

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER AND PERIOD ENDED 31 DECEMBER 2021

	3 months ended 31 Dec 2021 RM'000	3 months ended 31 Dec 2020 RM'000	Cumulative period 6 months ended 31 Dec 2021 RM'000	Cumulative period 6 months ended 31 Dec 2020 RM'000
Continuing operations:				
Revenue	60,944	62,761	123,406	121,772
Cost of sales	(46,784)	(50,197)	(94,275)	(101,825)
Gross profit	14,160	12,564	29,131	19,947
Administrative expenses	(14,509)	(6,944)	(23,106)	(14,633)
Selling and distribution expenses	(4,099)	(6,036)	(9,306)	(12,244)
Other operating expenses	(15)	(1,996)	233	(3,052)
Impairment of Assets of disposal group classified as held for sale	-	-	-	-
Other income/(expenses)	1,031	(14,100)	4,443	(14,029)
Results from operating activities	(3,432)	(16,512)	1,395	(24,011)
Finance expenses	(2,514)	(2,224)	(4,759)	(5,389)
Share of results of JV and associates	-	-	-	-
Profit/(Loss) before tax	(5,946)	(18,736)	(3,364)	(29,400)
Taxation	(3,312)	(1,240)	(5,795)	(2,205)
Profit/(Loss) from continuing operations	(9,258)	(19,976)	(9,159)	(31,605)
Discontinued operations:				
Profit/(Loss) after tax from discontinued operations	1,563	(1,543)	2,128	(5,827)
Profit/(Loss) for the period	(7,695)	(21,519)	(7,031)	(37,432)
Other comprehensive income/(expenses)				
Currency translation differences	10,795	16,969	3,542	41,298
Total comprehensive income/(expenses) for the period	3,100	(4,550)	(3,489)	3,866
Profit/(Loss) after tax attributable to:				
<u>Owners of the Company</u>				
Continuing operations	(10,119)	(21,654)	(9,122)	(34,482)
Discontinued operations	1,563	(1,543)	2,128	(5,827)
<u>Non-controlling interests</u>				
Continuing operations	861	1,678	(37)	2,877
Discontinued operations	-	-	-	-
	(7,695)	(21,519)	(7,031)	(37,432)
Other comprehensive income/(expenses) attributable to:				
<u>Owners of the Company</u>				
Continuing operations	676	(4,685)	(5,580)	6,816
Discontinued operations	1,563	(1,543)	2,128	(5,827)
<u>Non-controlling interests</u>				
Continuing operations	861	1,678	(37)	2,877
Discontinued operations	-	-	-	-
	3,100	(4,550)	(3,489)	3,866
Basic earnings/(loss) per ordinary share (sen)				
Continuing operations	(2.16)	(7.36)	(1.95)	(7.36)
Discontinued operations	0.33	(1.24)	0.45	(1.24)

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 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 DECEMBER 2021**

	Note	As at 31 Dec 2021	As at 30 June 2021
		RM'000	RM'000 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		39,193	43,317
Right-of-use assets		5,995	5,995
Investment in associates		9,911	9,911
Deferred tax assets		-	369
Other receivables		-	5,829
		<u>55,099</u>	<u>65,421</u>
CURRENT ASSETS			
Trade and other receivables		94,019	82,741
Inventories		42,882	43,255
Current tax assets		15,744	10,903
Cash and cash equivalents	B8	<u>121,924</u>	<u>58,482</u>
		274,569	195,381
Asset held for sale		-	6,000
Assets of disposal group classified as held for sale		-	61,451
		<u>274,569</u>	<u>262,832</u>
TOTAL ASSETS		<u>329,668</u>	<u>328,253</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	(546,534)	(550,074)
Retained earnings		<u>77,977</u>	<u>84,969</u>
Equity attributable to owners of the Company		(23,073)	(19,621)
Non-controlling interests		<u>20,322</u>	<u>33,204</u>
TOTAL EQUITY		<u>(2,751)</u>	<u>13,583</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Lease liabilities		1,033	1,033
Provision for retirement benefits		2,941	3,153
Other payables		1,179	1,108
Deferred tax liabilities		<u>2,762</u>	<u>2,717</u>
		<u>7,915</u>	<u>8,011</u>
CURRENT LIABILITIES			
Loans and borrowings	B9	136,620	131,710
Lease liabilities		769	3,905
Trade and other payables		177,311	138,575
Current tax liabilities		<u>9,804</u>	<u>18,459</u>
		324,504	292,649
Liabilities of disposal group classified as held for sale		-	14,010
		<u>324,504</u>	<u>306,659</u>
TOTAL LIABILITIES		<u>332,419</u>	<u>314,670</u>
TOTAL EQUITY AND LIABILITIES		<u>329,668</u>	<u>328,253</u>
Net assets per share (RM)		<u>(0.05)</u>	<u>(0.04)</u>

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 CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2021

	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 2021	445,535	(51)	(550,076)	84,971	(19,621)	33,204	13,583
Foreign currency translation differences for foreign operations			3,542		3,542		3,542
Total other comprehensive income/(expenses) for the year	-	-	3,542	-	3,542	-	3,542
Profit/(loss) for the period				(6,994)	(6,994)	(37)	(7,031)
Effects of disposal of subsidiary					-	(12,845)	(12,845)
Total comprehensive income/(expenses) for the year	-	-	3,542	(6,994)	(3,452)	(12,882)	(16,334)
As at 31 December 2021	445,535	(51)	(546,534)	77,977	(23,073)	20,322	(2,751)
Audited							
As at 1 July 2020	445,535	(51)	(546,888)	299,131	197,727	34,429	232,156
Foreign currency translation differences for foreign operations			(3,188)		(3,188)		(3,188)
Total other comprehensive income/(expenses) for the year	-	-	(3,188)	-	(3,188)	-	(3,188)
Profit/(loss) for the period				(214,160)	(214,160)	(1,225)	(215,385)
Total comprehensive income/(expenses) for the year	-	-	(3,188)	(214,160)	(217,348)	(1,225)	(218,573)
As at 30 June 2021	445,535	(51)	(550,076)	84,971	(19,621)	33,204	13,583

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 CONDENSED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2021

	Note	6 months ended 31 Dec 2021 RM'000	6 months ended 31 Dec 2020 RM'000
Cash Flows From/(For) Operating Activities			
Profit/(Loss) before tax:			
Continuing operations		(3,364)	(29,400)
Discontinued operations (including remeasurement of assets)		2,487	(5,364)
Adjustments for non-cash items		22,587	77,733
Changes in working capital:			
Inventories		(3,350)	10,508
Receivables		21,379	16,433
Payables		(6,485)	(45,798)
Cash generated from operations		33,254	24,112
Tax paid		(5,427)	(6,335)
Interest received		55	48
Net cash from/(for) operating activities		27,882	17,825
Cash Flows From/(For) Investing Activities			
Purchase of property, plant and equipment		(15,368)	(4,838)
Proceeds from disposal of property, plant and equipment		6,292	-
Proceeds from disposal of subsidiaries		39,577	1,550
Repayment from associates & joint controlled entity		-	899
Proceeds from disposal of joint controlled entity		-	1,500
Net cash used in investing activities		30,501	(889)
Cash Flows From/(For) Financing Activities			
Payment of lease liabilities		(3,010)	-
(Increase)/ Decrease in short term deposit pledged as securities		(3,875)	3,006
Net cash from/(for) financing activities		(6,885)	3,006
Net increase in cash and cash equivalents		51,498	19,942
Cash and cash equivalents at beginning of the year		55,275	45,024
Currency translation differences		789	(2,577)
Cash and cash equivalents at end of the period	B8	107,562	62,389

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

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 2021 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 year ended 30 June 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 2021.

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:

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

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

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is not expected to have any material impact on the financial statements of the Group upon their initial application.

A2 Audit Report for Preceding Annual Financial Statements

The external auditors of the Company, Crowe Malaysia PLT, have expressed a “Disclaimer of Opinion” in their audit report for the financial year ended 30 June 2021 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 March 2020 and consequent cross defaults on the other credit facilities.

On 31 October 2019, the Company announced that the Company had triggered the prescribed criteria under Paragraph 2.1(e) of Practice Note 17 (“PN17”) of the Main Market Listing Requirements of Bursa Malaysia.

On 21 October 2021, the Company announced the appointment of M&A Securities Sdn Bhd as the principal adviser to the Company for its proposed regularisation plan to address its PN17 status.

Subsequently, on 8 November 2021, the Company announced that Bursa Malaysia has, vide its letter dated 8 November 2021, approved the Company’s application for an extension of time of six (6) months up until 30 April 2022 to submit its regularisation plan.

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 was no repurchase of shares during the quarter.

A7 Dividends Paid/Payable

There were no dividends paid during the period ended 31 December 2021.

A8 Segmental Reporting

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

Continuing operations

Revenue and results for six months ended 31 December 2021

	Drilling Services RM'000
REVENUE	
External sales	<u>123,406</u>
RESULTS	
Profit/(Loss) from operations	(8,050)
Realised gain/(loss) on foreign exchange	12,291
Unrealised gain/(loss) on foreign exchange	(7,522)
Finance costs	(4,759)
Other expenses	233
Other income	<u>4,443</u>
Profit/(loss) before tax	(3,364)
Taxation	<u>(5,795)</u>
Profit/(Loss) for the period	<u>(9,159)</u>
Other information	
Depreciation and amortisation	7,828
Interest income	55
Addition/(reduction) to non-current assets other than financial instruments and deferred tax assets	<u>(4,124)</u>

A8 Segmental Reporting (Continued)

	Drilling Services RM'000
ASSETS AND LIABILITIES AS AT 31 DECEMBER 2021	
ASSETS	
Assets employed in the segment	319,757
Investment in associates	9,911
	<u>329,668</u>
<u>Unallocated corporate assets:</u>	
Asset held for sale	-
	-
Total assets	<u>329,668</u>

Revenue and results for six months ended 31 December 2020

	Drilling Services RM'000
REVENUE	
External sales	<u>121,772</u>
RESULTS	
Profit/(Loss) from operations	(10,799)
Realised gain/(loss) on foreign exchange	(615)
Unrealised gain/(loss) on foreign exchange	(17,628)
Finance costs	(5,389)
Other expense/income	5,031
Profit/(loss) before tax	<u>(29,400)</u>
Taxation	(2,205)
Profit/(Loss) for the period	<u>(31,605)</u>
Other information	
Depreciation and amortisation	11,175
Interest income	43
Addition to non-current assets other than financial instruments and deferred tax assets	<u>4,223</u>

A8 Segmental Reporting (Continued)

	Drilling Services RM'000
ASSETS AND LIABILITIES AS AT 31 DECEMBER 2020	
ASSETS	
Assets employed in the segment	303,134
Investment in associates	9,689
Investment in joint venture	-
	<hr/> 312,823
<u>Unallocated corporate assets:</u>	
Current tax assets	19,707
Deferred tax assets	559
Total assets	<hr/> 333,089 <hr/>

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Discontinued operations

<u>PTRT Group</u>	3 months ended 31 Dec 2021 RM'000	3 months ended 31 Dec 2020 RM'000	YTD period ended 31 Dec 2021 RM'000	YTD period ended 31 Dec 2020 RM'000
Revenue	7,201	17,946	27,099	35,045
Cost of sales	(5,784)	(17,834)	(21,688)	(34,675)
Gross profit	1,417	112	5,411	370
Other income / (expenses)	1,473	1,654	600	(290)
Administration expenses	(1,247)	(2,249)	(3,291)	(4,627)
Other expenses	15	(817)	(233)	(817)
Results from operating activities	1,658	(1,300)	2,487	(5,364)
Profit/(Loss) before tax	1,658	(1,300)	2,487	(5,364)
Taxation	(95)	(243)	(359)	(463)
Profit/(Loss) after tax from discontinued operations	1,563	(1,543)	2,128	(5,827)
Loss on remeasurement of assets	-	-	-	-
Attributable to:				
Owners of the parent	1,563	(1,543)	2,128	(5,827)

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Discontinued operations (Continued)

(a) Included in the results from operating activities are the following:-

	3 months ended 31 Dec 2021 RM'000	3 months ended 31 Dec 2020 RM'000	YTD period ended 31 Dec 2021 RM'000	YTD period ended 31 Dec 2020 RM'000
After charging:				
Auditor's remuneration - statutory audit	-	-	-	-
Impairment loss on receivables	(15)	-	233	-
Bad debts written off	-	-	-	-
Depreciation of property, plant and equipment	2,100	7,665	8,502	15,123
Realised loss/(gain) on foreign exchange	3	(391)	(5)	(222)
And crediting:				
Gain on disposal of property, plant and equipment	0	(10)	(16)	(10)
Interest income	(0)	(4)	(1)	(5)

(b) The income tax expense on discontinued operations are summarised below:

	3 months ended 31 Dec 2021 RM'000	3 months ended 31 Dec 2020 RM'000	YTD period ended 31 Dec 2021 RM'000	YTD period ended 31 Dec 2020 RM'000
Tax (benefit)/expense	(94)	(242)	(359)	(463)
	<u>(94)</u>	<u>(242)</u>	<u>(359)</u>	<u>(463)</u>

(c) The cash flows attributable to the discontinued operations are as follows:

	3 months ended 31 Dec 2021 RM'000	3 months ended 31 Dec 2020 RM'000	YTD period ended 31 Dec 2021 RM'000	YTD period ended 31 Dec 2020 RM'000
Net cash generated from operating activities	(44)	(31)	8,373	1,026
Net cash generated from investing activities	22	57	(4,185)	(1,883)
Net cash used in financing activities	-	-	-	-
	<u>(22)</u>	<u>26</u>	<u>4,188</u>	<u>(857)</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 16 November 2021, the Company announced the completion of the disposal of subsidiary PT Rig Tenders Indonesia Tbk ("PTRT") wherein the full proceeds have been received and that the Sale Shares have been transferred to the Purchaser.

A11 Changes in Composition of the Group

Save for the disposal of PTRT, 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 31 December 2021.

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	441	2,696	3,137

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

	31 Dec 2021 RM'000
Less than one year	769
Between one and five years	1,033
	<u>1,802</u>

A14 Related party transactions

There were no material related party transactions by the Group and the Company during the six (6) months ended 31 December 2021.

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

B1 Review of Operating Segment – Current Quarter and Period versus the Corresponding Quarter and Period

As a result of the classification of Marine Services as Discontinued Operations, for the period under review, the Group only operates a single reportable segment which is Drilling Services. Drilling Services provides integrated drilling fluids, drilling waste management solutions and production chemicals.

	Revenue for 3 months to 31 Dec 2021	Revenue for 3 months to 31 Dec 2020	Profit/(Loss) before tax for 3 months to 31 Dec 2021	Profit/(Loss) before tax for 3 months to 31 Dec 2020
	RM mil	RM mil	RM mil	RM mil
Drilling Services	60.9	62.8	(5.9)	(18.7)

For the quarter under review, revenue of the Group was lower than the corresponding quarter in the preceding year by approximately RM1.9 million. The reduction was mainly attributed to operations in Malaysia, Indonesia, Saudi Arabia, Oman and Australia.

The Group reported a pre-tax loss of RM5.9 million for the quarter under review as compared to the higher pre-tax loss of RM18.7 million for the corresponding quarter in the preceding year. The higher pre-tax loss in corresponding year was a result of foreign currency loss amounting to RM10.0 million.

	Revenue for 6 months to 31 Dec 2021	Revenue for 6 months to 31 Dec 2020	Profit/(Loss) before tax for 6 months to 31 Dec 2021	Profit/(Loss) before tax for 6 months to 31 Dec 2020
	RM mil	RM mil	RM mil	RM mil
Drilling Services	123.4	121.8	(3.4)	(29.4)

For the period under review, Group revenue was higher than the corresponding period in the preceding year by approximately RM1.6 million. The marginal increase was mainly attributed to the improving performance in India and Pakistan.

The Group reported a pre-tax loss of RM3.4 million for the period under review against the pre-tax loss of RM29.4 million for the corresponding period. The higher pre-tax loss in the preceding year was mainly a result of unrealised foreign exchange loss for the period amounting to RM17.7 million.

B2 Material Change in the Profit Before Tax – Current Quarter versus the Immediate Preceding Quarter

	Profit/(Loss) before tax for 3 months to 31 Dec 2021	Profit/(Loss) before tax for 3 months to 30 Sept 2021
	RM mil	RM mil
Drilling Services	(5.9)	2.6

The Group's pre-tax loss for the current quarter amounting to RM5.9 million is adverse against the RM2.6 million pre-tax profit reported in the immediate preceding quarter primarily due to provision for impairment in Value Added Tax previously capitalised as a recoverable sum.

B3 Current Financial Year Prospects

Global rig count continued to rally at a consistent rate. Since January 2021, over the twelve months, rig count rose 32% from 1,183 to 1,563 in December. During the quarter under review, rig count rose 8%. We anticipate rig count to remain on an uptrend and is cautiously optimistic that it will benefit the Group's Drilling Services over the remaining period of the current financial year. In terms of average Brent spot price, there was a decline during the current quarter from a high of USD83.50/bbl in October to USD74.20/bbl in December 2022. On 12 January 2022, the U.S. Energy Information Administration forecasts growth in global oil production will outpace consumption, contributing to an expected decline from USD79/bbl in first quarter to USD71/bbl in fourth quarter.

The Group remain focused on its Drilling Services and tapping into new contracts arising from the increase in global rig count in order to generate revenues and profits for the remaining quarters in the current financial year. The Group is committed towards achieving its regularization plan in a timely manner to enable the Group to be on a better financial footing.

B4 Profit Forecast

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

B5 Corporate Proposals

On 26 August 2021, M&A Securities Sdn Bhd on behalf of the Company announced that Scomi Marine Services Pte Ltd, a wholly owned subsidiary of the Company, had on same date entered into a conditional shares purchase agreement with PT Surya Indah Muara Pantai to dispose 490,597,000 shares in PTRT representing 80.54% equity interest in PTRT for a cash consideration of USD9.5 million (approximately RM40.0 million).

On 16 November 2021, the Company announced the completion of the disposal and that the shares of PTRT have transferred to the purchaser with the full sale proceeds of the disposal having been remitted to subsidiary Scomi Marine Services Pte. Ltd.

The status of utilisation of proceeds raised from the disposal as at 31 December 2021 is as follows:

Utilisation

Purpose	Proposed utilisation RM mill	Intended timeframe for utilisation	Amount raised RM mill	Actual utilisation RM mill	Balance utilisation RM mill
Repayment of debts	26.5	Within 6 months	26.5	-	26.52
Working capital	11.5	Within 12 months	11.5	1.4	10.12
Estimated proposed listing expenses	1.6	Immediately	1.6	1.5	0.06
Total	39.6		39.6	2.9	36.7

There are no corporate proposals announced which remained incomplete as at the date of issue of this interim report.

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B6 Profit before taxation

	Current 3 months ended 31 Dec 2021 RM'000	Current 3 months ended 31 Dec 2020 RM'000	Cumulative 6 months ended 31 Dec 2021 RM'000	Cumulative 6 months ended 31 Dec 2020 RM'000
<u>Continuing operations</u>				
Profit/(Loss) before taxation is stated at after charging/(crediting):				
Depreciation and amortisation	3,817	5,628	7,828	11,175
Interest expense	2,514	3,958	4,759	7,123
Loss/(Gain) on foreign exchange - net	(621)	16,532	(3,945)	18,286
Interest (income)/ expense	(12)	(26)	(55)	(43)
Gain/(Loss) on disposal of property, plant and equipment	(101)	-	152	(46)
Gain on disposal of subsidiaries	-	3,781	-	3,087
	<hr/>	<hr/>	<hr/>	<hr/>

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B7 Taxation

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

	Current 3 months ended 31 Dec 2021 RM'000	Current 3 months ended 31 Dec 2020 RM'000	Cumulative 6 months ended 31 Dec 2021 RM'000	Cumulative 6 months ended 31 Dec 2020 RM'000
<u>Continuing operations</u>				
Malaysian income tax				
- current year	(105)	-	-	-
Foreign income tax				
- current year	3,417	1,240	5,796	2,205
Total income tax (Continuing)	<u>3,312</u>	<u>1,240</u>	<u>5,796</u>	<u>2,205</u>
Effective tax rate (Continuing)	55.7%	6.6%	172.3%	7.5%
<u>Discontinued operations</u>				
Malaysian income tax				
- current year	-	-	-	-
Foreign income tax				
- current year	94	242	359	463
Total income tax (Discontinued)	<u>94</u>	<u>242</u>	<u>359</u>	<u>463</u>
Effective tax rate (Discontinued)	-5.7%	18.4%	-14.4%	8.6%
Total income tax	3,406	1,482	6,155	2,668
Effective tax rate	<u>79.5%</u>	<u>7.4%</u>	<u>702.0%</u>	<u>7.7%</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 2021 RM'000
Cash and bank balances	107,562
Short term deposits with licensed banks	14,362
	<u>121,924</u>
Less : restricted cash	(14,362)
Cash and cash equivalents	<u>107,562</u>

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

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>132,360</u>	<u>-</u>	<u>132,360</u>

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

	RM'000
Ringgit Malaysia	98,641
US Dollar *	33,719
Total	<u>132,360</u>

* These relate to working capital loans.

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B10 Other reserves

	As at 31 Dec 2021 RM'000	As at 30 June 2021 (Audited) RM'000
Capital reserve	26,881	26,881
Translation reserves	(130,092)	(133,634)
Merger reserve	(443,323)	(443,323)
	<u>(546,534)</u>	<u>(550,076)</u>

B11 Earnings per share

	Current 3 months ended 31 Dec 2021 RM'000	Current 3 months ended 31 Dec 2020 RM'000	Cumulative 6 months ended 31 Dec 2021 RM'000	Cumulative 6 months ended 31 Dec 2020 RM'000
<u>Basic and diluted earnings per share</u>				
(Loss)/profit for the period	<u>(8,556)</u>	<u>(23,197)</u>	<u>(6,994)</u>	<u>(40,309)</u>
Issued and paid-up capital	468,355	468,355	468,355	468,355
Less : Treasury shares	(31)	(31)	(31)	(31)
Weighted average number of ordinary shares in issue ('000)	<u>468,324</u>	<u>468,324</u>	<u>468,324</u>	<u>468,324</u>
Basic earnings/(loss) per share (sen)				
Continuing	(2.16)	(7.36)	(1.95)	(7.36)
Discontinued	0.33	(1.24)	0.45	(1.24)
	<u>(1.83)</u>	<u>(8.60)</u>	<u>(1.50)</u>	<u>(8.60)</u>

B12 Material Litigation

There is no change in material litigation since the date of the audited financial statements for financial year ended 30 June 2021 up to 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 February 2022 by the Board of Directors.