

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

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 MARCH 2022

	3 months ended 31 Mar 2022 RM'000	3 months ended 31 Mar 2021 RM'000	Cumulative period 9 months ended 31 Mar 2022 RM'000	Cumulative period 9 months ended 31 Mar 2021 RM'000
Continuing operations:				
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit	-	-	-	-
Administrative expenses	(1,690)	(1,490)	(6,827)	(4,208)
Selling and distribution expenses	-	-	-	-
Other operating expenses	-	511	233	(1,009)
Other income/(expenses)	240	2,906	730	3,193
Results from operating activities	(1,450)	1,927	(5,864)	(2,024)
Finance expenses	-	-	-	-
Share of results of JV and associates	-	-	-	-
Profit/(Loss) before tax	(1,450)	1,927	(5,864)	(2,024)
Taxation	-	-	-	-
Profit/(Loss) from continuing operations	(1,450)	1,927	(5,864)	(2,024)
Discontinued operations:				
Profit/(Loss) after tax from discontinued operations	1,571	(3,759)	(1,046)	(37,862)
Profit/(Loss) for the period	121	(1,832)	(6,910)	(39,886)
Other comprehensive income/(expenses)				
Currency translation differences	(10,313)	(40,660)	(6,771)	638
Total comprehensive income/(expenses) for the period	(10,192)	(42,492)	(13,681)	(39,248)
Profit/(Loss) after tax attributable to:				
<u>Owners of the Company</u>				
Continuing operations	(1,450)	1,927	(5,864)	(2,024)
Discontinued operations	2,525	(1,654)	(55)	(38,634)
<u>Non-controlling interests</u>				
Continuing operations	-	-	-	-
Discontinued operations	(954)	(2,105)	(991)	772
	121	(1,832)	(6,910)	(39,886)
Other comprehensive income/(expenses) attributable to:				
<u>Owners of the Company</u>				
Continuing operations	(1,450)	1,927	(5,864)	(2,024)
Discontinued operations	(7,788)	(42,314)	(6,826)	(37,996)
<u>Non-controlling interests</u>				
Continuing operations	-	-	-	-
Discontinued operations	(954)	(2,105)	(991)	772
	(10,192)	(42,492)	(13,681)	(39,248)
Basic earnings/(loss) per ordinary share (sen)				
Continuing operations	(0.31)	0.41	(1.25)	(0.43)
Discontinued operations	0.54	(0.35)	(0.01)	(8.25)

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

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 MARCH 2022

	Note	As at 31 Mar 2022	As at 30 June 2021
		RM'000	RM'000 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		988	1,047
Investment in associates		9,911	9,911
		<u>10,899</u>	<u>10,958</u>
CURRENT ASSETS			
Trade and other receivables		526	4,706
Inventories		-	-
Current tax assets		4	5
Cash and cash equivalents	B8	21,610	802
		<u>22,140</u>	<u>5,513</u>
Asset held for sale		-	6,000
Assets of disposal group classified as held for sale		239,689	305,782
		<u>261,829</u>	<u>317,295</u>
TOTAL ASSETS		<u>272,728</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	(556,847)	(550,076)
Retained earnings		79,052	84,971
Equity attributable to owners of the Company		(32,311)	(19,621)
Non-controlling interests		19,368	33,204
TOTAL EQUITY		<u>(12,943)</u>	<u>13,583</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Other payables		-	4
Deferred tax liabilities		-	2,717
		<u>-</u>	<u>2,721</u>
CURRENT LIABILITIES			
Loans and borrowings	B9	-	-
Lease liabilities		-	1
Trade and other payables		7,031	6,223
Current tax liabilities		-	355
		<u>7,031</u>	<u>6,579</u>
Liabilities of disposal group classified as held for sale		278,640	305,370
		<u>285,671</u>	<u>311,949</u>
TOTAL LIABILITIES		<u>285,671</u>	<u>314,670</u>
TOTAL EQUITY AND LIABILITIES		<u>272,728</u>	<u>328,253</u>
Net assets per share (RM)		<u>(0.07)</u>	<u>(0.04)</u>

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2022

	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			(6,771)		(6,771)		(6,771)
Total other comprehensive income/(expenses) for the year	-	-	(6,771)	-	(6,771)	-	(6,771)
Profit/(loss) for the period				(5,919)	(5,919)	(991)	(6,910)
Effects of disposal of subsidiary					-	(12,845)	(12,845)
Total comprehensive income/(expenses) for the year	-	-	(6,771)	(5,919)	(12,690)	(13,836)	(26,527)
As at 31 March 2022	445,535	(51)	(556,847)	79,052	(32,311)	19,368	(12,943)
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.

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

	Note	9 months ended 31 Mar 2022 RM'000	9 months ended 31 Mar 2021 RM'000
Cash Flows From/(For) Operating Activities			
Profit/(Loss) before tax:			
Continuing operations		(5,864)	(26,459)
Discontinued operations (including remeasurement of assets)		6,221	(9,286)
Adjustments for non-cash items		3,635	50,827
Changes in working capital:			
Inventories		(3,804)	7,440
Receivables		19,910	25,862
Payables		(6,649)	(18,440)
Cash generated from operations		13,449	29,944
Tax paid		(5,250)	(8,539)
Interest received		139	75
Net cash from/(for) operating activities		8,338	21,480
Cash Flows From/(For) Investing Activities			
Purchase of property, plant and equipment		(16,422)	(7,438)
Proceeds from disposal of property, plant and equipment		6,311	-
Proceeds from disposal of subsidiaries		39,587	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		29,476	(3,092)
Cash Flows From/(For) Financing Activities			
Payment of lease liabilities		(4,937)	-
Repayment of borrowings		(30,432)	-
(Increase)/ Decrease in short term deposit pledged as securities		(781)	3,427
Net cash from/(for) financing activities		(36,150)	3,427
Net increase in cash and cash equivalents		1,664	21,815
Cash and cash equivalents at beginning of the year		55,275	45,023
Currency translation differences		723	(1,413)
Cash and cash equivalents reclassified as held for sales		(36,052)	-
Cash and cash equivalents at end of the period	B8	21,610	65,425

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 March 2022.

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 nine months ended 31 March 2022

	Investment Holding and Others RM'000
REVENUE	
External sales	<hr/>
RESULTS	
Profit/(Loss) from operations	(7,794)
Realised gain/(loss) on foreign exchange	(15)
Unrealised gain/(loss) on foreign exchange	982
Finance costs	-
Other expenses	233
Other income	730
Profit/(loss) before tax	<hr/> (5,864)
Taxation	-
Profit/(Loss) for the period	<hr/> (5,864) <hr/>
Other information	
Depreciation and amortisation	91
Interest income	-
Addition/(reduction) to non-current assets other than financial instruments and deferred tax assets	<hr/> (59) <hr/>

A8 Segmental Reporting (Continued)

	Investment Holding and Others RM'000
ASSETS AND LIABILITIES	
AS AT 31 MARCH 2022	
ASSETS	
Assets employed in the segment	23,128
Investment in associates	9,911
	<u>33,039</u>
Asset held for sale	239,689
Total assets	<u>272,728</u>

Revenue and results for nine months ended 31 March 2021

	Investment Holding and Others RM'000
REVENUE	
External sales	<u> </u>
RESULTS	
Profit/(Loss) from operations	(4,141)
Realised gain/(loss) on foreign exchange	(167)
Unrealised gain/(loss) on foreign exchange	(1,142)
Finance costs	-
Other expense/income	3,426
Profit/(loss) before tax	<u>(2,024)</u>
Taxation	-
Profit/(Loss) for the period	<u>(2,024)</u>
Other information	
Depreciation and amortisation	(53)
Interest income	-
Addition to non-current assets other than financial instruments and deferred tax assets	<u>-</u>

A8 Segmental Reporting (Continued)

	Investment Holding and Others RM'000
ASSETS AND LIABILITIES AS AT 31 MARCH 2021	
ASSETS	
Assets employed in the segment	22,829
Investment in associates	9,689
	<u>32,518</u>
<u>Unallocated corporate assets:</u>	
Current tax assets	19,004
Deferred tax assets	591
Total assets	<u>52,115</u>

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(Incorporated in Malaysia)

Discontinued operations

	3 months ended 31 Mar 2022	3 months ended 31 Mar 2021	YTD period ended 31 Mar 2022	YTD period ended 31 Mar 2021
<u>Marine Services</u>	RM'000	RM'000	RM'000	RM'000
Revenue	-	16,221	27,102	51,032
Cost of sales	-	(17,220)	(21,691)	(51,663)
Gross profit	-	(999)	5,411	(631)
Other income / (expenses)	-	46	601	(241)
Administration expenses	-	(2,374)	(3,291)	(6,970)
Other expenses	-	(631)	(233)	(1,443)
Results from operating activities	-	(3,958)	2,488	(9,285)
Profit/(Loss) before tax	-	(3,958)	2,488	(9,285)
Taxation	-	(217)	(359)	(677)
Profit/(Loss) after tax from discontinued operations	-	(4,175)	2,129	(9,962)
Attributable to:				
Owners of the parent	-	(4,175)	2,129	(9,962)

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Discontinued operations (Continued)

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

	3 months ended 31 Mar 2022 RM'000	3 months ended 31 Mar 2021 RM'000	YTD period ended 31 Mar 2022 RM'000	YTD period ended 31 Mar 2021 RM'000
After charging:				
Impairment loss on receivables	-	-	235	-
Depreciation of property, plant and equipment	-	7,596	8,503	22,719
Realised loss/(gain) on foreign exchange	-	677	(4)	455
And crediting:				
Gain on disposal of property, plant and equipment	-	-	(17)	(8)
Interest income	-	-	-	(4)

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

	3 months ended 31 Mar 2022 RM'000	3 months ended 31 Mar 2021 RM'000	YTD period ended 31 Mar 2022 RM'000	YTD period ended 31 Mar 2021 RM'000
Tax (benefit)/expense	-	(217)	(359)	(677)
	-	(217)	(359)	(677)

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

	3 months ended 31 Mar 2022 RM'000	3 months ended 31 Mar 2021 RM'000	YTD period ended 31 Mar 2022 RM'000	YTD period ended 31 Mar 2021 RM'000
Net cash generated from operating activities	-	27	8,454	1,053
Net cash generated from investing activities	-	(53)	(4,227)	(1,936)
Net cash used in financing activities	-	-	-	-
	-	(26)	4,227	(883)

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

Discontinued operations (Continued)

	3 months ended 31 Mar 2022 RM'000	3 months ended 31 Mar 2021 RM'000	YTD period ended 31 Mar 2022 RM'000	YTD period ended 31 Mar 2021 RM'000
<u>Drilling Services</u>				
Revenue	53,148	54,663	176,586	175,302
Cost of sales	(40,233)	(43,240)	(134,532)	(144,270)
Gross profit	12,915	11,423	42,054	31,032
Other income / (expenses)	1,360	6,877	5,310	(7,365)
Selling and distribution costs	(4,126)	(5,775)	(13,434)	(17,936)
Administration expenses	(5,413)	(7,499)	(23,385)	(19,336)
Other expenses	-	(922)	-	(3,064)
Results from operating activities	4,736	4,104	10,545	(16,669)
Finance cost	(2,052)	(2,398)	(6,812)	(7,751)
Profit/(Loss) before tax	2,684	1,706	3,733	(24,420)
Taxation	(1,110)	(1,289)	(6,907)	(3,479)
Results from operating activities, net of tax	1,574	417	(3,174)	(27,899)
Profit/(Loss) after tax from discontinued operations	1,574	417	(3,174)	(27,899)
Attributable to:				
Owners of the parent	1,574	417	(3,174)	(27,899)

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(Incorporated in Malaysia)

Discontinued operations (Continued)

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

	3 months ended 31 Mar 2022 RM'000	3 months ended 31 Mar 2021 RM'000	YTD period ended 31 Mar 2022 RM'000	YTD period ended 31 Mar 2021 RM'000
After charging:				
Auditor's remuneration - statutory audit	205	470	637	1,289
Impairment loss on receivables	(17)	230	(172)	171
Depreciation of property, plant and equipment	3,839	4,961	11,613	16,098
Directors' remuneration: other emoluments	-	-	46	71
Inventories written down	(85)	(305)	(6,480)	(2,128)
Realised loss/(gain) on foreign exchange	(839)	(7,815)	(4,787)	6,157
And crediting:				
Gain on disposal of property, plant and equipment	(180)	(238)	(29)	(271)
Interest income	(84)	(29)	(138)	(71)

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

	3 months ended 31 Mar 2022 RM'000	3 months ended 31 Mar 2021 RM'000	YTD period ended 31 Mar 2022 RM'000	YTD period ended 31 Mar 2021 RM'000
Tax (benefit)/expense	1,110	1,289	6,907	3,479

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(c) The Balance sheet are as summarised below:

	YTD period ended 31 Mar 2022 RM'000	YTD period ended 31 Mar 2021 RM'000
Assets		
Non-Current Assets		
Property, plant and equipment	42,037	76,329
Deferred tax assets	101	589
	<u>42,138</u>	<u>76,918</u>
Current Assets		
Trade and other receivables	117,790	106,660
Inventories	43,709	61,076
Cash and cash equivalents	36,052	50,933
	<u>197,551</u>	<u>218,669</u>
Total Assets	<u>239,689</u>	<u>295,587</u>
Equity and Liabilities		
Share capital	43,419	43,419
Treasury shares	2,500	2,500
Other reserves	(213,893)	(301,436)
Retained earnings	115,027	148,745
Equity attributable to owners of the Company	<u>(52,947)</u>	<u>(106,772)</u>
Non-controlling interests	13,996	15,071
Total Equity	<u>(38,951)</u>	<u>(91,701)</u>
Liabilities		
Non-Current Liabilities		
Lease liabilities	381	4,933
Provision for retirement benefits	2,948	3,300
Other payables	1,211	1,082
Deferred tax liabilities	21	920
	<u>4,561</u>	<u>10,235</u>
Current Liabilities		
Loans and borrowings	110,585	86,548
Lease liabilities	1,692	2,995
Trade and other payables	152,749	272,961
Current tax liabilities	9,053	14,549
	<u>274,079</u>	<u>377,053</u>
Total Liabilities	<u>278,640</u>	<u>387,288</u>
Total Equity and Liabilities	<u>239,689</u>	<u>295,587</u>

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

	3 months ended	3 months ended	YTD period ended	YTD period ended
	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
	RM'000	RM'000	RM'000	RM'000
Net cash generated from operating activities	76	378	102	209
Net cash generated from investing activities	-	-	-	-
Net cash used in financing activities	-	(151)	(118)	(190)
	<u>76</u>	<u>227</u>	<u>(15)</u>	<u>19</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 period ended 31 March 2022.

A13 Related party transactions

There were no material related party transactions by the Group and the Company during the nine (9) months ended 31 March 2022.

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

Subsequent to the completion of the disposal of Marine Services, on 17 March 2022, the Group announced the proposed disposal of its remaining segment, Drilling Services. The proposed disposal resulted in Drilling Services being classified as Discontinued Operations during the quarter and as such, the performance of Drilling Services is presented as a single lined item net of tax in the Consolidated Statement of Profit or Loss. The performance of Discontinued Operations is presented under item A8 Discontinued Operations. As a consequence of the classification, Continuing Operations is now represented by holding company and several dormant companies.

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

	Revenue for 3 months to 31 Mar 2022	Revenue for 3 months to 31 Mar 2021	Profit/(Loss) before tax for 3 months to 31 Mar 2022	Profit/(Loss) before tax for 3 months to 31 Mar 2021
	RM mil	RM mil	RM mil	RM mil
Investment holdings and others	-	-	(1.45)	1.93

The Group reported a pre-tax loss of RM1.45 million for the quarter under review as compared to the pre-tax profit of RM1.93 million for the corresponding quarter in the preceding year. The higher pre-tax profit in corresponding year was a result of foreign currency gain.

	Revenue for 9 months to 31 Mar 2022	Revenue for 9 months to 31 Mar 2021	Profit/(Loss) before tax for 9 months to 31 Mar 2022	Profit/(Loss) before tax for 9 months to 31 Mar 2021
	RM mil	RM mil	RM mil	RM mil
Investment holdings and others	-	-	(5.86)	(2.02)

The Group posted a pre-tax loss of RM5.86 million for the period under review against the pre-tax loss of RM2.02 million for the corresponding period. The higher pre-tax loss in the current period was mainly due to higher professional fees and other corporate expenses incurred during the period.

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

	Profit/(Loss) before tax for 3 months to 31 Mar 2022	Profit/(Loss) before tax for 3 months to 31 Dec 2021
	RM mil	RM mil
Investment holdings and others	(1.45)	(2.50)

The Group's pre-tax loss for the current quarter amounting to RM1.45 million is lower against the RM2.50 million pre-tax profit reported in the immediate preceding quarter primarily due to higher professional fees and other corporate expenses incurred in the preceding quarter.

B3 Current Financial Year Prospects

For the quarter under review, the RM1.57 million profit after tax posted by Drilling Fluids segment has, to a certain extent, set off the corporate expenses as well as the provision for impairment in recoverable Value Added Tax reported in the immediate preceding quarter. Despite the steady increase in global rig count and the sharp rise in average Brent spot price, the Group remains focused on its restructuring plan.

The ongoing proposed disposal of Drilling Fluids segment is aimed to resolve the Group's debt obligations. With the proposed disposal and subsequent settlement with the creditors, the Group is currently evaluating several options for any new and viable businesses to be injected into the Company which in turn will improve shareholders' value and the opportunity to enjoy the potential upside of the new business.

Subject to the necessary approvals and shareholders' mandate at an Extraordinary General Meeting being secured within the estimated timeframe, the Group expects the disposal to be completed before August 2022.

B4 Profit Forecast

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

B5 Corporate Proposals

(a) 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:

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	26.5	-
Working capital	11.5	Within 12 months	11.5	3.3	8.2
Estimated proposed listing expenses	1.6	Immediately	1.6	1.6	-
Total	39.6		39.6	31.4	8.2

- (b) On 17 March 2022, the Group announce that SESB, wholly-owned subsidiary Scomi Oilfield Limited ("SOL") and wholly-owned subsidiary of SOL Scomi Oiltools Sdn Bhd (In Receivership) ("SOSB") had entered into the following 5 conditional sale and purchase agreements:
- (i) Between SESB and Cahya Mata Oiltools Sdn Bhd ("SPV 1"), a wholly-owned subsidiary of Cahya Mata Sarawak Berhad ("CMS"), for the disposal of SESB's 48% equity interest in Scomi KMC Sdn Bhd ("SKMC") and 100% equity interest in SOL to SPV1 for a cash consideration of RM13,505,000 (SPA 1);
 - (ii) Between SOSB and Oiltools International Sdn Bhd (a wholly-owned subsidiary of CMS) ("SPV 2") for the disposal of SOSB's 4% equity interest in SKMC, 25% equity interest in Scomi Oiltools Gulf W.L.L. and 25% equity interest in Continental Wire Cloth (Malaysia) Sdn Bhd (formerly known as Global Oilfield Products Sdn Bhd) for a cash consideration of RM2,600,001 (SPA 2);
 - (iii) Between SOSB and SPV 2 for the disposal of SOSB's 5-storey shop office in Petaling Jaya, Selangor to SPV 2 for a cash consideration of RM3,000,000 (SPA 3);
 - (iv) Between SOSB and SPV 2 for the disposal of SOSB's remaining inventories and equipment to SPV 2 for a cash consideration of RM1,894,999 (SPA 4); and
 - (v) Between SOL and Falcon Residences Sdn Bhd for the disposal of SOL's 100% equity interest in nine (9) other subsidiary companies to Falcon for a nominal cash consideration of RM1 (SPA 5).

The proposed disposal is ongoing and is subject to necessary approvals and shareholders' mandate. The aggregate disposal consideration amounts to RM21,000,000.

Save for the proposed disposal described in item (b) above, there are no other corporate proposals announced which remained incomplete as at the date of issue of this interim report.

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

B6 Profit before taxation

	Current 3 months ended 31 Mar 2022 RM'000	Current 3 months ended 31 Mar 2021 RM'000	Cumulative 9 months ended 31 Mar 2022 RM'000	Cumulative 9 months ended 31 Mar 2021 RM'000
<u>Continuing operations</u>				
Profit/(Loss) before taxation is stated at after charging/(crediting):				
Depreciation and amortisation	31	(93)	91	(53)
Loss/(Gain) on foreign exchange - net	(145)	(5,588)	(967)	(1,309)
	_____	_____	_____	_____

B7 Taxation

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

	Current 3 months ended 31 Mar 2022 RM'000	Current 3 months ended 31 Mar 2021 RM'000	Cumulative 9 months ended 31 Mar 2022 RM'000	Cumulative 9 months ended 31 Mar 2021 RM'000
<u>Continuing operations</u>				
Malaysian income tax				
- current year	-	-	-	-
Foreign income tax				
- current year	-	-	-	-
Total income tax (Continuing)	-	-	-	-
Effective tax rate (Continuing)	0.0%	0.0%	0.0%	0.0%
<u>Discontinued operations</u>				
Malaysian income tax				
- current year	-	-	-	-
Foreign income tax				
- current year	1,110	1,506	7,266	4,156
Total income tax (Discontinued)	1,110	1,506	7,266	4,156
Effective tax rate (Discontinued)	0.0%	38.1%	-292.1%	44.8%
Total income tax	1,110	1,506	7,266	4,156
Effective tax rate	76.7%	74.2%	215.3%	36.7%

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 Mar 2022 RM'000
Cash and bank balances	21,610
Short term deposits with licensed banks	-
Cash and cash equivalents	<u>21,610</u>

B9 Other reserves

	As at 31 Mar 2022 RM'000	As at 30 June 2021 (Audited) RM'000
Capital reserve	26,881	26,881
Translation reserves	(140,405)	(133,634)
Merger reserve	(443,323)	(443,323)
	<u>(556,847)</u>	<u>(550,076)</u>

B10 Earnings per share

	Current 3 months ended 31 Mar 2022 RM'000	Current 3 months ended 31 Mar 2021 RM'000	Cumulative 9 months ended 31 Mar 2022 RM'000	Cumulative 9 months ended 31 Mar 2021 RM'000
<u>Basic and diluted earnings per share</u>				
(Loss)/profit for the period	1,075	273	(5,919)	(40,658)
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)	468,324	468,324	468,324	468,324
Basic earnings/(loss) per share (sen)				
Continuing	(0.31)	0.41	(1.25)	(0.43)
Discontinued	0.54	(0.35)	(0.01)	(8.25)
	0.23	0.06	(1.26)	(8.68)

B11 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.

B12 Proposed Dividend

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

B13 Authorised For Issue

The interim financial statements were authorised for issue on 27 May 2022 by the Board of Directors.