

SCOMI GROUP BHD
(COMPANY NO: 571212-A)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2019**

	<u>Others</u> 3 months ended 31 March 2019 RM '000	<u>Others</u> 3 months ended 31 March 2018 RM '000	<u>Cummulative Period</u> 12 months ended 31 March 2019 RM '000	<u>Cummulative Period</u> 12 months ended 31 March 2018 RM '000
Continuing Operations				
Revenue	132,072	132,317	553,921	704,018
Cost of revenue	(111,517)	(146,335)	(465,583)	(647,856)
Gross (loss)/profit	20,555	(14,018)	88,338	56,162
Other (expenses)/income, net	(32,156)	(114,685)	(25,689)	(101,002)
Operating expenses	(34,106)	(19,198)	(132,471)	(187,278)
Finance costs	(10,351)	(21,496)	(43,130)	(49,427)
Share of results of jointly controlled entities	(3,614)	(33,149)	(8,656)	(36,663)
Loss before taxation	(59,672)	(202,546)	(121,608)	(318,208)
Taxation	(3,189)	(1,648)	(14,483)	(13,874)
Loss for the period/year	(62,861)	(204,194)	(136,091)	(332,082)
Other comprehensive income/(expense)				
Currency translation differences	5,009	55,331	(2,096)	(21,545)
Cash flow hedges and Retirement Benefits	-	(15,036)	-	(15,883)
Other comprehensive income/(expense), net of tax	5,009	40,295	(2,096)	(37,428)
Total comprehensive expense for the period/year	(57,852)	(163,899)	(138,187)	(369,510)
Loss attributable to:				
Owners of the Company	(43,947)	(159,394)	(119,501)	(249,974)
Non-controlling interests	(18,914)	(44,800)	(16,590)	(82,108)
	(62,861)	(204,194)	(136,091)	(332,082)
Total comprehensive expense attributable to:				
Owners of the Company	(40,658)	(135,522)	(125,430)	(278,748)
Non-controlling interests	(17,194)	(28,377)	(12,757)	(90,762)
	(57,852)	(163,899)	(138,187)	(369,510)
Earnings/(loss) per share	sen	sen	sen	sen
Basic earnings/(loss) per share	(4.02)	(14.59)	(10.92)	(22.88)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Report for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.

SCOMI GROUP BHD
(COMPANY NO: 571212-A)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019**

	As at 31 March 2019 RM'000 Unaudited	As at 31 March 2018 RM'000 Restated
ASSETS		
Non-current assets		
Property, plant and equipment	356,345	441,585
Intangible assets	278,072	277,293
Investment properties	514	2,140
Investment in associate	7,439	7,439
Investment in joint ventures and joint operations	28,237	25,413
Available-for-sale assets	108	108
Deferred tax assets	36,717	41,507
Receivables	104	5,525
	707,536	801,010
Current assets		
Inventories	96,581	126,876
Receivables, deposits and prepayments	922,827	973,030
Current tax assets	24,706	20,921
Short-term deposits, cash and bank balances	56,231	102,127
	1,100,345	1,222,954
Assets classified as held for sale	12,240	-
	1,112,585	1,222,954
Total assets	1,820,121	2,023,964
EQUITY AND LIABILITIES		
Equity attributable to owners of the company		
Share capital	224,964	664,964
Treasury shares	(15)	(3,239)
Other reserves	24,934	(96,800)
Retained earnings	(29,765)	(219,524)
	220,118	345,401
Non controlling interests	328,004	340,761
	548,122	686,162
Non-current liabilities		
Trade and other payables	-	3,738
Provision for retirement benefit	8,239	8,932
Loans and borrowings	119,980	150,944
Deferred taxation	11,665	(15)
	139,884	163,599
Current liabilities		
Trade and other payables	478,116	553,043
Loans and borrowings	624,103	565,382
Current tax liabilities	29,881	35,243
Derivative financial liabilities	-	10,516
	1,132,100	1,164,184
Total liabilities	1,271,984	1,327,783
Total equity and liabilities	1,820,106	2,013,945
Net asset per share attributable to equity holders of the parent (RM)		
	0.20	0.32

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Report for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.

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(COMPANY NO: 571212-A)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2019**

	Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Other reserves Capital Reduction reserve RM'000	Hedge reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 April 2018	664,964	(3,239)	(97,856)	-	-	(202,236)	361,633	345,725	707,358
Restatement as per MFRS 9	-	-	1,056	-	-	(17,288)	(16,232)	(4,964)	(21,196)
At 1 April 2018, restated	664,964	(3,239)	(96,800)	-	-	(219,524)	345,401	340,761	686,162
Foreign currency translation differences for foreign operations	-	-	(5,929)	-	-	-	(5,929)	3,833	(2,096)
Capital Reduction	(440,000)	-	-	440,000	-	-	-	-	-
Transfer to Capital Reduction Reserve	-	-	-	(312,337)	-	312,337	-	-	-
Loss for the period	-	-	-	-	-	(119,501)	(119,501)	(16,590)	(136,091)
Total comprehensive income for the year	(440,000)	-	(5,929)	127,663	-	192,836	(125,430)	(12,757)	(138,187)
Own shares sold	-	3,239	-	-	-	(3,077)	162	-	162
At 31 March 2019	224,964	(15)	(102,729)	127,663	-	(29,765)	220,133	328,004	548,137
At 1 April 2017	636,582	(18,696)	(79,389)	-	10,657	24,959	574,113	502,147	1,076,260
Foreign currency translation differences for foreign operations	-	-	(18,467)	-	-	-	(18,467)	(3,078)	(21,545)
Cash flow hedges	-	-	-	-	(10,657)	-	(10,657)	(5,576)	(16,233)
Loss for the year	-	-	-	-	-	(249,974)	(249,974)	(82,108)	(332,082)
Retirement benefits	-	-	-	-	-	350	350	-	350
Total comprehensive income for the year	-	-	(18,467)	-	(10,657)	(249,624)	(278,748)	(90,762)	(369,510)
Issue of ordinary shares	28,382	-	-	-	-	-	28,382	(28,382)	-
Transaction with non-controlling interest	-	-	-	-	-	36,445	36,445	(37,278)	(833)
Own shares sold	-	15,457	-	-	-	(14,016)	1,441	-	1,441
At 31 March 2018	664,964	(3,239)	(97,856)	-	-	(202,236)	361,633	345,725	707,358

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2019**

	Cumulative Period	
	Current Period 31 March 2019 RM'000 Unaudited	Prior Year 31 March 2018 RM'000 Audited
Cash flows from operating activities		
Loss before taxation continuing operations	(121,608)	(318,208)
Adjustments for non-cash items	118,838	290,653
Operating (loss)/profit before working capital changes	(2,770)	(27,555)
Changes in working capital:		
Inventories	30,294	51,223
Trade and other receivables	75,583	(20,326)
Trade and other payables	(84,436)	72,778
Cash from operations	18,656	76,120
Tax and Retirement Benefits Paid	(3,545)	(15,011)
Net cash from operating activities	15,111	61,109
Cash flows from investing activities		
Additional investment in Joint-Venture/Associates	(4,170)	(17,724)
Purchase of property, plant and equipment	(13,132)	(36,451)
Proceeds from disposal of property, plant and equipment	4,556	32,404
Proceeds from disposal of subsidiaries	21,555	-
Interest received	2,121	2,443
Net cash used in investing activities	10,930	(19,328)
Cash flows from financing activities		
Proceeds from bank borrowings	-	13,050
Repayment of bank borrowings	(15,557)	(43,680)
Interest paid on borrowings	(18,374)	(24,141)
Increase in cash and short term deposit pledged as security	(770)	-
Sale of treasury shares	162	1,533
Net cash used in financing activities	(34,539)	(53,238)
Net decrease in cash and cash equivalents	(8,498)	(11,457)
Cash and cash equivalents at beginning of period	(31,407)	32,801
Currency translation differences	3,185	(52,751)
Cash and cash equivalents at end of period	(36,720)	(31,407)
<u>Cash and cash equivalents comprise:</u>		
Short term deposits with licensed banks	23,446	54,576
Cash and bank balances	32,785	47,551
Bank overdrafts	(69,597)	(79,320)
	(13,366)	22,807
Less: Short-term deposit pledged as securities	(23,339)	(54,214)
	(36,705)	(31,407)

PART A: EXPLANATORY NOTES AS PER FRS 134

A1. Basis of preparation of interim financial reports

The interim financial statements are prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Listing Requirements and should be read in conjunction with the Company's annual audited financial statements for the year ended 31 March 2018 and the accompanying notes attached to the unaudited condensed consolidated financial statements.

Within the context of these condensed consolidated financial statements, the Group comprises the Company and its subsidiaries, and the Group's interest in associates and joint ventures as at and for the period ended 31 March 2019.

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 31 March 2018.

The following are amendments to the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") and have been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 April 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018; and
- from the annual period beginning on 1 April 2019 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019.

A1. Basis of Preparation of interim financial reports (“continued”)

The Group and the Company does not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on 1 April 2021 as it is not applicable to the Group and the Company.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company except as mentioned below:

MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The application of MFRS 15 does not have a material effect on the Group’s financial statements.

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

In respect of impairment of financial assets, MFRS 9 replaces the “incurred loss” model in MFRS 139 with a forward looking “expected credit loss” (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

As allowed by the transitional provisions of MFRS 9, the Group elected not to restate the comparatives. Effects arising from the initial application of MFRS 9 is as below:

Group	As reported at 31 March 2018 RM’000	Estimated adjustments due to adoption of MFRS 9 RM’000	Estimated adjusted opening balance at 1 April 2018 RM’000
Trade and other receivables	994,226	(21,196)	973,030
Translation reserve	(97,856)	1,056	(96,800)
Accumulated Losses	(202,236)	(17,288)	(219,524)
Non-Controlling Interest	345,725	(4,964)	340,761

A1. Basis of Preparation of interim financial reports (“continued”)**MFRS 16, Leases**

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

A2. Qualification of financial statements

The preceding year annual financial statements were not subject to any qualification.

A3. Seasonal and cyclical factors

The Group’s results were not materially affected by any major 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 period 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 period under review.

A6. Debt and equity securities

There were no issuances, cancellations, share buy-backs, resale of shares bought back or repayment of debt and equity securities during the current period, except as stated below:-

Sale of treasury shares during the period as follow:-

Date	No. of units	Price/unit RM	Total consideration RM
12 April 18	361,400	0.13	46,982
19 April 18	388,600	0.13	50,518
20 April 18	330,800	0.13	43,070
8 June 18	169,200	0.13	21,996
Total	1,250,000		162,566

A7. Dividends paid

No dividends were paid during the current period.

A8. Segmental Information

The segmental information is as tabulated below.

	<u>Oilfield Services</u> RM'000	<u>Marine Services</u> RM'000	<u>Transport Solutions</u> RM'000	<u>Others/ Elimination</u> RM'000	<u>Group</u> RM'000
Cumulative 12 months period ended 31 March 2019					
Revenue					
Revenue for the period	406,415	118,998	28,508	-	553,921
Results					
Operating loss	(356)	8,149	(44,798)	(7,128)	(44,133)
Share of result of					
- associated companies	-	-	-	-	-
- jointly controlled entities	(8,656)	-	-	-	(8,656)
Other income/(expenses)	28,538	(33,214)	(14,478)	(6,535)	(25,689)
Finance cost	(13,979)	(4,599)	(30,301)	5,749	(43,130)
Segment results	5,547	(29,664)	(89,577)	(7,914)	(121,608)
Taxation					(14,483)
Loss for the period					(136,091)

	<u>Oilfield Services</u> RM'000	<u>Marine Services</u> RM'000	<u>Transport Solutions</u> RM'000	<u>Elimination</u> RM'000	<u>Group</u> RM'000
Cumulative 12 months period ended 31 March 2018					
Revenue					
Revenue for the period	486,429	127,528	90,061	-	704,018
Operating loss	(36,136)	(26,672)	(47,880)	(20,428)	(131,116)
Share of result of					
- associated companies	-	-	-	-	-
- jointly controlled entities	(4,029)	(32,634)	-	-	(36,663)
Other income/(expenses)	(50,898)	(29,753)	(33,939)	13,588	(101,002)
Finance cost	(22,608)	(5,444)	(26,780)	5,405	(49,427)
Segment results	(113,671)	(94,503)	(108,599)	(1,435)	(318,208)
Taxation					(13,874)
Loss for the period					(332,082)

A9. Valuation of property, plant and equipment

There is no revaluation of property, plant and equipment, as the Group does not adopt a revaluation policy on property, plant and equipment.

A10. Subsequent Events

There were no material events subsequent to the end of the period under review.

A11. Changes in composition of the Group

On 31 Jan 2019, Scomi Sosma Sdn Bhd, an indirectly wholly-owned subsidiary of the Company, sold its entire interests in Scomi Anticor S.A.S to Vink + Co GMBH Handelsgesellschaft UND CO.KG. Scomi Anticor S.A.S has ceased to be a subsidiary of the Company as from 31 Jan 2019.

On 20 Feb 2019 Scomi Oilfield Limited, a indirectly wholly-owned subsidiary of the Company sold 51% of equity interest in Scomi Oiltools Ltd (incorporated in Cayman Islands) to Midgard Oilfield Services FZ LLC ("Midgard"). Scomi Oilfield Limited continues to hold 49% interest in Scomi Oiltools Ltd.

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

A12. Contingent liabilities

Details of contingent liabilities of the Group at the end of the period are as follows:

	RM'000
Contingent liabilities arising from :	
- tax matters	<u>2,000</u>

A13. Capital and operating lease commitments

a) Capital commitments:

	Approved and contracted for RM'000	Approved but not contracted for RM'000	Total RM'000
Plant and equipment	-	7,213	7,213
Vessels	13,142	540	13,682
Total	<u>13,142</u>	<u>7,753</u>	<u>20,895</u>

b) Operating lease commitments:

	31 March 2019 RM'000
Less than one year	2,152
Between one and five years	4,152
	<u>6,304</u>

A14. Related Party Transactions

The following are the significant related party transactions:

	Other Period 3 months ended 31-Mar-19 RM'000	Cumulative Period 12 months ended 31-Mar-19 RM'000
Transactions with companies connected to Directors: (expenses / (Income))		
Airline Ticketing Services	-	47
Rental Income	<u>(53)</u>	<u>(190)</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 favourable to the Group and the Company than those arranged with independent third parties.

A15. Change of Financial Year End

During the period, the Company changed its financial year end from 31 March 2019 to 30 June 2019.

PART B : EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES
B1. Review of performance
Current Period – 3 months ended 31 March 2019 vs 31 March 2018

	3 MONTHS ENDED			
	3 months period 31-Mar-19	3 months period 31-Mar-18	Changes	
	RM'000	RM'000	RM'000	%
Revenue	132,072	132,317	(245)	0%
Gross Profit	20,555	(14,018)	34,573	247%
Operating expenses	(34,106)	(19,198)	(14,908)	-78%
Other Income/(Charges)	(32,156)	(114,685)	82,529	72%
Finance Costs	(10,351)	(21,496)	11,145	52%
Share of Losses	(3,614)	(33,149)	29,535	89%
Loss Before Tax	(59,672)	(202,546)	142,874	71%
Loss After Tax	(62,861)	(204,194)	141,333	69%
Loss Attributable to the Owners of the Company	(43,947)	(159,394)	115,447	72%

Current Period – 3 months ended 31 March 2019 vs 31 March 2018

Details of the key factors driving the performance of each segment are provided in the respective sections below:

	Revenue		Variance		Loss Before Tax		Variance	
	3 months to				3 months to			
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Operating segments:								
Oilfield Services	103,808	90,839	12,969	14%	(354)	(90,045)	89,691	-100%
Marine Services	28,264	29,270	(1,006)	-3%	(38,586)	(70,000)	31,414	-45%
Transport Solutions	-	12,208	(12,208)	-100%	(17,593)	(44,286)	26,693	-60%
Corporate/Elimination	-	-	-	-	(3,139)	1,785	(4,924)	-276%
	132,072	132,317			(59,672)	(202,546)		

Group

The Group Loss Before Tax ("LBT") for the 3 months to 31 March 2019 is RM59.7 million. Excluding the impairment on vessel of RM39.2 million and Forex Losses of RM15.3 million for the period, LBT would have been RM5.2 million.

Oilfield Services

The segment's revenue for the 3 months period ended 31 March 2019 increased by RM13.0 million or 14% as compared to the same period in prior year mainly due to higher activity in countries such as Pakistan, West Africa and Indonesia, partially offset by lower revenue in Turkmenistan (majority stake of which has been disposed and hence deconsolidated) and Russia.

Lower Loss Before tax ("LBT") was primarily due to increase in gross profit, lower operating expenses and finance cost as well as other income such as gain on disposal of property, plant & equipment. Excluding Forex Losses for the period of RM15.7 million, the segment would have shown a Profit Before Tax ("PBT") of RM15.3m in the current period.

Marine Services

The segment revenue for the current quarter was lower by 3.0% compared to the same period last year due to decrease in revenue on the coal affreightment contract in Malaysia.

The segment posted a LBT of RM38.6 million as compared to a LBT of RM70.0 million in prior period. This was mainly due to higher gross profit, lower share of loss of JV (4QFY2018: RM35.9 million - due to disposal & impairment of vessel in JV), offset by higher impairment of offshore supply vessel during the current period. Excluding impairment on vessel of RM39.2 million and forex gain of RM0.4 million, the segment would have registered a PBT of RM0.2 million in the current period.

Transport Solutions

The Transport Solutions division did not record any revenue for the quarter as a result of minimal activity as well as termination of contract in India which is being challenged by the Company.

The segment posted a loss before tax of RM17.6 million, as compared to loss of RM44.5 million last year. The lower losses was mainly due to lower operating cost with prior year showing forex losses of RM15.0 million.

Current Period – 12 months ended 31 March 2019 vs 31 March 2018

	CUMULATIVE PERIOD			
	12 months Period Ended 31-Mar-19	12 months Period Ended 31-Mar-18	Changes	
			RM'000	%
Revenue	553,921	704,018	(150,097)	-21%
Gross Profit	88,338	56,162	32,176	57%
Operating expenses	(132,471)	(187,278)	54,807	29%
Other Income/(Charges)	(25,689)	(101,002)	75,313	-75%
Finance Costs	(43,130)	(49,427)	6,297	13%
Share of Losses	(8,656)	(36,663)	28,007	76%
Loss Before Tax	(121,608)	(318,208)	196,600	62%
Loss After Tax	(136,091)	(332,082)	195,991	59%
Loss Attributable to the Owners of the Company	(119,501)	(249,974)	130,473	52%

Group

The Group Loss Before Tax ("LBT") for the 12 months to 31 March 2019 is RM121.6 million. Excluding the impairment on vessel of RM39.2 million and Forex Losses of RM6.5 million for the period, LBT would have been RM75.9 million.

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Details of the key factors driving the performance of each segment are provided in the respective sections below:

	Revenue		Variance		Loss Before Tax		Variance	
	12 months to				12 months to			
	31 Mar 2019	31 Mar 2018	RM'000	%	31 Mar 2019	31 Mar 2018	RM'000	%
Operating segments:								
Oilfield Services	406,415	486,429	(80,014)	-16%	5,547	(113,671)	119,218	105%
Marine Services	118,998	127,528	(8,530)	-7%	(29,664)	(94,503)	64,839	69%
Transport Solutions	28,508	90,061	(61,553)	-68%	(89,577)	(108,599)	19,022	18%
Corporate/Elimination	-	-	-	-	(7,914)	(1,435)	(6,479)	451%
	553,921	704,018			(121,608)	(318,208)		

Oilfield Services

The segment's revenue for the current period decreased by RM80.0 million or 16% as compared to the previous year to-date period. This was mainly due to lower activity in countries such as Turkmenistan (majority stake of which has been disposed and hence deconsolidated), Thailand, Russia and Malaysia, offset by higher revenue from West Africa, Indonesia and Pakistan.

PBT of RM5.5 million in the current period was mainly due to gain on forex of RM6.8 million (YTD FY2018: Forex loss of RM33.4 million) and lower operating expenses and finance cost totaling to RM32.5 million during the period. Excluding Forex Gain for the period of RM6.8 million, the segment would have shown a LBT of RM1.3m.

Marine Services

The segment revenue for the current period was lower by RM8.5 million or 7% compared to previous period primarily due to lower revenue on the coal affreightment contract in Malaysia, partially offset by higher revenues in Indonesia due to increased coal shipment.

The segment posted a lower LBT of RM29.7 million during the current period. This was mainly contributed by increase in gross profit by RM27.5 million, gain on forex of RM4.1 million (YTD FY2018: Forex loss of RM7.9 million) and lower share of loss of JV by RM33.0 million (YTD FY2018: RM39.4 million due to disposal & impairment of vessel). Excluding impairment of vessel of RM39.2 million and Forex Gain for the period of RM4.1 million, the segment would have shown a PBT of RM5.4m.

Transport Solutions

The Transport Solutions division recorded lower revenue of RM28.5 million, as compared to RM90.1 million in previous year to-date period. This is principally due to low activities that led to lower revenue generated from both Rail and Commercial Vehicles segments.

The division posted a LBT of RM89.6 million due to lower revenue impacting margins, higher financial cost and unrealised foreign exchange losses of RM14.2 million during the current period. The forex losses were from translation of accrued receivables for both Mumbai and Brazil Monorail projects as a result of weakening of the Indian Rupee and Brazilian Real against Malaysian Ringgit.

Excluding forex losses of RM14.2 million, the segment would have registered LBT of RM75.4 million.

B2. Material Change in Performance as Compared to Preceding 3 months Period

The Group recorded a LBT of RM59.7 million in the current 3 months ended 31 March 2019 as compared to a LBT of RM16.4 million in the preceding 3 months ending of 31 December 2018.

As tabulated below, the increase in LBT during the current period was mainly contributed by forex loss of RM15.3 million (whereas the Preceding period had a forex gain of RM13.6 million), and higher other expenses which included impairment of offshore supply vessel. Lower gross profit in both Oilfield Service and Marine Services also contributed to the loss.

	Revenue		Variance		Loss Before Tax		Variance	
	3 months to				3 months to			
	31 Mar 2019	31 Dec 2018	11087	%	31 Mar 2019	31 Dec 2018	RM'000	%
	RM'000	RM'000			RM'000	RM'000		
Operating segments:								
Oilfield Services	103,808	100,751	3,057	3%	(354)	(2,218)	1,864	84%
Marine Services	28,264	33,430	(5,166)	-15%	(38,586)	7,805	(46,391)	-594%
Transport Solutions	-	-	-	-	(17,593)	(17,611)	18	0%
Corporate	-	-	-	-	(3,139)	(4,357)	1,218	28%
	132,072	134,181			(59,672)	(16,381)		

B3. Current Financial Period Prospects
Drilling Service Outlook

The volatility in oil prices continue as seen during the last two months with Brent crude breaching USD74/bbl and also falling to USD68/bbl last week. Upstream capital expenditures have not recovered commensurately with prices, as industry players remain cautious. Their focus is on demonstrating returns rather than investing for new growth. We expect the activity to remain at current level in the short term.

Marine Services

The coal market in Indonesia continues to be active. Demand for offshore vessels is still sluggish and our Offshore vessels are still idle. However, we are in the process of disposing an offshore vessel, leaving only one offshore vessel in the segment.

Transport Solutions

In Malaysia, Scomi Transit Project Sdn Bhd ("STP"), an indirect wholly-owned subsidiary of the Company entered into a Settlement Agreement to resolve the disputes with Prasarana Malaysia Berhad for the Kuala Lumpur Monorail Fleet Expansion Project ("Project"). With the Settlement Agreement, STP is now tasked with the repairs and refurbishment of the 5 train sets for the KL Monorail Fleet Expansion Project. STP is now progressing with the repairs.

For Mumbai Monorail Project in India, the contract was terminated by customer in Dec 2018 and we are currently contesting the termination. Any unfavourable outcome will potentially have an adverse impact on the Group.

The segment continues to pursue new business in Malaysia and abroad.

B4. Profit Forecast

The Group has not announced or disclosed any revenue or profit estimate, forecast, projection or internal targets for the Group for the period under review.

B5. Taxation

	Other Period 3 months ended 31-Mar-19	Cumulative Period 12 months ended 31-Mar-19
Continuing operations		
Current tax:		
Malaysian income tax	-	-
Foreign tax	3,189	14,483
	<u>3,189</u>	<u>14,483</u>
Deferred tax:		
Malaysia	-	-
Foreign	-	-
Total income tax	<u>3,189</u>	<u>14,483</u>

Domestic current income tax is calculated at the statutory tax rate of 24% of the taxable profit for the year. Taxation for the other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax expense for the current quarter was mainly due to:

- Losses in certain tax jurisdictions not qualifying for tax relief;
- The tax effects of the different tax rates in various jurisdictions and certain expenses not deductible for tax purposes; and
- The above mentioned income tax is related to the revenues and profits recorded by the operating subsidiaries and there are no group relief for losses.

B6. Status of corporate proposals announced by the Company

On 5 June 2018, the Company announced a Proposed Private Placement ("Placement") of up to 10% of the issued share capital of the Company. On 29 November 2018, the Company submitted an application to Bursa Malaysia Securities Berhad ("Bursa Securities") to seek an extension of time of six (6) months from 14 December 2018, on which the approval of Bursa Securities for the Private Placement granted on 14 June 2018 would lapse, for the Company to implement the Placement. On 6 December 2018, Bursa Securities granted the extension of time of six (6) months until 14 June 2019 for SGB to complete the Private Placement.

The Company also announced on 14 August 2018 that it is proposing to undertake a reduction of the issued share capital of the Company ("Capital Reduction Exercise") pursuant to Section 116 of the Companies Act, 2016. At the Extraordinary General Meeting held on 2 November 2018, the shareholders of the Company duly approved the Capital Reduction Exercise. The Capital Reduction Exercise was completed on 31 January 2019.

There are no other corporate proposals that have been announced but not completed.

B7. Group borrowings and debt securities

The Group borrowings and debt securities as at the end of the reporting period are as follows:

	As at
	31 March 2019
	RM'000
Current	624,103
Non Current	119,980
Total	<u>744,083</u>

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

	As at
	31 March 2019
	RM'000
Denominated in:	
Ringgit Malaysia	532,917
US Dollar	158,840
Indian Rupee	52,326
Total	<u>744,083</u>

B8. Changes in material litigation

Scomi Transit Projects Sdn Bhd ("**STP**") and Prasarana Malaysia Berhad ("**PMB**") had entered into the Settlement Agreement dated 4 April 2019 ("**Settlement Agreement**") to resolve the disputes between them relating to the Kuala Lumpur Monorail Fleet Expansion Contract Agreement dated 3 June 2011 as supplemented by the First Supplement Agreement dated 16 April 2014, the Second Supplemental Agreement dated 15 April 2015 and the Third Supplemental Agreement dated 3 March 2017 ("**Contract**") for the completion of the upgrade of the Kuala Lumpur monorail stations and the electrical and mechanical system, the construction of a new depot, and delivery of 12 sets of new 4-car trains ("**Project**").

Pursuant to the Settlement Agreement, STP and PMB have agreed to amicably resolve the claims and disputes between them and accordingly have on 24 April 2019 withdrawn their respective claims and/or counterclaims ("**Withdrawals**") arising in the following actions:

- (1) High Court of Kuala Lumpur, Suit No : WA-23CY-29-06/2017 - Scomi Transit Projects Sdn Bhd v. Prasarana Malaysia Berhad & Rapid Rail Sdn Bhd (Defamation Action);
- (2) Appeal No: W-02(C)(A)-1302-07/2016 (Appeal from High Court of Kuala Lumpur, Suit No. WA-24C-45-06/2016) - Scomi Transit Projects Sdn Bhd v. Prasarana Malaysia Berhad (Termination Injunction Appeal);
- (3) Payment claim via KLMFEP-C2-STP-PMB-4180-PM dated 12 August 2016 issued pursuant to Section 5 of the Construction Industry Payment and Adjudication Act 2012;
- (4) Arbitration Between Scomi Transit Projects Sdn Bhd and Prasarana Malaysia Berhad pursuant to Notice of Arbitration dated 21.7.2016 (Termination Arbitration); and

(5) Arbitration Between Scomi Transit Projects Sdn Bhd and Prasarana Malaysia Berhad pursuant to Notice of Arbitration dated 12.7.2017 (TSC Arbitration).

Arising from the Withdrawals, there are no further litigation between STP and PMB arising from the Project or the Contract.

B9. Proposed Dividend

No dividend has been declared for the current period under review.

B10. Earnings per share

The computation for earnings per share is as shown below.

		3 months Period Ended 31 March 2019	12 months Period Ended 31 March 2019
Basic earnings/(loss) per share			
Net losses attributable to shareholders	(RM'000)	<u>(43,947)</u>	<u>(119,501)</u>
<u>Weighted average number of shares</u>	('000)		
Issued shares at opening		1,092,657	1,092,657
Effect of sale of treasury shares		1,250	1,250
Weighted average number of shares	('000)	<u>1,093,907</u>	<u>1,093,907</u>
Basic earnings/(loss) per share	(sen)	<u>(4.02)</u>	<u>(10.92)</u>

Diluted earnings per ordinary share are not presented as the Group's warrants exercise price is more than the average share price for the period.

B11. Profit/(loss) for the period

Profit/(loss) for the period is stated after crediting / (charging):

	Other Period 3 months ended 31-Mar-19 RM'000	Cumulative Period 12 months ended 31-Mar-19 RM'000
Interest income	195	1,063
Interest expense	(9,610)	(42,153)
Foreign exchange gain/(loss), net	(15,300)	(6,528)
Depreciation and amortisation	(16,094)	(69,451)
Impairment loss on property, plant and equipment	(39,197)	(39,197)
Profit / (Loss) on disposal of subsidiaries	7,230	(314)
Gain/(Loss) on disposal of property, plant and equipment	2,978	6,875

B12. Authorised for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 31 May 2019.