue on the Coal Affreightment contract in Malaysia.

The segment posted a profit before tax of RM5.4 million impacted by forex gain.

B2 Review of Operating Segments as Compared to Preceding Quarter

Profit Before Tax was RM2.9 million as compared to Loss Before Tax of RM160 million in the preceding quarter. The loss in the preceding quarter was impacted by several non-recurring exceptional items such as loss on forex, loss on disposal of equipment and vessels and higher share of loss of JV due to disposal/impairment of vessels.

B3 Current Financial Year Prospects

Drilling Service Outlook

Oil prices have moved up and we expect this will translate to higher activity. Winning some new bids would provide the impetus to growth in this segment.

Marine Services

Activity in the coal market is quite robust and we expect the trend to improve during the rest of the year. Offshore Vessels are still largely idle due to the depressed offshore market.

Development and Production Asset and Services

Petronas has confirmed termination of the RSC agreement. The modalities for handover of the operations and novation of contracts are on-going. Reimbursement of capital and operating expenditure will be subject to audit and finalization by Petronas.

B4 Profit Forecast

This section is not applicable as no profit forecast was published.

B5 Corporate Proposals

There are no corporate proposals that have been announced but not completed.

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B6 Profit before taxation

	Current quarter 3 months ended 30 June 2018 RM'000	Current quarter 3 months ended 30 June 2017 RM'000	Cumulative period 3 months ended 30 June 2018 RM'000	Cumulative period 3 months ended 30 June 2017 RM'000
The profit before is arrived at after (charging)/crediting:				
Interest income	292	129	292	129
Depreciation and amortisation	(16,446)	(21,319)	(16,446)	(21,319)
(Loss)/gain on foreign exchange - net	9,515	(7,338)	9,515	(7,338)
Gain/(loss) on disposal of property, plant and equipment	3,161	303	3,161	303
Interest expense	(4,754)	(3,987)	(4,754)	(3,987)
Share of results of joint ventures	-	(1,235)	-	(1,235)
	<u>-</u>	<u>(1,235)</u>	<u>-</u>	<u>(1,235)</u>

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B7 Taxation

Details of the taxation as at end of the period are as follows:-

	Current quarter 3 months ended 30 June 2018 RM'000	Current quarter 3 months ended 30 June 2017 RM'000	Cumulative period 3 months ended 30 June 2018 RM'000	Cumulative period 3 months ended 30 June 2017 RM'000
Malaysian income tax				
- current year	583	(454)	583	(454)
Foreign income tax				
- current year	<u>2,007</u>	<u>2,714</u>	<u>2,007</u>	<u>2,714</u>
Total income tax	<u>2,590</u>	<u>2,260</u>	<u>2,590</u>	<u>2,260</u>
Effective tax rate	<u>89.2%</u>	<u>-13.5%</u>	<u>89.2%</u>	<u>-13.5%</u>

The variance in the effective tax rate for the current quarter compared to the Malaysian tax rate of 24% mainly because of:-

- Losses in certain tax jurisdictions not qualifying for tax relief.
- The tax effects of the different tax rates in various jurisdictions and certain expenses not deductible for tax purposes;
- The above mentioned income tax is related to the revenues and profits recorded by the operating subsidiaries and there are no group relief for losses.

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B8 Cash and bank balances

Cash and bank balances at the end of the reporting period comprise of:-

	As at 30 June 2018 RM'000
Cash and bank balances	50,180
Short term deposits with licensed banks	<u>23,967</u>
	74,147
Less : restricted cash	(23,349)
Less : bank overdraft	<u>(1,521)</u>
Cash and cash equivalents	<u>49,277</u>

The restricted cash comprise of deposits pledged to financial institutions for loan facilities, bank guarantees and repayment towards loan facility granted to subsidiaries.

B9 Loans and borrowings

The Group borrowings and debts securities as at the end of the reporting period are as follows:

	Current RM'000	Non- Current RM'000	Total RM'000
Borrowings – secured	<u>127,477</u>	<u>76,828</u>	<u>204,305</u>

The Group borrowings and debt securities are denominated in the following currencies:

	RM'000
Ringgit Malaysia	113,358
US Dollar*	<u>90,947</u>
Total	<u>204,305</u>

* *These relate to working capital loans.*

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B10 Other reserves

	As at 30 June 2018 RM'000	As at 31 Mar 2018 RM'000
Capital reserve	26,881	26,881
Translation reserves	(98,277)	(125,804)
Merger reserve	(443,323)	(443,323)
	<u>(514,719)</u>	<u>(542,246)</u>

B11 Earnings Per Share

	3 months ended 30 June 2018 RM'000	3 months ended 30 June 2017 RM'000	3 months ended 30 June 2018 RM'000	3 months ended 30 June 2017 RM'000
<u>Basic and diluted earnings per share</u>				
Profit/(loss) for the period	<u>508</u>	<u>(17,151)</u>	<u>508</u>	<u>(17,151)</u>
Issued and paid-up capital	2,341,775	2,341,775	2,341,775	2,341,775
Less : Treasury shares	<u>(154)</u>	<u>(154)</u>	<u>(154)</u>	<u>(154)</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,341,621</u>	<u>2,341,621</u>	<u>2,341,621</u>	<u>2,341,621</u>
Basic earnings per share (sen)	<u>0.02</u>	<u>(0.73)</u>	<u>0.02</u>	<u>(0.73)</u>

B12 Material Litigation

There was no pending material litigation at the date of this quarterly report.

B13 Proposed Dividend

No dividend has been proposed in respect of the quarter under review.

B14 Authorised For Issue

The interim financial statements were authorised for issue on 23 August 2018 by the Board of Directors.