

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

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE QUARTER AND PERIOD ENDED 31 MARCH 2021**

	3 months ended 31 Mar 2021 RM'000	3 months ended 31 Mar 2020 RM'000	Cumulative period 9 months ended 31 Mar 2021 RM'000	Cumulative period 9 months ended 31 Mar 2020 RM'000
<b>Revenue</b>	<b>69,837</b>	<b>110,520</b>	<b>226,654</b>	<b>342,542</b>
Cost of sales	(59,769)	(88,085)	(196,269)	(263,082)
<b>Gross profit</b>	<b>10,068</b>	<b>22,435</b>	<b>30,385</b>	<b>79,460</b>
Other income/(expenses)	9,877	5,668	(4,489)	(7,537)
Administrative expenses	(11,253)	(13,578)	(30,512)	(38,610)
Marketing and selling expenses	(5,693)	(8,200)	(17,937)	(24,056)
Other operating expenses	(1,647)	(1,213)	(5,516)	(1,748)
Finance expenses	(2,362)	(4,614)	(7,751)	(11,824)
Finance income	27	180	75	2,058
<b>(Loss)/profit before tax</b>	<b>(983)</b>	<b>678</b>	<b>(35,745)</b>	<b>(2,150)</b>
Taxation	(1,488)	(2,696)	(4,156)	(6,709)
<b>Loss for the period</b>	<b>(2,471)</b>	<b>(2,018)</b>	<b>(39,901)</b>	<b>(8,859)</b>
<b>Other comprehensive (loss)/profit</b>				
Currency translation differences	(40,660)	(40,899)	638	(33,346)
<b>Total comprehensive loss for the period</b>	<b>(43,131)</b>	<b>(42,917)</b>	<b>(39,263)</b>	<b>(42,205)</b>
<b>(Loss)/profit attributable to:</b>				
Owners of the Company	(366)	887	(40,673)	(8,653)
Non-controlling interests	(2,105)	(2,905)	772	(206)
<b>Loss for the period</b>	<b>(2,471)</b>	<b>(2,018)</b>	<b>(39,901)</b>	<b>(8,859)</b>
<b>Total comprehensive loss attributable to:</b>				
Owners of the Company	(41,026)	(40,012)	(40,035)	(41,999)
Non-controlling interests	(2,105)	(2,905)	772	(206)
	(43,131)	(42,917)	(39,263)	(42,205)
<b>Earnings per share</b>				
- Basic and diluted (Sen)	(0.08)	0.19	(8.68)	(1.85)

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 MARCH 2021**

	Note	As at 31 Mar 2021 RM'000	As at 30 June 2020 RM'000 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		235,509	258,778
Right-of-use assets		12,039	14,289
Investment in associates		9,689	9,689
Deferred tax assets		591	1,199
Other receivables		14,013	14,759
		<u>271,841</u>	<u>298,714</u>
<b>CURRENT ASSETS</b>			
Inventories		63,606	72,277
Trade and other receivables		102,033	129,480
Tax recoverable		19,004	14,032
Cash and bank balances	B8	65,512	48,537
		<u>250,155</u>	<u>264,326</u>
<b>TOTAL ASSETS</b>		<b><u>521,996</u></b>	<b><u>563,040</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Share capital		445,535	445,535
Treasury shares		(51)	(51)
Other reserves	B10	(546,250)	(546,888)
Retained earnings		258,458	299,131
<b>Total equity attributable to owners of the Company</b>		<u>157,692</u>	<u>197,727</u>
Non-controlling interests		35,201	34,429
<b>TOTAL EQUITY</b>		<u>192,893</u>	<u>232,156</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Provision for retirement benefits		6,308	7,011
Other payables		1,082	1,074
Deferred tax liabilities		3,636	3,729
Lease liabilities		1,933	6,031
		<u>12,959</u>	<u>17,845</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		161,408	158,293
Loans and borrowings	B9	130,378	124,644
Lease liabilities		5,995	7,633
Current tax liabilities		18,363	22,469
		<u>316,144</u>	<u>313,039</u>
<b>TOTAL LIABILITIES</b>		<u>329,103</u>	<u>330,884</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>521,996</u></b>	<b><u>563,040</u></b>
Net assets per share (RM)		<u>0.34</u>	<u>0.42</u>

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

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

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2021**

	<b>Attributable to owners of the Company</b>				<b>Total RM '000</b>	<b>Non- controlling interests RM '000</b>	<b>Total equity RM '000</b>
	<b>Share capital RM '000</b>	<b>Treasury shares RM'000</b>	<b>Other reserves RM '000</b>	<b>Retained earnings RM '000</b>			
<b>As at 1 July 2020</b>	445,535	(51)	(546,888)	299,131	197,727	34,429	232,156
Total comprehensive profit/(loss) for the year	-	-	638	(40,673)	(40,035)	772	(39,263)
<b>As at 31 March 2020</b>	<b>445,535</b>	<b>(51)</b>	<b>(546,250)</b>	<b>258,458</b>	<b>157,692</b>	<b>35,201</b>	<b>192,893</b>
<b>Audited</b>							
<b>As at 1 July 2019</b>	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)
<b>As at 30 June 2020</b>	<b>445,535</b>	<b>(51)</b>	<b>(546,888)</b>	<b>299,131</b>	<b>197,727</b>	<b>34,429</b>	<b>232,156</b>

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 MARCH 2021**

	Note	9 months ended 31 Mar 2021 RM'000	9 months ended 31 Mar 2020 RM'000
<b>Cash Flows From Operating Activities</b>			
Loss before tax		(35,745)	(2,150)
Adjustments for non-cash items:		50,827	43,890
Changes in working capital:			
Inventories		7,440	3,651
Receivables		25,862	67,725
Payables		(18,440)	(66,612)
Cash generated from operations		29,944	46,504
Tax paid		(8,539)	(16,058)
Interest received		75	2,058
Net cash from operating activities		21,480	32,504
<b>Cash Flows From Investing Activities</b>			
Purchase of property, plant and equipment		(7,438)	(2,343)
Proceeds from disposal of subsidiaries		1,571	-
Repayment from associates & joint controlled entity		1,275	-
Proceeds from disposal of joint controlled entity		1,500	-
Net cash used in investing activities		(3,092)	(2,343)
<b>Cash Flows From Financing Activities</b>			
Repayment of borrowings		-	(42,117)
Interest paid on borrowings		-	(10,430)
Decrease in short term deposit pledged as securities		3,427	24,085
Net cash from/(used in) financing activities		3,427	(28,462)
Net increase in cash and cash equivalents		21,815	1,699
<b>Cash and cash equivalents at beginning of the year</b>		45,023	38,668
Currency translation differences		(1,413)	1,911
<b>Cash and cash equivalents at end of the year</b>	B8	65,425	42,278

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 31 March 2021.

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 March 2021.

**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 nine months ended 31 March 2021**

	<b>Drilling Services RM'000</b>	<b>Marine Services RM'000</b>	<b>Total RM'000</b>
<b>REVENUE</b>			
External sales	175,622	51,032	226,654
<b>RESULTS</b>			
Loss from operations	(15,973)	(7,608)	(23,581)
Realised loss on foreign exchange	(403)	(454)	(857)
Unrealised loss on foreign exchange	(7,158)	(171)	(7,329)
Finance costs	(7,751)	-	(7,751)
Other expenses	4,811	(1,038)	3,773
Loss before tax	(26,474)	(9,271)	(35,745)
Taxation	(3,479)	(677)	(4,156)
Loss for the period	(29,953)	(9,948)	(39,901)
<b>Other information</b>			
Depreciation and amortisation	16,150	22,720	38,870
Interest income	71	4	75
Addition to non-current assets other than financial instruments and deferred tax assets	3,034	(23,666)	(20,632)



**A8 Segmental Reporting (Continued)**

	<b>Drilling Services RM'000</b>	<b>Marine Services RM'000</b>	<b>Total RM'000</b>
<b>ASSETS AND LIABILITIES AS AT 31 MARCH 2021</b>			
<b>ASSETS</b>			
Assets employed in the segment	299,983	192,729	492,712
Investment in associates	9,689	-	9,689
Investment in joint venture	-	-	-
	<u>309,672</u>	<u>192,729</u>	<u>502,401</u>
<u>Unallocated corporate assets:</u>			
Current tax assets			19,004
Deferred tax assets			591
Total assets			<u>521,996</u>
<b>LIABILITIES</b>			
Liabilities in segment	<u>291,408</u>	<u>15,696</u>	307,104
<u>Unallocated corporate liabilities:</u>			
Tax payable			18,363
Deferred tax liabilities			3,636
Total liabilities			<u>329,103</u>
<b>Net assets</b>			<u>192,893</u>

**SCOMI ENERGY SERVICES BHD 199601025627 (397979-A)**  
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**A8 Segmental Reporting (Continued)**

**Revenue and results for nine months ended 31 March 2020**

	<b>Drilling Services RM'000</b>	<b>Marine Services RM'000</b>	<b>Total RM'000</b>
<b>REVENUE</b>			
External sales	261,115	81,427	342,542
<b>RESULTS</b>			
Profit from operations	5,342	9,705	15,047
Realised (loss)/gain on foreign exchange	(1,470)	45	(1,425)
Unrealised gain on foreign exchange	9,287	637	9,924
Finance costs	(10,167)	(1,657)	(11,824)
Other income	(2,937)	(11,042)	(13,979)
Share of results in joint ventures	107	-	107
Profit/(loss) before tax	162	(2,312)	(2,150)
Taxation	(5,678)	(1,031)	(6,709)
Loss for the period	(5,516)	(3,343)	(8,859)
<b>Other information</b>			
Depreciation and amortisation	17,063	22,937	40,000
Interest income	637	1,421	2,058
Addition to non-current assets other than financial instruments and deferred tax assets	(58,289)	(58,241)	(116,530)
	<b>Drilling Services RM'000</b>	<b>Marine Services RM'000</b>	<b>Total RM'000</b>
<b>ASSETS AND LIABILITIES AS AT 31 MARCH 2020</b>			
<b>ASSETS</b>			
Assets employed in the segment	535,022	189,961	724,983
Investment in associates	-	8,847	8,847
Investment in joint venture	2,084	-	2,084
	<u>537,106</u>	<u>198,808</u>	<u>735,914</u>
<b><u>Unallocated corporate assets:</u></b>			
Current tax assets			31,031
Deferred tax assets			674
Total assets			<u>767,619</u>
<b>LIABILITIES</b>			
Liabilities in segment	<u>335,598</u>	<u>16,951</u>	352,549
<b><u>Unallocated corporate liabilities:</u></b>			
Tax payable			14,376
Deferred tax liabilities			4,903
Total liabilities			<u>371,828</u>
<b>Net assets</b>			<u>395,791</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**

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:

	<b>Approved and contracted for RM'000</b>	<b>Approved but not contracted for RM'000</b>	<b>Total RM'000</b>
Plant & Machinery	3,122	8,289	11,411
Vessels (drydocking)	4,316	12,684	17,000
	<u>7,438</u>	<u>20,973</u>	<u>28,411</u>

The future minimum lease payments under non-cancellable operating leases as at 31 March 2021 are as follows:

	<b>31-Mar 2020 RM'000</b>
Less than one year	5,995
Between one and five years	1,933
	<u>7,928</u>

**A14 Related party transactions**

There were no related party transactions by the Group and the Company during the nine months ended 31 March 2021.

**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 bulk transportation and offshore support vessel services.

**Current quarter vs corresponding quarter of the preceding year**

	Revenue 3 Months to		Profit/(loss) before tax 3 Months to	
	31 Mar 2021 RM'000	31 Mar 2020 RM'000	31 Mar 2021 RM'000	31 Mar 2020 RM'000
Operating Segments:				
Drilling Services	53,850	85,478	2,964	288
Marine Services	15,987	25,042	(3,947)	390
	<u>69,837</u>	<u>110,520</u>	<u>(983)</u>	<u>678</u>

**Group**

Group revenue for the current quarter was lower by RM40.7 million or 36.8% compared to the corresponding quarter of the preceding year ("3QFY2020") with lower revenue in both Drilling Services ("DS") and Marine Services ("MS") segment.

Loss before tax ("LBT") for the current quarter was RM1.0 million as compared to a profit before tax ("PBT") of RM0.7 million in 3QFY2020, mainly due to lower gross profit by RM12.4 million as a flow through of lower revenue. This was partially offset by lower operating expenses and finance cost totalling to RM6.4 million, higher other income by RM4.2 million, coupled with higher forex gain by RM0.7 million as compared to 3QFY2020.

**Drilling Services**

The segment's revenue for the current quarter decreased by RM31.6 million or 37.0% as compared to 3QFY2020, mainly due to lower activity in Nigeria, Malaysia, Myanmar, Indonesia and India.

DS segment recorded a higher PBT as compared to 3QFY2020 by RM2.7 million. Lower gross profit of RM5.5million as a result of lower revenue was offset by lower operating expenses and finance cost totalling to RM4.6 million, higher other income by RM2.3 million, coupled with higher forex gain by RM1.5 million as compared to 3QFY2020.

**B1 Review of Operating Segments (Continued)**

**Marine Services**

The segment's revenue for the current quarter decreased by RM9.1 million or 36.2% as compared to 3QFY2020 resulting from lower shipments and tonnage carried.

MS LBT was RM3.9 million as compared to a PBT of RM0.4 million for 3QFY2020. This was mainly due to lower gross profit as a flow through of lower revenue by RM6.9 million, partially offset by lower expenses totalling to RM1.9 million and lower finance cost by RM0.6 million following full settlement of term loan.

**9 months ended 31 March 2021 vs 9 months ended 31 March 2020**

	Revenue		(Loss)/profit before tax	
	9 Months to		9 Months to	
	31 Mar	31 Mar	31 Mar	31 Mar
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Operating Segments:				
Drilling Services	175,622	261,115	(26,474)	162
Marine Services	51,032	81,427	(9,271)	(2,312)
	<u>226,654</u>	<u>342,542</u>	<u>(35,745)</u>	<u>(2,150)</u>

**Group**

Group revenue for 9 months ended 31 March 2021 ("YTD FY2021") was lower by RM115.9 million or 33.8% 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 higher by RM33.6 million as compared to YTD FY2020, contributed by lower gross profit as a result of lower revenue by RM49.1 million, increase in forex loss of RM16.7 million (YTD FY2020 was a forex gain of RM8.5 million) and partially offset by lower expenses totalling to RM32.3 million as compared to YTD FY2020.

**Drilling Services**

The segment's revenue for YTD FY2021 decreased by RM85.5 million or 32.7% 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 RM26.5 million in YTD FY2021 as compared to a PBT of RM0.2 million in YTD FY2020. This was mainly due to lower gross profit as a flow through of lower revenue by RM25.7 million, coupled with increase in forex loss of RM15.4 million (YTD FY2020 was a forex gain of RM7.8 million and partially offset by lower expenses totalling to RM9.2 million as compared to YTD FY2020, and higher other income by RM5.3 million.

**Marine Services**

The segment's revenue for YTD FY2021 decreased by RM30.4 million or 37.3% as compared to YTD FY2020 resulting from lower shipments and tonnage carried.

MS LBT was RM7.0 million higher as compared to YTD FY2020. This was mainly due to lower gross profit by RM23.3 million as a flow through of lower revenue. This was partially offset by lower expenses totaling to RM14.1 million and lower finance cost by RM1.7 million following full settlement of term loan during the period.

**B2 Current quarter vs immediate preceding quarter**

	Revenue		Profit/(loss) before tax	
	3 Months to		3 Months to	
	31 Mar	31 Dec	31 Mar	31 Dec
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Operating Segments:				
Drilling Services	53,850	62,760	2,964	(18,757)
Marine Services	15,987	17,889	(3,947)	(1,280)
	<u>69,837</u>	<u>80,649</u>	<u>(983)</u>	<u>(20,037)</u>

**Group**

Group revenue for the current quarter was lower by RM10.8 million or 13.4% as compared to the immediate preceding quarter ("2QFY2021") with lower revenue in both DS and MS segment.

The LBT for the current quarter was lower by RM19.1 million as compared to 2QFY2021. In spite of the lower gross profit and higher operating expenses, other expenses and finance cost totaling to RM6.2 million, the forex gain of RM10.4 million recorded (forex loss of RM14.9 million in 2QFY2021) resulted in the improved performance for the quarter.

**B2 Current quarter vs immediate preceding quarter (Continued)**

**Drilling Services**

The segment's revenue for the current quarter decreased by RM8.9 million or 14.2% as compared to 2QFY2021 due to lower revenue from Malaysia, Russia and Nigeria. This was resulting from low rig activities in current quarter as compared to 2QFY2021

The PBT for the current quarter was RM3.0 million as compared to LBT of RM18.8 million in 2QFY2021 mainly contributed by forex gain of RM10.7 million (forex loss of RM16.5 million in 2QFY2021 and offset by lower gross profit and higher operating expenses and finance cost (totaling to RM5.4 million) as compared to 2QFY2021.

**Marine Services**

The segment's revenue for the current quarter was lower by RM1.9 million or 10.6% as compared to 2QFY2021 due to lower shipments and tonnage carried.

MS recorded a higher LBT by RM2.7 million as a result of lower gross profit by RM1.1 million, coupled with forex loss of RM0.4 million (forex gain of RM1.7 million in 2QFY2021). However, this was partially offset by lower other expenses by RM0.6 million.

**B3 Current Financial Year Prospects**

**Drilling Service Outlook**

Higher oil prices reflect expectations of rising oil demand as COVID-19 vaccination rates have increased and economic activity is improving. However, companies continue to be cautious on capital spend. Cash flow and costs will continue to be the focus areas in the short term.

**Marine Services Outlook**

Coal and nickel market are quite active and this is expected in increased utilization of our vessels.

**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**

	<b>Current 3 months ended 31 Mar 2021 RM'000</b>	<b>Current 3 months ended 31 Mar 2020 RM'000</b>	<b>Cumulative 9 months ended 31 Mar 2021 RM'000</b>	<b>Cumulative 9 months ended 31 Mar 2020 RM'000</b>
The profit before taxation is arrived at after crediting/(charging):				
Interest income	27	180	75	2,058
Depreciation and amortisation	(12,573)	(13,999)	(38,870)	(40,000)
Recovery/written-back of doubtful debts	-	3,165	-	5,015
Loss on foreign exchange - net	10,360	9,660	(8,186)	8,499
Gain on disposal of property, plant and equipment	237	9	281	36
Interest expense	(2,471)	(3,729)	(7,751)	(10,430)
Gain on disposal of subsidiaries	-	-	694	-
Gain on disposal of joint controlled entity	-	-	1,500	-
Share of results of associate and joint controlled entity	-	-	-	107
Repayment from joint controlled entity	376	-	1,275	-



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**B7 Taxation**

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

	<b>Current 3 months ended 31 Mar 2021 RM'000</b>	<b>Current 3 months ended 31 Mar 2020 RM'000</b>	<b>Cumulative 9 months ended 31 Mar 2021 RM'000</b>	<b>Cumulative 9 months ended 31 Mar 2020 RM'000</b>
Malaysian income tax				
- current year	-	-	-	-
Foreign income tax				
- current year	<u>1,488</u>	<u>2,696</u>	<u>4,156</u>	<u>6,709</u>
Total income tax	<u>1,488</u>	<u>2,696</u>	<u>4,156</u>	<u>6,709</u>
Effective tax rate	<u>-151.4%</u>	<u>397.6%</u>	<u>-11.6%</u>	<u>-312.0%</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 31 Mar 2021 RM'000</b>
Cash and bank balances	65,425
Short term deposits with licensed banks	<u>87</u>
	65,512
Less : restricted cash	<u>(87)</u>
Cash and cash equivalents	<u>65,425</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:

	<b>Current RM'000</b>	<b>Non- Current RM'000</b>	<b>Total RM'000</b>
Borrowings – secured	<u>130,378</u>	<u>0</u>	<u>130,378</u>

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

	<b>RM'000</b>
Ringgit Malaysia	97,392
US Dollar *	<u>32,986</u>
Total	<u>130,378</u>

\* These relate to working capital loans.

**B10 Other reserves**

	<b>As at 31 Mar 2020 RM'000</b>	<b>As at 30 June 2020 (Audited) RM'000</b>
Capital reserve	26,881	26,881
Translation reserves	(129,807)	(130,445)
Merger reserve	<u>(443,324)</u>	<u>(443,324)</u>
	<u>(546,250)</u>	<u>(546,888)</u>

**B11 Earnings per share**

	<b>3 months ended 31 Mar 2021 RM'000</b>	<b>3 months ended 31 Mar 2020 RM'000</b>
<b><u>Basic and diluted earnings per share</u></b>		
(Loss)/profit for the period	<u>(366)</u>	<u>887</u>
Issued and paid-up capital	468,355	468,355
Less : Treasury shares	<u>(31)</u>	<u>(154)</u>
Weighted average number of ordinary shares in issue ('000)	<u>468,324</u>	<u>468,201</u>
<b>Basic earnings per share (sen)</b>	<b><u>(0.08)</u></b>	<b><u>0.19</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 25 May 2021 by the Board of Directors.