

**SCOMI ENERGY SERVICES BHD (397979-A)**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR 3 MONTHS ENDED 30 JUNE 2019**

	<b>3 months ended 30 June 2019 RM'000</b>	<b>Cumulative period 15 months ended 30 June 2019 RM'000</b>
<b>Revenue</b>	<b>119,908</b>	<b>645,321</b>
Cost of sales	(100,692)	(518,319)
<b>Gross profit</b>	<b>19,216</b>	<b>127,002</b>
Other income/(expenses)	954	(4,447)
Administrative expenses	(25,465)	(84,701)
Marketing and selling expenses	(10,432)	(51,189)
Other operating expenses	(366)	(2,039)
Net loss on impairment of financial instruments	(36,949)	(36,092)
Finance expenses	(5,648)	(24,226)
Finance income	1,133	3,532
Share of results of JV and associates	564	(8,092)
<b>Loss before tax</b>	<b>(56,993)</b>	<b>(80,252)</b>
Taxation	(4,854)	(19,337)
<b>Loss for the period</b>	<b>(61,847)</b>	<b>(99,589)</b>
<b>Other comprehensive loss</b>		
Currency translation differences	(28,081)	(16,918)
	(28,081)	(16,918)
<b>Total comprehensive loss for the period</b>	<b>(89,928)</b>	<b>(116,507)</b>
<b>Loss attributable to :</b>		
Owners of the Company	(60,376)	(93,044)
Non-controlling interests	(1,471)	(6,545)
<b>Loss for the period</b>	<b>(61,847)</b>	<b>(99,589)</b>
<b>Total comprehensive loss attributable to:</b>		
Owners of the Company	(88,457)	(109,962)
Non-controlling interests	(1,471)	(6,545)
	(89,928)	(116,507)
<b>Earnings per share</b>		
- Basic and diluted (Sen)	(2.58)	(3.97)

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

No comparative figures are shown following the change in financial year end from 31st March to 30th June.

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**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019**

	Note	As at 30 June 2019 RM'000	As at 31 Mar 2018 RM'000 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		290,601	384,624
Investment properties		-	2,140
Investment in associates		15,862	7,439
Investment in joint ventures		1,148	16,756
Intangible assets		104,079	106,565
Deferred tax assets		1,495	2,183
Other receivables		14,261	44,720
		<u>427,446</u>	<u>564,427</u>
<b>CURRENT ASSETS</b>			
Inventories		81,380	111,730
Trade and other receivables		215,341	263,789
Current tax assets		10,403	20,174
Cash and bank balances	B8	67,898	67,675
		<u>375,022</u>	<u>463,368</u>
<b>TOTAL ASSETS</b>		<b><u>802,468</u></b>	<b><u>1,027,795</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Share capital		1,005,535	1,005,535
Treasury shares		(51)	(51)
Other reserves	B10	(559,164)	(542,246)
Retained earnings		(75,021)	32,474
<b>Total equity attributable to owners of the Company</b>		<u>371,299</u>	<u>495,712</u>
Non-controlling interests		34,448	40,993
<b>TOTAL EQUITY</b>		<u>405,747</u>	<u>536,705</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings	B9	50,000	76,822
Provision for retirement benefits		8,163	8,932
Other payables		479	3,738
Deferred tax liabilities		5,655	4,068
		<u>64,297</u>	<u>93,560</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		184,734	231,047
Loans and borrowings	B9	134,058	140,904
Derivative financial liabilities		-	10,516
Current tax liabilities		13,632	15,063
		<u>332,424</u>	<u>397,530</u>
<b>TOTAL LIABILITIES</b>		<u>396,721</u>	<u>491,090</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>802,468</u></b>	<b><u>1,027,795</u></b>
Net assets per share (RM)		<u>0.16</u>	<u>0.21</u>

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 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2019**

	Attributable to owners of the Company				Total RM '000	Non- controlling interests RM '000	Total equity RM '000
	Share capital RM '000	Treasury shares RM'000	Other reserves RM '000	Retained earnings RM '000			
<b>As at 1 April 2018</b>	1,005,535	(51)	(542,246)	32,474	495,712	40,993	536,705
Net loss on impairment of financial instrument (MFRS 9)	-	-	-	(14,451)	(14,451)	-	(14,451)
Total comprehensive loss for the year	-	-	(16,918)	(93,044)	(109,962)	(6,545)	(116,507)
<b>As at 30 June 2019</b>	<b>1,005,535</b>	<b>(51)</b>	<b>(559,164)</b>	<b>(75,021)</b>	<b>371,299</b>	<b>34,448</b>	<b>405,747</b>
<b>Audited</b>							
<b>As at 1 April 2017</b>	1,005,535	(51)	(516,408)	251,179	740,255	47,856	788,111
Total comprehensive loss for the year	-	-	(25,838)	(218,705)	(244,543)	(6,863)	(251,406)
Repurchased during the year	-	-	-	-	-	-	-
<b>As at 31 March 2018</b>	<b>1,005,535</b>	<b>(51)</b>	<b>(542,246)</b>	<b>32,474</b>	<b>495,712</b>	<b>40,993</b>	<b>536,705</b>

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

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**UNAUDITED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 JUNE 2019**

	<b>Note</b>	<b>15 months ended 30 June 2019 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Loss before tax		(80,252)
Adjustments for non-cash items:		119,536
Changes in working capital:		
Inventories		30,350
Receivables		31,764
Payables		(52,692)
Cash generated from operations		<u>48,706</u>
Tax paid		(985)
Interest received		3,532
Net cash from operating activities		<u>51,253</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from disposal of property, plant and equipment		5,710
Purchase of property, plant and equipment		(16,755)
Proceeds from disposal of subsidiaries		21,555
Disposal investment in associates & joint controlled entity		5,647
Net cash from investing activities		<u>16,157</u>
<b>Cash Flows From Financing Activities</b>		
Repayment of borrowings		(38,091)
Interest paid on borrowings		(22,993)
Increase in short term deposit pledged as securities		(3,345)
Net cash used in financing activities		<u>(64,429)</u>
Net increase in cash and cash equivalents		2,981
<b>Cash and cash equivalents at beginning of the year</b>		<b>36,778</b>
Currency translation differences		3,927
<b>Cash and cash equivalents at end of the year</b>	<b>B8</b>	<u><b>43,686</b></u>

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

No comparative figures are shown following the change in financial year end from 31st March to 30th June.

**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 period ended 30 June 2019. The Company has changed its financial year end from 31 March 2019 to 30 June 2019.

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 July 2019 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019.

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.

**A1 Basis of Preparation of Interim Financial Reports (“continued”)**

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.

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 are as below:

<b>Group</b>	<b>As reported at 31 March 2018 RM’000</b>	<b>Estimated adjustments due to adoption of MFRS 9 RM’000</b>	<b>Estimated adjusted opening balance at 1 April 2018 RM’000</b>
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)

**A1 Basis of Preparation of Interim Financial Reports (“continued”)**

**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.



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**A7 Dividends Paid/Payable**

There were no dividends paid during the period ended 30 June 2019.

**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 fifteen months ended 30 June 2019**

	<b>Drilling Services RM'000</b>	<b>Marine Services RM'000</b>	<b>Development and Production Asset and Services RM'000</b>	<b>Total RM'000</b>
<b>REVENUE</b>				
External sales	498,032	147,277	12	645,321
<b>RESULTS</b>				
(Loss)/profit from operations	(15,924)	5,851	(854)	(10,927)
Realised (loss)/gain on foreign exchange	(3,268)	2,700	-	(568)
Unrealised gain on foreign exchange	12,522	3,209	-	15,731
Finance costs	(17,223)	(7,003)	-	(24,226)
Other expenses	(16,577)	(35,593)	-	(52,170)
Share of results in associates	(3,707)	1,408	-	(2,299)
Share of results in joint ventures	393	-	(6,186)	(5,793)
Loss before tax	(43,784)	(29,428)	(7,040)	(80,252)
Taxation	(17,239)	(2,098)	-	(19,337)
Loss for the period	(61,023)	(31,526)	(7,040)	(99,589)
<b>Other information</b>				
Depreciation and amortisation	33,731	42,992	-	76,723
Interest income	1,012	2,520	-	3,532
Addition to non-current assets other than financial instruments and deferred tax assets	(24,267)	(55,779)	(25,789)	(105,835)

No comparative figures are shown following the change in financial year end from 31st March to 30th June.

**SCOMI ENERGY SERVICES BHD (397979-A)**  
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**A8 Segmental Reporting (“continued”)**

	<b>Drilling Services RM'000</b>	<b>Marine Services RM'000</b>	<b>Development and Production Asset and Services RM'000</b>	<b>Total RM'000</b>
<b>ASSETS AND LIABILITIES AS AT 30 JUNE 2019</b>				
<b>ASSETS</b>				
Assets employed in the segment	500,110	273,347	103	773,560
Investment in associates	7,015	8,847	-	15,862
Investment in joint venture	1,149	129	(130)	1,148
	<u>508,274</u>	<u>282,323</u>	<u>(27)</u>	<u>790,570</u>
<u>Unallocated corporate assets:</u>				
Current tax assets				10,403
Deferred tax assets				1,495
Total assets				<u>802,468</u>
<b>LIABILITIES</b>				
Liabilities in segment	<u>403,762</u>	<u>(20,478)</u>	<u>(5,850)</u>	377,434
<u>Unallocated corporate liabilities:</u>				
Tax payable				13,632
Deferred tax liabilities				5,655
Total liabilities				<u>396,721</u>
<b>Net assets</b>				<u>405,747</u>

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**A8 Segmental Reporting (“continued”)**

	<b>Drilling Services RM'000</b>	<b>Marine Services RM'000</b>	<b>Development and Production Asset and Services RM'000</b>	<b>Total RM'000</b>
<b>ASSETS AND LIABILITIES AS AT 31 MARCH 2018 (AUDITED)</b>				
<b>ASSETS</b>				
Assets employed in the segment	655,164	325,833	246	981,243
Investment in associates	-	7,439	-	7,439
Investment in joint venture	753	-	16,003	16,756
	<u>655,917</u>	<u>333,272</u>	<u>16,249</u>	<u>1,005,438</u>
<u>Unallocated corporate assets:</u>				
Current tax assets				20,174
Deferred tax assets				2,183
Total assets				<u>1,027,795</u>
<b>LIABILITIES</b>				
Liabilities in segment	<u>369,976</u>	<u>87,217</u>	<u>4,250</u>	461,443
<u>Unallocated corporate liabilities:</u>				
Tax payable				15,063
Deferred tax liabilities				4,068
Derivatives financial instruments				10,516
Total liabilities				<u>491,090</u>
<b>Net assets</b>				<u>536,705</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.

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**A11 Changes in Composition of the Group**

There were no changes in the composition of the Group during the current three month period ended 30 June 2019.

**A12 Contingent Liabilities**

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

	<b>RM'000</b>
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:

	<b>Approved and contracted for RM'000</b>	<b>Approved but not contracted for RM'000</b>	<b>Total RM'000</b>
Plant & Machinery	-	5,996	5,996
Vessels (drydocking)	13,142	562	13,704
Others	-	1,195	1,195
	<u>13,142</u>	<u>7,753</u>	<u>20,895</u>

The future minimum lease payments under non-cancellable operating leases as at 30 June 2019 are as follows:

	<b>30-Jun 2019 RM'000</b>
Less than one year	2,601
Between one and five years	<u>3,658</u>
	<u>6,259</u>

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**A14 Related party transactions**

	<b>3 months Ended 30 June 2019 RM'000</b>	<b>15 months Ended 30 June 2019 RM'000</b>
<b>Holding company</b>		
Rental (income)/expenses	(17)	408
Utilities	-	2
Interest (income)	(896)	(2,510)
Cost sharing & recharge of expenses paid on behalf	453	4,745
Transfer of building from holding company	-	6,500
<b>Related companies</b>		
SAP maintenance fees expenses	-	192
Airline ticketing services – Lintas	4	40
Rental income for office – Suria	-	(190)
<b>Associate</b>		
Recharge of expenses paid on behalf	6	337

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.

**A15 Change of Financial Year End**

The Company has changed its financial year end from 31 March 2019 to 30 June 2019.

**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 ("D&P"). 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 3 months ended 30<sup>th</sup> June 2019 as compared to 3 months ended 30<sup>th</sup> June 2018**

	<b>Revenue</b>		<b>(Loss)/profit before tax</b>	
	<b>3 Months to</b>		<b>3 Months to</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Operating Segments:				
Drilling Services	91,629	94,545	(56,104)	(2,309)
Marine Services	28,279	30,334	235	5,428
Development and Production Asset and Services	-	12	(267)	(217)
	<u>119,908</u>	<u>124,891</u>	<u>(56,136)</u>	<u>2,902</u>

**Group**

Group revenue for the 3 months ended 30 June 2019 ("Current period") was lower by RM5 million or 4% compared to the 3 months ended 30<sup>th</sup> June 2018 contributed by lower revenue from both Drilling Services and Marine Services segment.

Loss before tax ("LBT") for the Current period was RM56.1 million as compared to a profit before tax of ("PBT") RM2.9 million during the 3 months ended 30<sup>th</sup> June 2018 mainly due to lower gross profit, higher operating expenses, lower forex gain and an impairment of RM33.1 million in respect of amount due from ultimate holding company, in accordance with MFRS9.

**B1 Review of Operating Segments (“continued”)**

**Drilling Services (“DS”)**

The segment’s revenue for the Current period decreased by RM2.9 million or 3.1% as compared to 3 months ended 30<sup>th</sup> June 2018, mainly due to lower revenue in Malaysia, Myanmar and countries such as Turkmenistan and France (which has since been disposed).

LBT in the segment increased by RM53.8 million as compared to 3 months ended 30<sup>th</sup> June 2018. This was mainly due to lower gross profit, higher operating expenses and an impairment of RM33.1 million in respect of amount due from ultimate holding company, in accordance with MFRS9.

**Marine Services (“MS”)**

The segment’s revenue for the Current period decreased by RM2.1 million or 6.8% as compared to 3 months ended 30<sup>th</sup> June 2018, resulting from the decrease in revenue on the coal affreightment contract in Malaysia.

PBT was lower by RM5.2 million as compared to 3 months ended 30<sup>th</sup> June 2018. This was mainly contributed by higher operating expenses and higher finance cost during the period.

**B2 3 months ended 30 June 2019 (“Current period”) as Compared to Preceding 3 months ended 31 March 2019 (“Preceding period”)**

	Revenue		(Loss)/profit before tax	
	3 Months to		3 Months to	
	30 June	31 Mar	30 June	31 Mar
	2019	2019	2019	2019
	RM’000	RM’000	RM’000	RM’000
Operating Segments:				
Drilling Services	91,629	103,808	(56,104)	674
Marine Services	28,279	28,264	235	(38,585)
Development and Production Asset and Services	-	-	(267)	(1,732)
	<u>119,908</u>	<u>132,072</u>	<u>(56,136)</u>	<u>(39,643)</u>

**Group**

Group revenue for the Current period was lower by RM12.2 million or 9.2% compared to the Preceding period contributed primarily by lower revenue from the Drilling Services segment.

**Group (“continued”)**

LBT for the Current period increased by RM16.5 million or 41.6% compared to Preceding period primarily due to lower gross profit as a flow through of lower revenue, higher operating expenses, an impairment of amount due from ultimate holding company of RM33.1 million, and partially offset by gain on forex of RM4.2 million (Preceding period forex loss of RM15.3 million) and lower share of losses of JV & associates of RM3.1 million.

**Drilling Services (“DS”)**

The segment’s revenue for the Current period decreased by RM12.2 million or 11.7% as compared to Preceding period. This was mainly due to lower activity in most countries with several projects being deferred or delayed.

DS recorded a LBT of RM56.1 million as compared to PBT of RM0.7 million in Preceding period. This was mainly due to lower gross profit, higher operating expenses, an impairment of amount due from ultimate holding company of RM33.1 million and partially offset by gain on forex of RM2.4 million (Preceding period forex loss of RM15.7 million).

**Marine Services (“MS”)**

The segment’s revenue for the Current period was slightly higher by 0.1% compared to Preceding period.

PBT in the segment improved by RM38.8 million as compared to Preceding period. Gross profit was higher in the current period while operating expenses also increased. The Preceding period included an impairment of RM39.6 million to an offshore support vessel.

**B3 Current Financial Year Prospects**

**Drilling Service Outlook**

The market has not witnessed an increase in activity level in the oil services sector and operators remain cautious on spending and managing costs. Pricing and margins remain under pressure.

**Marine Services Outlook**

The coal market in Indonesia continues to be active. Demand for offshore vessels is still sluggish and our offshore vessels are still idle.



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**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.

**B6 Loss before taxation**

	<b>Current 3 months ended 30 June 2019 RM'000</b>	<b>Cumulative 15 months ended 30 June 2019 RM'000</b>
The loss before taxation is arrived at after (charging)/crediting:		
Interest income	1,133	3,532
Impairment loss:		
- property, plant and equipment	-	(39,197)
Depreciation and amortisation	(14,029)	(76,723)
Gain on foreign exchange - net	4,187	15,163
Gain on disposal of property, plant and equipment	693	7,171
Interest expense	(5,389)	(22,993)
Loss on disposal of subsidiaries	-	(314)
Share of results of associate and joint ventures	564	(8,092)

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**B7 Taxation**

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

	<b>Current 3 months ended 30 June 2019 RM'000</b>	<b>Cumulative 15 months ended 30 June 2019 RM'000</b>
Malaysian income tax		
- current year	-	-
Foreign income tax		
- current year	4,854	19,337
Total income tax	<u>4,854</u>	<u>19,337</u>
Effective tax rate	<u>-8.5%</u>	<u>-24.1%</u>

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

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

**B8 Cash and bank balances**

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

	<b>As at 30 June 2019 RM'000</b>
Cash and bank balances	43,360
Short term deposits with licensed banks	<u>24,538</u>
	67,898
Less : restricted cash	<u>(24,212)</u>
Cash and cash equivalents	<u>43,686</u>

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

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**B9 Loans and borrowings**

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

	<b>Current RM'000</b>	<b>Non- Current RM'000</b>	<b>Total RM'000</b>
Borrowings – secured	<u>134,058</u>	<u>50,000</u>	<u>184,058</u>

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

	<b>RM'000</b>
Ringgit Malaysia	123,498
US Dollar *	<u>60,560</u>
Total	<u>184,058</u>

\* These relate to working capital loans.

**B10 Other reserves**

	<b>As at 30 June 2019 RM'000</b>	<b>As at 31 Mar 2018 (Audited) RM'000</b>
Capital reserve	26,881	26,881
Translation reserves	(142,722)	(125,804)
Merger reserve	<u>(443,323)</u>	<u>(443,323)</u>
	<u>(559,164)</u>	<u>(542,246)</u>

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**B11 Earnings Per Share**

	<b>3 months ended 30 June 2019 RM'000</b>	<b>15 months ended 30 June 2019 RM'000</b>
<b><u>Basic and diluted earnings per share</u></b>		
Loss for the period	<u>(60,376)</u>	<u>(93,044)</u>
Issued and paid-up capital	2,341,775	2,341,775
Less : Treasury shares	<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>
<b>Basic earnings per share (sen)</b>	<b><u>(2.58)</u></b>	<b><u>(3.97)</u></b>

**B12 Material Litigation**

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

**B13 Proposed Dividend**

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

**B14 Authorised For Issue**

The interim financial statements were authorised for issue on 30 August 2019 by the Board of Directors.