

SCOMI ENERGY SERVICES BHD 199601025627 (397979-A)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER AND PERIOD ENDED 31 DECEMBER 2020

	3 months ended 31 Dec 2020 RM'000	3 months ended 31 Dec 2019 RM'000	Cumulative period 6 months ended 31 Dec 2020 RM'000	Cumulative period 6 months ended 31 Dec 2019 RM'000
Revenue	80,649	124,135	156,817	232,022
Cost of sales	(67,974)	(91,443)	(136,500)	(174,997)
Gross profit	12,675	32,692	20,317	57,025
Other (expenses)/income	(12,485)	(2,976)	(14,366)	820
Administrative expenses	(9,185)	(12,504)	(19,260)	(25,032)
Marketing and selling expenses	(6,036)	(8,456)	(12,244)	(15,856)
Other operating expenses	(2,813)	(245)	(3,869)	(535)
Finance expenses	(2,224)	(4,539)	(5,389)	(7,210)
Finance income	30	889	48	1,878
(Loss)/profit before tax	(20,037)	4,968	(34,762)	11,197
Taxation	(1,482)	(974)	(2,668)	(4,013)
(Loss)/profit for the period	(21,519)	3,994	(37,430)	7,184
Other comprehensive profit				
Currency translation differences	16,969	25,899	41,298	7,537
Total comprehensive (loss)/profit for the period	(4,551)	29,893	3,868	14,721
Profit attributable to:				
Owners of the Company	(23,197)	944	(40,307)	4,485
Non-controlling interests	1,678	3,050	2,877	2,699
(Loss)/profit for the period	(21,519)	3,994	(37,430)	7,184
Total comprehensive profit attributable to:				
Owners of the Company	(6,229)	26,843	991	12,022
Non-controlling interests	1,678	3,050	2,877	2,699
	(4,551)	29,893	3,868	14,721
Earnings per share				
- Basic and diluted (Sen)	(4.95)	0.04	(8.61)	0.19

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

SCOMI ENERGY SERVICES BHD 199601025627 (397979-A)
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**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31
DECEMBER 2020**

	Note	As at 31 Dec 2020 RM'000	As at 30 June 2020 RM'000 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		234,313	258,778
Right-of-use assets		12,613	14,289
Investment in associates		9,689	9,689
Deferred tax assets		559	1,199
Other receivables		12,677	14,759
		<u>269,851</u>	<u>298,714</u>
CURRENT ASSETS			
Inventories		60,540	72,277
Trade and other receivables		112,779	129,480
Tax recoverable		19,707	14,032
Cash and bank balances	B8	62,897	48,537
		<u>255,923</u>	<u>264,326</u>
TOTAL ASSETS		<u>525,774</u>	<u>563,040</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		445,535	445,535
Treasury shares		(51)	(51)
Other reserves	B10	(505,590)	(546,888)
Retained earnings		258,824	299,131
Total equity attributable to owners of the Company		<u>198,718</u>	<u>197,727</u>
Non-controlling interests		37,306	34,429
TOTAL EQUITY		<u>236,024</u>	<u>232,156</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Provision for retirement benefits		6,147	7,011
Other payables		1,013	1,074
Deferred tax liabilities		3,544	3,729
Lease liabilities		2,688	6,031
		<u>13,392</u>	<u>17,845</u>
CURRENT LIABILITIES			
Trade and other payables		123,856	158,293
Loans and borrowings	B9	127,211	124,644
Lease liabilities		5,848	7,633
Current tax liabilities		19,443	22,469
		<u>276,358</u>	<u>313,039</u>
TOTAL LIABILITIES		<u>289,750</u>	<u>330,884</u>
TOTAL EQUITY AND LIABILITIES		<u>525,774</u>	<u>563,040</u>
Net assets per share (RM)		<u>0.42</u>	<u>0.42</u>

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SCOMI ENERGY SERVICES BHD 199601025627 (397979-A)
(Incorporated in Malaysia)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2020

	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			
As at 1 July 2020	445,535	(51)	(546,888)	299,131	197,727	34,429	232,156
Total comprehensive profit/(loss) for the year	-	-	41,298	(40,307)	991	2,877	3,868
As at 31 December 2020	445,535	(51)	(505,590)	258,824	198,718	37,306	236,024
Audited							
As at 1 July 2019	1,005,535	(51)	(527,259)	(73,450)	404,775	33,221	437,996
Total comprehensive (loss)/profit for the year	(560,000)	-	(19,629)	372,581	(207,048)	1,208	(205,840)
As at 30 June 2020	445,535	(51)	(546,888)	299,131	197,727	34,429	232,156

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

SCOMI ENERGY SERVICES BHD 199601025627 (397979-A)
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UNAUDITED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 DECEMBER 2020

	Note	6 months ended 31 Dec 2020 RM'000	6 months ended 31 Dec 2019 RM'000
Cash Flows From Operating Activities			
(Loss)/profit before tax		(34,762)	11,197
Adjustments for non-cash items:		77,733	30,737
Changes in working capital:			
Inventories		10,506	(3,181)
Receivables		16,433	(17,793)
Payables		(45,798)	12,866
Cash generated from operations		24,111	33,826
Tax paid		(6,335)	(14,386)
Interest received		48	1,878
Net cash from operating activities		17,824	21,318
Cash Flows From Investing Activities			
Purchase of property, plant and equipment		(4,838)	(1,148)
Proceeds from disposal of subsidiaries		1,550	-
Repayment from associates & joint controlled entity		899	-
Proceeds from disposal of joint controlled entity		1,500	-
Net cash from/(used in) investing activities		(888)	(1,148)
Cash Flows From Financing Activities			
Repayment of borrowings		-	(16,143)
Interest paid on borrowings		-	(6,701)
Decrease/(increase) in short term deposit pledged as securities		3,006	(922)
Net cash from/(used in) financing activities		3,006	(23,766)
Net increase/(decrease) in cash and cash equivalents		19,942	(3,596)
Cash and cash equivalents at beginning of the year		45,024	38,668
Currency translation differences		(2,577)	(216)
Cash and cash equivalents at end of the year	B8	62,389	34,856

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 30 June 2020 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 2020.

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 30 June 2020.

The following are amendments to the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") and have not been adopted by the Group and the Company:

Amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

Amendment effective for annual periods beginning on or after 1 June 2020

- Amendments to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

Amendment effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

A1 Basis of Preparation of Interim Financial Reports (“Continued”)

Amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRS and amendment effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

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, interpretations and amendments:

- from the annual period beginning on 1 July 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020 and 1 June 2020;
- from the annual period beginning on 1 July 2021 for those amendments that are effective for annual periods beginning on or after 1 January 2021, except for amendments to MFRS 4, which is not applicable to the Group and the Company;
- from the annual period beginning on 1 July 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for amendments to MFRS 141, which is not applicable to the Group and the Company; and

A1 Basis of Preparation of Interim Financial Reports (Continued)

- from the annual period beginning on 1 July 2023 for the amendments that are effective for annual periods beginning on or after 1 January 2023, except for amendments to MFRS 17, which is not applicable to the Group and the Company.

The initial application of the abovementioned accounting standards, amendments and interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

A2 Audit Report for Preceding Annual Financial Statements

The external auditors of the Company, Messrs KPMG PLT, have expressed a "Disclaimer of Opinion" in their audit report for the financial year ended 30 June 2020 in respect of the uncertainty surrounding the going concern in view of the event of default due to the non-repayment of the bond due in December 2019 and consequent cross defaults on the other credit facilities.

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 period ended 31 December 2020.

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 six months ended 31 December 2020

	Drilling Services RM'000	Marine Services RM'000	Total RM'000
REVENUE			
External sales	121,772	35,045	156,817
RESULTS			
Loss from operations	(10,799)	(4,257)	(15,056)
Realised (loss)/profit on foreign exchange	(615)	222	(393)
Unrealised loss on foreign exchange	(17,667)	(486)	(18,153)
Finance costs	(5,389)	-	(5,389)
Other income/(expenses)	5,031	(803)	4,228
Loss before tax	(29,438)	(5,324)	(34,762)
Taxation	(2,205)	(463)	(2,668)
Loss for the period	(31,643)	(5,787)	(37,430)
Other information			
Depreciation and amortisation	11,175	15,122	26,297
Interest income	43	5	48
Addition to non-current assets other than financial instruments and deferred tax assets	4,223	(25,910)	(21,687)

A8 Segmental Reporting (Continued)

	Drilling Services RM'000	Marine Services RM'000	Total RM'000
ASSETS AND LIABILITIES AS AT 31 DECEMBER 2020			
ASSETS			
Assets employed in the segment	303,134	192,684	495,818
Investment in associates	9,689	-	9,689
Investment in joint venture	-	-	-
	<u>312,823</u>	<u>192,684</u>	<u>505,507</u>
<u>Unallocated corporate assets:</u>			
Current tax assets			19,707
Deferred tax assets			559
Total assets			<u>525,774</u>
LIABILITIES			
Liabilities in segment	<u>251,400</u>	<u>15,363</u>	266,763
<u>Unallocated corporate liabilities:</u>			
Tax payable			19,443
Deferred tax liabilities			3,544
Total liabilities			<u>289,750</u>
Net assets			<u>236,024</u>

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A8 Segmental Reporting (Continued)

Revenue and results for six months ended 31 December 2019

	Drilling Services RM'000	Marine Services RM'000	Total RM'000
REVENUE			
External sales	175,637	56,385	232,022
RESULTS			
Profit from operations	6,993	8,609	15,602
Realised (loss)/gain on foreign exchange	(91)	578	487
Unrealised gain on foreign exchange	(1,315)	(333)	(1,648)
Finance costs	(6,106)	(1,104)	(7,210)
Other income	2,431	1,428	3,859
Profit before tax	2,019	9,178	11,197
Taxation	(3,312)	(701)	(4,013)
Profit for the period	(1,293)	8,477	7,184
Other information			
Depreciation and amortisation	11,102	14,899	26,001
Interest income	459	1,419	1,878
Addition to non-current assets other than financial instruments and deferred tax assets	(49,147)	(46,949)	(96,096)
	Drilling Services RM'000	Marine Services RM'000	Total RM'000
ASSETS AND LIABILITIES AS AT 31 DECEMBER 2019			
ASSETS			
Assets employed in the segment	613,711	218,425	832,136
Investment in associates	-	8,847	8,847
Investment in joint venture	2,084	-	2,084
	<u>615,795</u>	<u>227,272</u>	<u>843,067</u>
<u>Unallocated corporate assets:</u>			
Current tax assets			21,328
Deferred tax assets			725
Total assets			<u>865,120</u>
LIABILITIES			
Liabilities in segment	<u>360,978</u>	<u>31,795</u>	392,773
<u>Unallocated corporate liabilities:</u>			
Tax payable			14,844
Deferred tax liabilities			4,786
Total liabilities			<u>412,403</u>
Net assets			<u>452,717</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

On 14 August 2020, the Court granted the Judicial Management ("JM Orders") filed by the Company's subsidiaries KMCOB Capital Berhad, Scomi Oiltool Sdn Bhd and Scomi KMC Sdn Bhd ("Affected Companies") for a term of 6 months commencing from 14 August 2020 to 13 February 2021. On 9 February 2021, the Court granted an extension of the JM Orders on the Affected Companies for a period of 6 (six) months commencing from 14 February 2021 to 13 August 2021.

A11 Changes in Composition of the Group

On 30 November 2020, Scomi Energy Services Bhd sold 50.0% equity interest owned in Transenergy Shipping Pte. Ltd. and Transenergy Shipping Management Sdn Bhd for total cash consideration of RM1.5 million to Freight Management Holding Bhd.

Transenergy Shipping Pte. Ltd. and Transenergy Shipping Management Sdn Bhd have ceased to be joint controlled entities of the Company as from 30 November 2020.

Except the above, there were no changes in the composition of the Group during the period under review.

A12 Contingent Liabilities

There were no material changes in contingent liabilities arising since the last audited financial statements for the financial year ended 30 June 2020.

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
Plant & Machinery	1,973	9,438	11,411
Vessels (drydocking)	2,865	14,135	17,000
	<u>4,838</u>	<u>23,573</u>	<u>28,411</u>

The future minimum lease payments under non-cancellable operating leases as at 31 December 2020 are as follows:

	31-Dec 2020 RM'000
Less than one year	5,848
Between one and five years	<u>2,688</u>
	<u>8,536</u>

A14 Related party transactions

There were no related party transactions incurred by the Group and the Company during the six months ended 31 December 2020.

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

B1 Review of Operating Segments

The Group has two reportable segments which are Drilling Services and Marine 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.

Current quarter vs corresponding quarter of the preceding year

	Revenue		(Loss)/profit before tax	
	3 Months to		3 Months to	
	31 Dec	31 Dec	31 Dec	31 Dec
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Operating Segments:				
Drilling Services	62,760	94,176	(18,757)	(1,517)
Marine Services	17,889	29,959	(1,280)	6,485
	<u>80,649</u>	<u>124,135</u>	<u>(20,037)</u>	<u>4,968</u>

Group

Group revenue for the current quarter was lower by RM43.5 million or 35.0% compared to the corresponding quarter of the preceding year ("2QFY2020") with lower revenue in both Drilling Services ("DS") and Marine Services ("MS") segment.

Loss before tax ("LBT") for the current quarter was RM20.0 million as compared to a profit before tax ("PBT") of RM5.0 million in 2QFY2020, due to lower gross profit of RM20.0 million as a flow through of lower revenue and higher forex loss of RM10.0 million. This was partially offset by lower operating expenses and finance cost totaling to RM7.2 million as compared to 2QFY2020.

Drilling Services

The segment's revenue for the current quarter decreased by RM31.4 million or 33.4% as compared to 2QFY2020, mainly due to lower revenue in Nigeria, Indonesia, India, Pakistan and Saudi Arabia.

DS segment recorded higher LBT by RM17.2 million due to lower gross profit of RM8.1 million as a flow through of lower revenue coupled with higher forex loss of RM13.1 million. This was partially offset by lower operating expenses and finance cost totaling to RM6.2 million as compared to 2QFY2020.

B1 Review of Operating Segments (Continued)

Marine Services

The segment's revenue for the current quarter decreased by RM12.1 million or 40.3% as compared to 2QFY2020 resulting from lower shipments and tonnage carried.

MS LBT was RM1.3 million as compared to a PBT of RM6.5 million for 2QFY2020. This was mainly due to lower gross profit as a flow through of lower revenue and higher operating expenses, partially offset by forex gain of RM1.7 million (2QFY2020 was a forex loss of RM1.4 million) and lower finance cost by RM0.6 million following full settlement of term loan.

6 months ended 31 December 2020 vs 6 months ended 31 December 2019

	Revenue		(Loss)/profit before tax	
	6 Months to		6 Months to	
	31 Dec	31 Dec	31 Dec	31 Dec
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Operating Segments:				
Drilling Services	121,772	175,637	(29,438)	2,018
Marine Services	35,045	56,385	(5,324)	9,178
	<u>156,817</u>	<u>232,022</u>	<u>(34,762)</u>	<u>11,196</u>

Group

Group revenue for 6 months ended 31 December 2020 ("YTD FY2021") was lower by RM75.2 million or 32.4% as compared to the corresponding period of the preceding year ("YTD FY2020") resulting from lower revenue in both Drilling Services and Marine Services segment.

LBT for YTD FY2021 was RM34.8 million as compared to a PBT of RM11.2 million in YTD FY2020, contributed by lower gross profit of RM36.7 million as a flow through of lower revenue coupled with higher forex loss of RM17.4 million. This was partially offset by lower operating expenses and finance cost totaling to RM9.5 million as compared to YTD FY2020.

Drilling Services

The segment's revenue for YTD FY2021 decreased by RM53.9 million or 30.7% as compared to YTD FY2020. This was mainly due to lower activity in countries such as Nigeria, Indonesia, India, Pakistan and Saudi Arabia during the period.

B1 Review of Operating Segments (Continued)

Drilling Services (Continued)

LBT was RM29.4 million in YTD FY2021 as compared to a PBT of RM2.0 million in YTD FY2020. This was mainly due to lower gross profit and higher forex loss totaling to RM37.2 million. This was partially offset by lower operating expenses and finance cost totaling to RM7.9 million during the period.

Marine Services

The segment's revenue for YTD FY2021 decreased by RM21.3 million or 37.8% as compared to YTD FY2020 resulting from lower shipments and tonnage carried.

MS LBT was RM5.3 million as compared to a PBT of RM9.2 million for YTD FY2020. This was mainly due to lower gross profit by RM16.4 million as a flow through of lower revenue. This was partially offset by lower operating expenses (by RM0.5 million) and lower finance cost by RM1.1 million following full settlement of term loan.

B2 Current quarter vs immediate preceding quarter

	Revenue		Loss before tax	
	3 Months to		3 Months to	
	31 Dec	30 Sept	31 Dec	30 Sept
	2020	2020	2020	2020
	RM'000	RM'000	RM'000	RM'000
Operating Segments:				
Drilling Services	62,760	59,012	(18,757)	(10,681)
Marine Services	17,889	17,156	(1,280)	(4,044)
	<u>80,649</u>	<u>76,168</u>	<u>(20,037)</u>	<u>(14,725)</u>

Group

Group revenue for the current quarter was higher by RM4.5 million or 5.9% as compared to the immediate preceding quarter ("1QFY2021") with higher revenue in both DS and MS segment.

The LBT for the current quarter was higher by RM5.3 million or 36.1% as compared to 1QFY2021. In spite of the higher gross profit and lower operating expenses and finance cost, the higher forex loss of RM11.2 million resulted in the higher LBT for the quarter.

B2 Current quarter vs immediate preceding quarter (Continued)

Drilling Services

The segment's revenue for the current quarter increased by RM3.7 million or 6.4% as compared to 1QFY2021 due to higher revenue from Russia, Australia, Nigeria and Pakistan. This was resulting from recommencement of drilling activities in current quarter post Covid-19 lockdown which saw low rig activity in 1QFY2021.

The LBT for the current quarter was higher by RM8.1 million or 75.6%, mainly contributed by higher forex loss by RM14.8 million. This was partially offset by higher gross profit, higher other income, lower operating expenses and lower finance cost totaling to RM6.7 million as compared to 1QFY2021.

Marine Services

The segment's revenue for the current quarter was higher by RM0.7 million or 4.3% compared to 1QFY2021 due to higher shipments. Offshore vessel also generated revenue on a short-term job.

MS recorded a lower LBT of RM2.8 million or 68.3% as a result of forex gain of RM1.7 million (1QFY2021 was a forex loss of RM1.9 million). However, this was partially offset by higher operating expenses amounting to RM0.8 million.

B3 Current Financial Year Prospects

Drilling Service Outlook

With forecasted increase in oil price and the roll-out of Covid-19 vaccine, there is a general level of optimism on increase in activity. However, companies are also cautious on capital spend. Cash flow and costs will continue to be the focus areas in the short term.

Marine Services Outlook

Indonesian thermal prices are on the rise and with the recovery of the world economy, coal demand is estimated to increase during the year.

B4 Profit Forecast

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

B5 Corporate Proposals

There was no corporate proposal at the date of this report.

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B6 Profit before taxation

	Current 3 months ended 31 Dec 2020 RM'000	Current 3 months ended 31 Dec 2019 RM'000	Cumulative 6 months ended 31 Dec 2020 RM'000	Cumulative 6 months ended 31 Dec 2019 RM'000
The profit before taxation is arrived at after crediting/(charging):				
Interest income	30	889	48	1,878
Depreciation and amortisation	(13,292)	(13,241)	(26,297)	(26,001)
Recovery/written-back of doubtful debts	-	1,850	-	1,850
Loss on foreign exchange - net	(14,878)	(4,850)	(18,546)	(1,161)
Gain on disposal of property, plant and equipment	(2)	27	44	27
Interest expense	(2,170)	(4,200)	(5,280)	(6,701)
Gain on disposal of subsidiaries	-	-	694	-
Gain on disposal of joint controlled entity	1,500	-	1,500	-
Share of results of associate and joint controlled entity	-	107	-	107
Repayment from joint controlled entity	-	-	899	-
	<hr/>	<hr/>	<hr/>	<hr/>

B7 Taxation

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

	Current 3 months ended 31 Dec 2020 RM'000	Current 3 months ended 31 Dec 2019 RM'000	Cumulative 6 months ended 31 Dec 2020 RM'000	Cumulative 6 months ended 31 Dec 2019 RM'000
Malaysian income tax				
- current year	-	-	-	-
Foreign income tax				
- current year	<u>1,482</u>	<u>974</u>	<u>2,668</u>	<u>4,013</u>
Total income tax	<u>1,482</u>	<u>974</u>	<u>2,668</u>	<u>4,013</u>
Effective tax rate	<u>-7.4%</u>	<u>19.6%</u>	<u>-7.7%</u>	<u>35.8%</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:-

	As at 31 Dec 2020 RM'000
Cash and bank balances	62,389
Short term deposits with licensed banks	<u>508</u>
	62,897
Less : restricted cash	<u>(508)</u>
Cash and cash equivalents	<u>62,389</u>

The restricted cash comprise of deposits pledged to financial institutions for bank guarantees.

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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:

	Current RM'000	Non- Current RM'000	Total RM'000
Borrowings – secured	<u>127,211</u>	<u>0</u>	<u>127,211</u>

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

	RM'000
Ringgit Malaysia	95,282
US Dollar *	<u>31,929</u>
Total	<u>127,211</u>

* These relate to working capital loans.

B10 Other reserves

	As at 31 Dec 2020 RM'000	As at 30 June 2020 (Audited) RM'000
Capital reserve	26,881	26,881
Translation reserves	(89,147)	(130,445)
Merger reserve	<u>(443,324)</u>	<u>(443,324)</u>
	<u>(505,590)</u>	<u>(546,888)</u>

B11 Earnings per share

	3 months ended 31 Dec 2020 RM'000	3 months ended 31 Dec 2019 RM'000
<u>Basic and diluted earnings per share</u>		
Loss for the period	<u>(23,197)</u>	<u>944</u>
Issued and paid-up capital	468,355	2,341,775
Less : Treasury shares	<u>(31)</u>	<u>(154)</u>
Weighted average number of ordinary shares in issue ('000)	<u>468,324</u>	<u>2,341,621</u>
Basic earnings per share (sen)	<u>(4.95)</u>	<u>0.04</u>

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 26 February 2021 by the Board of Directors.