

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 ENDED 31 MARCH 2023

| | 3 months ended 31 Mar 2023 RM'000 | 3 months ended 31 Mar 2022 RM'000 | Cumulative period 9 months ended 31 Mar 2023 RM'000 | Cumulative period 9 months ended 31 Mar 2022 RM'000 |
|---|--|--|--|--|
| Continuing operations: | | | | |
| Revenue | - | - | - | - |
| Cost of sales | - | - | - | - |
| Gross profit | - | - | - | - |
| Administrative expenses | (667) | (1,689) | (4,463) | (6,827) |
| Other operating expenses | (1) | - | (8,005) | - |
| Other income | 31 | (963) | 209 | 966 |
| Results from operating activities | (637) | (2,651) | (12,259) | (5,860) |
| Finance expenses | - | - | - | - |
| Loss before tax | (637) | (2,651) | (12,259) | (5,860) |
| Taxation | - | - | - | - |
| Loss from continuing operations | (637) | (2,651) | (12,259) | (5,860) |
| Discontinued operations: | | | | |
| Profit/(loss) after tax from discontinued operations | - | 1,571 | 38,717 | (1,050) |
| (Loss)/profit for the period | (637) | (1,080) | 26,458 | (6,910) |
| Other comprehensive income | | | | |
| Currency translation differences | (1,286) | (5,570) | 94,007 | (6,771) |
| Merger reserve reversal | - | - | 436,430 | - |
| | (1,286) | (5,570) | 530,437 | (6,771) |
| Total comprehensive income for the period | (1,923) | (6,650) | 556,895 | (13,681) |
| (Loss)/profit after tax attributable to: | | | | |
| <u>Owners of the Company</u> | | | | |
| Continuing operations | (637) | (2,651) | (12,259) | (5,860) |
| Discontinued operations | - | 1,571 | 38,829 | (1,050) |
| <u>Non-controlling interests</u> | | | | |
| Continuing operations | - | - | - | - |
| Discontinued operations | - | - | (112) | - |
| | (637) | (1,080) | 26,458 | (6,910) |
| Other comprehensive (expenses)/income attributable to: | | | | |
| <u>Owners of the Company</u> | | | | |
| Continuing operations | (1,923) | (2,651) | (39,129) | (5,860) |
| Discontinued operations | - | (3,999) | 596,136 | (7,821) |
| <u>Non-controlling interests</u> | | | | |
| Continuing operations | - | - | - | - |
| Discontinued operations | - | - | (112) | - |
| | (1,923) | (6,650) | 556,895 | (13,681) |
| Basic earnings/(loss) per ordinary share (sen) | | | | |
| Continuing operations | (0.14) | (0.57) | (2.62) | (1.25) |
| Discontinued operations | - | 0.34 | 8.29 | (0.22) |

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 MARCH 2023

| | Note | As at 31 Mar 2023 RM'000 | As at 30 June 2022 RM'000 (Audited) |
|---|------|--------------------------------|--|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 19 | 55 |
| Investment in associates | | 2,340 | 10,340 |
| | | 2,359 | 10,395 |
| CURRENT ASSETS | | | |
| Trade and other receivables | | 16,831 | 6,204 |
| Current tax assets | | 5 | 5 |
| Cash and cash equivalents | B8 | 3,329 | 19,184 |
| | | 20,165 | 25,393 |
| Asset held for sale | | 100 | 100 |
| Assets of disposal group classified as held for sale | | - | 283,339 |
| | | 20,265 | 308,832 |
| TOTAL ASSETS | | 22,624 | 319,227 |
| EQUITY AND LIABILITIES | | | |
| CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY | | | |
| Share capital | | 445,535 | 445,535 |
| Treasury shares | | (51) | (51) |
| Other reserves | B9 | (4,302) | (534,739) |
| Retained earnings | | (432,123) | 58,024 |
| Equity attributable to owners of the Company | | 9,059 | (31,231) |
| Non-controlling interests | | - | 9,758 |
| TOTAL EQUITY | | 9,059 | (21,473) |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Deferred tax liabilities | | - | 2,912 |
| | | - | 2,912 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 13,564 | 15,454 |
| Current tax liabilities | | 1 | 1 |
| | | 13,565 | 15,455 |
| Liabilities of disposal group classified as held for sale | | 0 | 322,333 |
| | | 13,565 | 337,788 |
| TOTAL LIABILITIES | | 13,565 | 340,700 |
| TOTAL EQUITY AND LIABILITIES | | 22,624 | 319,227 |
| Net assets per share (RM) | | 0.02 | (0.07) |

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 YEAR ENDED 31 MARCH 2023

| | <u>Attributable to owners of the Company</u> | | | | 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 2022 | 445,535 | (51) | (534,739) | 58,024 | (31,231) | 9,758 | (21,473) |
| Foreign currency translation differences for foreign operations | - | - | 530,437 | - | 530,437 | - | 530,437 |
| Total other comprehensive income for the period | - | - | 530,437 | - | 530,437 | - | 530,437 |
| Profit/(loss) for the period | - | - | - | 26,570 | 26,570 | (112) | 26,458 |
| Total comprehensive income/(expenses) for the period | - | - | 530,437 | 26,570 | 557,007 | (112) | 556,895 |
| Disposal of subsidiaries | - | - | - | (516,717) | (516,717) | (9,646) | (526,363) |
| As at 31 March 2023 | 445,535 | (51) | (4,302) | (432,123) | 9,059 | - | 9,059 |
| Audited | | | | | | - | - |
| 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 | - | - | 15,337 | - | 15,337 | - | 15,337 |
| Total other comprehensive income for the year | - | - | 15,337 | - | 15,337 | - | 15,337 |
| Loss for the year | - | - | - | (26,947) | (26,947) | (10,601) | (37,548) |
| Total comprehensive income/(expenses) for the year | - | - | 15,337 | (26,947) | (11,610) | (10,601) | (22,211) |
| Disposal of subsidiaries | - | - | - | - | - | (12,845) | (12,845) |
| As at 30 June 2022 | 445,535 | (51) | (534,739) | 58,024 | (31,231) | 9,758 | (21,473) |

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 YEAR ENDED 31 MARCH 2023

| | Note | 9 months ended 31 Mar 2023 RM'000 | 9 months ended 31 Mar 2022 RM'000 |
|---|-------------|--|--|
| Cash Flows (For)/From Operating Activities | | | |
| (Loss)/Profit before tax: | | | |
| Continuing operations | | (12,259) | (7,093) |
| Discontinued operations (including remeasurement of assets) | | 39,873 | 6,216 |
| Adjustments for non-cash items | | (23,890) | 3,635 |
| Changes in working capital: | | | |
| Inventories | | - | (3,804) |
| Receivables | | - | 19,910 |
| Payables | | (35,735) | (6,649) |
| Cash generated from operations | | <u>(32,011)</u> | <u>12,216</u> |
| Tax paid | | - | (5,250) |
| Interest received | | 193 | 139 |
| Net cash (for)/from operating activities | | <u>(31,818)</u> | <u>7,105</u> |
| Cash Flows From Investing Activities | | | |
| Purchase of property, plant and equipment | | - | (16,422) |
| Proceeds from disposal of property, plant and equipment | | 19 | 6,311 |
| Proceeds from disposal of subsidiaries | | 21,569 | 39,587 |
| Net cash generated from investing activities | | <u>21,588</u> | <u>29,477</u> |
| Cash Flows For Financing Activities | | | |
| Payment of lease liabilities | | - | (4,937) |
| Repayment of borrowings | | (95) | (30,432) |
| Increase in short term deposit pledged as securities | | - | (781) |
| Net cash for financing activities | | <u>(95)</u> | <u>(36,150)</u> |
| Net (decrease)/increase in cash and cash equivalents | | (10,325) | 432 |
| Cash and cash equivalents at beginning of the year | | 19,184 | 55,275 |
| Currency translation differences | | (5,530) | 1,955 |
| Cash and cash equivalents reclassified as held for sales | | - | (36,052) |
| Cash and cash equivalents at end of the period | B8 | <u>3,329</u> | <u>21,610</u> |

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 2022 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 2022.

During the year, the following amendments to MFRSs issued by the MASB were adopted:

| MFRSs and/or IC Interpretations (Including The Consequential Amendments) | Effective Date |
|--|-----------------------|
| Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2 | 1 January 2021 |
| Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021 | 1 April 2021 |

The adoption of above-mentioned amendments has no significant impact on the financial statements of the group.

Except as for the above, 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 2022.

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

The following are amendments to the MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the current periods:

| MFRSs and/or IC Interpretations (Including The Consequential Amendments) | Effective Date |
|---|-----------------------|
| MFRS 17 Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 16: Lease Liability in a Sale and Leaseback | 1 January 2024 |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |
| Amendments to MFRS 17 Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information | 1 January 2023 |
| Amendment to MFRS 101: Classification of Liabilities as Current or Non-current | 1 January 2024 |
| Amendments to MFRS 101: Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to MFRS 101: Non-current Liabilities with Covenants | 1 January 2024 |
| 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 |

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 2022 as the preparation of the financial statements on a going concern basis is highly dependent on the successful implementation of the debt restructuring plan and regularisation plan by the company.

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.

A2 Audit Report for Preceding Annual Financial Statements (Continued)

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.

Subsequently, on 23 May 2022, the Company announced that Bursa Malaysia has, vide its letter dated 23 May 2022, approved a further extension of time of six (6) months up until 30 November 2022 to submit its regularisation plan.

SESB had on 17 November 2022 submitted to Bursa Securities an application for an extension of time of six (6) months up until 31 May 2023 to submit its regularisation plan. The Group together with the principal adviser are in the midst of formulating a regularisation plan to address the financial condition of the Group.

On 17 May 2023, M & A Securities had submitted an application for a further extension of time up to 30 November 2023 to submit its regularisation plan to Bursa Securities.

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 2023.

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 2023

| | Investment Holding Others RM'000 |
|--|---|
| REVENUE | |
| External sales | - |
| RESULTS | |
| Loss from operations | (4,435) |
| Unrealised loss on foreign exchange | (28) |
| Other expenses | (8,005) |
| Other income | 209 |
| Loss before tax | (12,259) |
| Taxation | - |
| Loss for the period | (12,259) |
| Other information | |
| Depreciation and amortisation | 5 |
| Interest income | 193 |
| Reduction to non-current assets other than financial instruments and deferred tax assets | (36) |

| | Investment Holding Others RM'000 |
|---|---|
| ASSETS AND LIABILITIES AS AT 31 MARCH 2023 | |
| ASSETS | |
| Assets employed in the segment | 20,184 |
| Investment in associates | 2,340 |
| | 22,524 |
| Assets held for sale | 100 |
| Total assets | 22,624 |

A8 Segmental Reporting (Continued)

Revenue and results for nine months ended 31 March 2022

| | Investment Holding Others RM'000 |
|--|---|
| REVENUE | |
| External sales | - |
| RESULTS | |
| Loss from operations | (9,917) |
| Realised gain on foreign exchange | 15 |
| Unrealised gain on foreign exchange | 3,076 |
| Other income | 966 |
| Loss before tax | (5,860) |
| Taxation | - |
| Loss for the period | (5,860) |
| Other information | |
| Depreciation and amortisation | 91 |
| Interest income | - |
| Reduction to non-current assets other than financial instruments and deferred tax assets | (6) |
| Investment Holding Others RM'000 | |
| ASSETS AND LIABILITIES AS AT 31 MARCH 2022 | |
| ASSETS | |
| Assets employed in the segment | 25,448 |
| Investment in associates | 10,340 |
| | 35,788 |
| Assets of disposal group held for sale | 283,339 |
| Assets held for sale | 100 |
| Total assets | 319,227 |

SCOMI ENERGY SERVICES BHD 199601025627 (397979-A)
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Discontinued Operations

| | 3 months ended 31 Mar 2023 RM'000 | 3 months ended 31 Mar 2022 RM'000 | YTD period ended 31 Mar 2023 RM'000 | YTD period ended 31 Mar 2022 RM'000 |
|---|---|---|---|---|
| <u>Marine Services</u> | | | | |
| Revenue | - | - | - | 27,102 |
| Cost of sales | - | - | - | (21,691) |
| Gross profit | - | - | - | 5,411 |
| Other expenses | - | - | - | 365 |
| Administration expenses | - | - | - | (3,291) |
| Other expenses | - | - | - | - |
| Results from operating activities | - | - | - | 2,485 |
| Profit before tax | - | - | - | 2,485 |
| Taxation | - | - | - | (359) |
| Profit after tax from discontinued operations | - | - | - | 2,126 |
| Attributable to: | | | | |
| Owners of the parent | - | - | - | 2,126 |

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Discontinued Operations (Continued)

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

| | 3 months ended 31 Mar 2023 RM'000 | 3 months ended 31 Mar 2022 RM'000 | YTD period ended 31 Mar 2023 RM'000 | YTD period ended 31 Mar 2022 RM'000 |
|---|--|--|--|--|
| After charging: | | | | |
| Impairment loss on receivables | - | - | - | - |
| Depreciation of property, plant and equipment | - | 1 | - | 8,503 |
| And crediting: | | | | |
| Realised gain on foreign exchange | - | - | - | 562 |
| Gain on disposal of property, plant and equipment | - | - | - | 16 |
| Interest income | - | - | - | 1 |

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

| | 3 months ended 31 Mar 2023 RM'000 | 3 months ended 31 Mar 2022 RM'000 | YTD period ended 31 Mar 2023 RM'000 | YTD period ended 31 Mar 2022 RM'000 |
|-------------|--|--|--|--|
| Tax expense | - | (8) | - | 359 |
| | - | (8) | - | 359 |

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

| | 3 months ended 31 Mar 2023 RM'000 | 3 months ended 31 Mar 2022 RM'000 | YTD period ended 31 Mar 2023 RM'000 | YTD period ended 31 Mar 2022 RM'000 |
|--|--|--|--|--|
| Net cash generated from operating activities | - | - | - | 15,283 |
| Net cash generated from investing activities | - | - | - | - |
| Net cash used in financing activities | - | - | - | - |
| | - | - | - | 15,283 |

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Discontinued Operations (Continued)

| | 3 months ended 31 Mar 2023 RM'000 | 3 months ended 31 Mar 2022 RM'000 | YTD period ended 31 Mar 2023 RM'000 | YTD period ended 31 Mar 2022 RM'000 |
|--|--|--|--|--|
| <u>Drilling Services</u> | | | | |
| Revenue | - | 53,148 | 43,580 | 176,586 |
| Cost of sales | - | (40,233) | (30,625) | (134,533) |
| Gross profit | - | 12,915 | 12,955 | 42,053 |
| Other income | - | 1,360 | 27,956 | 5,310 |
| Selling and distribution costs | - | (4,126) | - | (13,434) |
| Administration expenses | - | (5,416) | - | (23,386) |
| Other expenses | - | - | (834) | - |
| Results from operating activities | - | 4,733 | 40,077 | 10,543 |
| Finance cost | - | (2,052) | (204) | (6,812) |
| (Loss)/profit before tax | - | 2,681 | 39,873 | 3,731 |
| Taxation | - | (1,110) | (1,156) | (6,907) |
| Results from operating activities, net of tax | - | 1,571 | 38,717 | (3,176) |
| (Loss)/profit after tax from discontinued operations | - | 1,571 | 38,717 | (3,176) |
| Attributable to: | | | | |
| Owners of the parent | - | 1,571 | 38,717 | (3,176) |

Discontinued Operations (Continued)

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

| | 3 months ended 31 Mar 2023 RM'000 | 3 months ended 31 Mar 2022 RM'000 | YTD period ended 31 Mar 2023 RM'000 | YTD period ended 31 Mar 2022 RM'000 |
|---|--|--|--|--|
| After charging: | | | | |
| Depreciation of property, plant and equipment | (1,398) | 3,840 | 1,398 | 11,613 |
| (Gain)/loss on disposal of property, plant and equi | - | (180) | - | (28) |
| And crediting: | | | | |
| Realised gain on foreign exchange | - | 837 | 577 | 4,785 |
| Interest income | - | 84 | - | 138 |

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

| | 3 months ended 31 Mar 2023 RM'000 | 3 months ended 31 Mar 2022 RM'000 | YTD period ended 31 Mar 2023 RM'000 | YTD period ended 31 Mar 2022 RM'000 |
|-------------|--|--|--|--|
| Tax expense | - | 1,110 | 1,156 | 6,907 |

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Discontinued Operations (Continued)

(c) The balance sheet are as summarised below:

| | YTD period ended 31 Mar 2023 RM'000 | YTD period ended 31 Mar 2022 RM'000 |
|---|---|---|
| <u>Assets</u> | | |
| Non-Current Assets | | |
| Property, plant and equipment | - | 42,037 |
| Deferred tax assets | - | (21) |
| | - | 42,016 |
| Current Assets | | |
| Trade and other receivables | - | 113,924 |
| Inventories | - | 43,709 |
| Cash and cash equivalents | - | 40,040 |
| | - | 197,673 |
| Total Assets | - | 239,689 |
| <u>Equity and Liabilities</u> | | |
| Share capital | - | 43,419 |
| Treasury shares | - | 2,500 |
| Other reserves | - | (311,620) |
| Retained earnings | - | 106,613 |
| Equity attributable to owners of the Company | - | (159,087) |
| Non-controlling interests | - | 13,996 |
| Total Equity | - | (145,092) |
| <u>Liabilities</u> | | |
| Non-Current Liabilities | | |
| Lease liabilities | - | (2,619) |
| Provision for retirement benefits | - | 2,948 |
| Other payables | - | 1,211 |
| Deferred tax liabilities | - | (101) |
| | - | 1,439 |
| Current Liabilities | | |
| Loans and borrowings | - | 110,585 |
| Lease liabilities | - | 4,692 |
| Trade and other payables | - | 259,011 |
| Current tax liabilities | - | 9,053 |
| | - | 383,341 |
| Total Liabilities | - | 384,780 |
| Total Equity and Liabilities | - | 239,689 |

Discontinued Operations (Continued)

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

| | 3 months ended 31 Mar 2023 RM'000 | 3 months ended 31 Mar 2022 RM'000 | YTD period ended 31 Mar 2023 RM'000 | YTD period ended 31 Mar 2022 RM'000 |
|--|--|--|--|--|
| Net cash generated from operating activities | - | - | (64) | (73) |
| Net cash generated from investing activities | - | - | (29,429) | - |
| Net cash used in financing activities | - | - | (189) | 85 |
| | <u>-</u> | <u>-</u> | <u>(29,682)</u> | <u>12</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

Save as disclosed under Note B5 part (b) on Corporate Proposals, there are no material subsequent events.

A11 Changes in Composition of the Group

Save for the disposal of PT Rig Tenders Indonesia Tbk, Scomi Oilfield Limited (Bermuda) and Scomi KMC Sdn Bhd, 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 financial year ended 30 June 2022 up to the date of this report.

A13 Related Party Transactions

| | 3 months Ended 31 Mar 2023 RM'000 |
|-------------------------------------|--|
| Associate | |
| Recharge of expenses paid on behalf | <u>8</u> |

The Directors are of the view that the above transactions have been entered into in the normal course of business under terms and conditions no less favorable to the Group and the Company than those arranged with independent third parties.

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

On 17 March 2022, the Group announced the proposed disposal of its remaining segment, Drilling Services. The proposed disposal resulted in classification of Drilling Services as Discontinued Operations since the third quarter. As a result, the performance of Drilling Services is presented as a single lined item net of tax in the Consolidated Statement of Profit or Loss. Further details of the performance of Discontinued Operations are presented under item A8 Discontinued Operations. Following the change in classification, Continuing Operations is now represented by holding company and several dormant companies.

| | Revenue for 3 months to 31 Mar 2023 | Revenue for 3 months to 31 Mar 2022 | Loss before tax for 3 months to 31 Mar 2023 | Loss before tax for 3 months to 31 Mar 2022 |
|--------------------------------|--|--|--|--|
| | RM mil | RM mil | RM mil | RM mil |
| Investment holdings and others | - | - | (0.64) | (2.65) |

The Group reported a lower pre-tax loss of RM2.0 million for the quarter and period under review as compared to the corresponding quarter and period in the preceding year. This was mainly due to lower overheads such salaries, other personnel cost and other operating cost during the quarter and period under review.

| | Revenue for 9 months to 31 Mar 2023 | Revenue for 9 months to 31 Mar 2022 | Loss before tax for 9 months to 31 Mar 2023 | Loss before tax for 9 months to 31 Mar 2022 |
|--------------------------------|--|--|--|--|
| | RM mil | RM mil | RM mil | RM mil |
| Investment holdings and others | - | - | (12.26) | (5.86) |

The Group posted a higher pre-tax loss of RM6.4 million for the period under review mainly due to impairment loss on investments in associates namely Southern Petroleum Transportation Joint Stock Company by RM8.0 million.

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

| | Loss before tax for 3 months to 31 Mar 2023 | Loss before tax for 3 months to 31 Dec 2022 |
|--------------------------------|--|--|
| | RM mil | RM mil |
| Investment holdings and others | (0.64) | (1.72) |

The Group reported a lower pre-tax loss by RM1.1 million for the current quarter as compared to the immediate preceding quarter. This was mainly due to lower overheads such salaries, other personnel cost and other operating cost during the quarter.

B3 Current Financial Year Prospects

Following the sale of the SESB’s Oilfield business which has been completed on 6 September 2022, the Company has entered into a Framework Agreement (“FA”) with PJD Link Holdings Sdn Bhd and Noblemax Resources Sdn Bhd and PJD Link (M) Sdn Bhd (“Target Company”) on 3 October 2022, for the proposed acquisition of 100% equity interest in the Target Company by SESB (“Proposed Acquisition”).

As SESB had on 17 November 2022 submitted an application to Bursa Securities for an extension of time of six (6) months up to 31 May 2023 to submit the proposed regularisation plan to Bursa Securities. On 12 January 2023, Bursa approved the Company’s application for a further extension of time of 6 months up to 31 May 2023 to submit its regularisation plan to regulatory authorities.

The Company announced on 13 January 2023 that the Parties have mutually agreed to extend the date to execute the Acquisition Agreement and the Due Diligence Period from 15 January 2023 to 15 April 2023. Subsequently on 18 January 2023 the Company also announced that the Parties have on 18 January 2023 entered into an Addendum to the FA to amend, modify and supplement Clause 2.4A of the FA.

On 11 May 2023, the Parties mutually agreed to further extend the date to execute the Acquisition Agreement and the Due Diligence Period from 15 April 2023 to 15 September 2023. On 17 May 2023, M & A Securities had submitted an application for a further extension of time up to 30 November 2023 to submit its regularisation plan to Bursa Securities.

B4 Profit Forecast

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

B5 Corporate Proposals

- (a) 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 Liquidation) ("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).

On 8 August 2022, at the Extraordinary General Meeting, shareholders had approved the proposed disposal. Subsequently, to facilitate the completion of the transactions, SESB, SOSB, SPV 1 and SPV 2 have mutually agreed to further extend the conditional period of SPA 1, SPA 2, SPA 3 and SPA 4 from 15 August 2022 to 31 August 2022.

The aggregate disposal consideration amounts to RM21,000,000 the proceeds of which has been utilised for debt repayment to the secured lenders.

The sale of the SESB's Oilfield business were completed on 6 September 2022.

B5 Corporate Proposals (Continued)

(b) The Company has entered into a Framework Agreement ("FA") with PJD Link Holdings Sdn Bhd and Noblemax Resources Sdn Bhd and PJD Link (M) Sdn Bhd ("Target Company") on 3 October 2022, for the proposed acquisition of 100% equity interest in the Target Company by SESB ("Proposed Acquisition"), which is intended to be undertaken as the Company's proposed regularisation plan or form part thereof.

The Company announced on 13 January 2023 that the Parties have mutually agreed to extend the date to execute the Acquisition Agreement and the Due Diligence Period from 15 January 2023 to 15 April 2023. Subsequently on 18 January 2023 the Company also announced that the Parties have on 18 January 2023 entered into an Addendum to the FA to amend, modify and supplement Clause 2.4A of the FA.

On 11 May 2023, the Parties mutually agreed to further extend the date to execute the Acquisition Agreement and the Due Diligence Period from 15 April 2023 to 15 September 2023. On 17 May 2023, M & A Securities had submitted an application for a further extension of time up to 30 November 2023 to submit its regularisation plan to Bursa Securities.

B6 Profit/(Loss) Before Taxation

| | Current 3 months ended 31 Mar 2023 RM'000 | Current 3 months ended 31 Mar 2022 RM'000 | Cumulative 9 months ended 31 Mar 2023 RM'000 | Cumulative 9 months ended 31 Mar 2022 RM'000 |
|--|--|--|---|---|
| <u>Continuing operations</u> | | | | |
| Profit/(Loss) before taxation is stated at after charging/(crediting): | | | | |
| Depreciation and amortisation | 1 | 31 | 5 | 91 |
| Loss/(gain) on foreign exchange - | - | 164 | (28) | 968 |
| Impairment loss: | | | | |
| - investment in associate | - | - | 8,000 | - |
| Interest income | (31) | - | (193) | - |
| | <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 Mar 2023 RM'000 | Current 3 months ended 31 Mar 2022 RM'000 | Cumulative 9 months ended 31 Mar 2023 RM'000 | Cumulative 9 months ended 31 Mar 2022 RM'000 |
|---------------------------------------|--|--|---|---|
| <u>Continuing operations</u> | | | | |
| Malaysian income tax | | | | |
| - current year | - | - | - | - |
| Foreign income tax | | | | |
| - current year | - | - | - | - |
| Total income tax (Continuing) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Effective tax rate (Continuing) | 0.00% | 0.00% | 0.00% | 0.00% |
| <u>Discontinued operations</u> | | | | |
| Malaysian income tax | | | | |
| - current year | - | - | - | - |
| Foreign income tax | | | | |
| - current year | - | 1,110 | 1,156 | 7,266 |
| Total income tax (Discontinued) | <u>-</u> | <u>1,110</u> | <u>1,156</u> | <u>7,266</u> |
| Effective tax rate (Discontinued) | - | 2.73% | -2.90% | 19.59% |
| Total income tax | - | 1,110 | 1,156 | 7,266 |
| Effective tax rate | <u>-</u> | <u>2.73%</u> | <u>-2.90%</u> | <u>19.59%</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.

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B8 Cash and Bank Balances

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

| | As at 31 Mar 2023 RM'000 |
|---|---|
| Cash and bank balances | 2,325 |
| Short term deposits with licensed banks | 1,004 |
| Cash and cash equivalents | <u>3,329</u> |

B9 Other Reserves

| | As at 31 Mar 2023 RM'000 | As at 30 June 2022 (Audited) RM'000 |
|----------------------|---|--|
| Capital reserve | 26,881 | 26,881 |
| Translation reserves | (24,289) | (118,296) |
| Merger reserve | (6,894) | (443,324) |
| | <u>(4,302)</u> | <u>(534,739)</u> |

B10 Earnings Per Share

| | Current 3 months ended 31 Mar 2023 RM'000 | Current 3 months ended 31 Mar 2022 RM'000 | Cumulative 9 months ended 31 Mar 2023 RM'000 | Cumulative 9 months ended 31 Mar 2022 RM'000 |
|--|--|--|---|---|
| <u>Basic and diluted earnings per share</u> | | | | |
| (Loss)/profit for the period | <u>(637)</u> | <u>(1,080)</u> | <u>26,570</u> | <u>(6,910)</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 | (0.14) | (0.57) | (2.62) | (1.25) |
| Discontinued | - | 0.34 | 8.29 | (0.22) |
| | <u>(0.14)</u> | <u>(0.23)</u> | <u>5.67</u> | <u>(1.48)</u> |

B11 Material Litigation

There is no change in material litigation since the date of the audited financial statements for financial year ended 30 June 2022 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 31 May 2023 by the Board of Directors.