

SCOMI GROUP BHD
(COMPANY NO: 571212-A)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

	Others 3 months ended 30 Sept 2019 RM '000
<u>Continuing Operations</u>	
Revenue	107,887
Cost of revenue	(83,556)
	24,331
Gross (loss)/profit	
Other (expenses)/income, net	2,747
Operating expenses	(21,530)
Finance costs	(3,565)
Share of results of associates / jointly controlled entities	-
Net loss on impairment of financial instruments	-
	1,983
Profit before taxation	
Taxation	(3,039)
	(1,056)
Loss for the period from continuing operations	
Other comprehensive income/(expense)	
Currency translation differences	(18,025)
	(18,025)
Other comprehensive income/(expense), net of tax	
Total comprehensive expense for the period/year	(19,081)
Loss attributable to:	
Owners of the Company	(1,664)
Non-controlling interests	608
	(1,056)
Total comprehensive expense attributable to:	
Owners of the Company	(13,383)
Non-controlling interests	(5,698)
	(19,081)
Earnings/(loss) per share	sen
Basic earnings/(loss) per share	(0.15)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Report for the period ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements. No comparatives are shown due to the change in financial year-end from 31 March to 30 June in prior financial period ended.

SCOMI GROUP BHD
(COMPANY NO: 571212-A)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019**

	As at 30 September 2019 RM'000 Unaudited	As at 30 June 2019 RM'000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	291,718	297,237
Intangible assets	105,476	103,531
Investment in associates	8,847	8,847
Investment in joint ventures and joint operations	2,084	2,083
Deferred tax assets	643	529
Receivables	14,465	14,332
	423,233	426,559
Current assets		
Inventories	84,961	82,815
Receivables, deposits and prepayments	228,928	236,745
Current tax assets	19,282	13,490
Short-term deposits, cash and bank balances	73,595	66,334
	406,766	399,384
Assets classified as held for sale	-	-
	406,766	399,384
Total assets	829,999	825,943
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	224,964	224,964
Other reserves	(83,703)	(71,984)
Accumulated Losses	(178,372)	(176,708)
	(37,111)	(23,728)
Non controlling interests	311,859	317,557
	274,748	293,829
Non-current liabilities		
Trade and other payables	-	1,028
Provision for retirement benefit	8,045	8,401
Loans and borrowings	50,052	50,196
Deferred taxation	4,805	4,486
	62,902	64,111
Current liabilities		
Trade and other payables	304,411	307,605
Loans and borrowings	167,621	136,093
Current tax liabilities	20,317	24,305
	492,349	468,003
Total liabilities	555,251	532,114
Total equity and liabilities	829,999	825,943
Net asset per share attributable to equity holders of the parent (RM)	(0.03)	(0.02)

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Report for the year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

SCOMI GROUP BHD
(COMPANY NO: 571212-A)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

	Share capital RM'000	Treasury shares RM'000	Other reserves Translation reserve RM'000	Accumulated losses RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 July 2019	224,964	-	(71,984)	(176,708)	(23,728)	317,557	293,829
Foreign currency translation differences for foreign operations	-	-	(11,719)	-	(11,719)	(6,306)	(18,025)
Loss for the period	-	-	-	(1,664)	(1,664)	608	(1,056)
Total comprehensive income for the year	-	-	(11,719)	(1,664)	(13,383)	(5,698)	(19,081)
At 30 September 2019	224,964	-	(83,703)	(178,372)	(37,111)	311,859	274,748
At 1 April 2018	664,964	(3,239)	(97,856)	(202,236)	361,633	345,725	707,358
Adjustment on initial application of MFRS 9	-	-	-	(15,532)	(15,532)	(4,054)	(19,586)
At 1 April 2018, restated	664,964	(3,239)	(97,856)	(217,768)	346,101	341,671	687,772
Foreign currency translation differences for foreign operations	-	-	3,916	-	3,916	5,522	9,438
Deconsolidation of subsidiaries	-	-	21,956	-	21,956	-	21,956
Retirement benefits	-	-	-	308	308	162	470
Capital Reduction	(440,000)	-	-	440,000	-	-	-
Loss for the period	-	-	-	(396,171)	(396,171)	(29,798)	(425,969)
Total comprehensive income for the year	(440,000)	-	25,872	44,137	(369,991)	(24,114)	(394,105)
Own shares sold	-	3,239	-	(3,077)	162	-	162
At 30 June 2019	224,964	-	(71,984)	(176,708)	(23,728)	317,557	293,829

SCOMI GROUP BHD
(COMPANY NO: 571212-A)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

	Current Period 30 September 2019 RM'000 Unaudited
Cash flows from operating activities	
Profit before taxation	
continuing operations	1,983
Adjustments for non-cash items	15,509
Operating (loss)/profit before working capital changes	17,492
Changes in working capital:	
Inventories	(2,150)
Trade and other receivables	8,075
Trade and other payables	(40,039)
Cash from operations	(16,622)
Tax and Retirement Benefits Paid	(3,603)
Net cash from operating activities	(20,225)
Cash flows from investing activities	
Purchase of property, plant and equipment	(2,917)
Interest received	989
Net cash used in investing activities	(1,928)
Cash flows from financing activities	
Repayment of bank borrowings	(10,617)
Proceeds from bank borrowings	42,000
Interest paid on borrowings	(2,526)
Increase in cash and short term deposit pledged as security	(4,871)
Net cash used in financing activities	23,986
Net increase in cash and cash equivalents	1,833
Cash and cash equivalents at beginning of period	39,254
Currency translation differences	547
Cash and cash equivalents at end of period	41,634
<u>Cash and cash equivalents comprise:</u>	
Short term deposits with licensed banks	29,175
Cash and bank balances	44,420
	73,595
Less: Short-term deposit pledged as securities	(31,961)
	41,634

No comparatives are shown due to the change in financial year-end from 31 March to 30 June in prior financial period ended.

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 period ended 30 June 2019 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 30 September 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 30 June 2019.

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 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 July 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.

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 and the Company expect to recognise right-of-use assets and lease liabilities on 1 July 2019. On overall, net current liabilities will be higher due to presentation of a portion of the lease liabilities as current liabilities.

A2. Qualification of financial statements

The preceding year annual financial statements were subject to the following qualification which was mentioned as follows in the Independent Auditors’ Report for the financial period ended 30 June 2019 (to be read in conjunction with the audited financial statement for the period ended 30 June 2019) :

Extracted from the Independent Auditors Report to the members of Scomi Group Bhd:

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019, and of their financial performance and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Qualified Opinion

As disclosed in Note 25.4 to the financial statements, the accounting records of certain subsidiaries were seized by a receiver and manager and an overseas authority; and the accounting records of a foreign subsidiary have been lost due to closure of its office overseas.

As a result of lack of accounting records, we are unable to obtain sufficient and appropriate evidence to determine the appropriateness of certain balances and the effect of misstatements, if any, for the following:

- i. the amounts disclosed in Note 25.1 to the financial statements on the loss for the financial period ended 24 January 2019 for Scomi Engineering Bhd and its subsidiaries (“SEB Group”) amounting to RM96.7 million and loss on deconsolidation of subsidiaries amounting to RM64.9 million;
- ii. the amount disclosed in Note 25.3 to the financial statements on the net assets of SEB Group as at 24 January 2019 amounting to RM64.9 million; and

- iii. the adoption of MFRS 15 of SEB Group and its consequential financial effect on the accumulated losses of the Group as at 1 April 2018; net assets of SEB Group as at 24 January 2019 amounting to RM64.9 million as disclosed in Note 25.3 to the financial statements; and loss on discontinued operation of the Group amounting to RM161.6 million as disclosed in Note 25.1 to the financial statements.

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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.

A7. Dividends paid

No dividends were paid during the current period.

A8. Segmental Information

The segmental information is as tabulated below.

	Oilfield Services	Marine Services	Others / Elimination	Group
	RM'000	RM'000	RM'000	RM'000
<u>3 months ended 30 September 2019</u>				
Revenue for the period	81,461	26,426	-	107,887
Operating Profit / (Loss)	3,324	791	(1,314)	2,801
Realised (loss)/gain on foreign exchange	(231)	478	254	501
Unrealised (loss)/gain on foreign	2,234	1,208	(652)	2,790
Share of result of				
- associated companies	-	-	-	-
- jointly controlled entities	-	-	-	-
Other income/(expenses)	343	753	(1,640)	(544)
Finance cost	(2,134)	(537)	(894)	(3,565)
Profit / (loss) before tax	3,536	2,693	(4,246)	1,983
Taxation	(2,717)	(322)	-	(3,039)
Loss from continuing operations	819	2,371	(4,246)	(1,056)
Other information				
Depreciation and amortisation	5,342	7,418	37	12,797
Interest income	240	749	-	989

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

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	2,000

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	2,917	17,870	20,787
Vessels (dry-docking)	-	16,400	16,400
Total	<u>2,917</u>	<u>34,270</u>	<u>37,187</u>

b) Operating lease commitments:

	30 Sept 2019 RM'000
Less than one year	1,108
Between one and five years	2,417
	<u>3,525</u>

A14. Related Party Transactions

The following are the significant related party transactions:

**3 months ended
30-Sep-19
RM'000**

Transactions with companies connected to Directors:

Recharge of expenses paid on behalf	<u>8</u>
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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.

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

B1. Review of performance

Current Period – 3 months ended 30 September 2019 vs 30 September 2018

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

	Revenue		Variance		Profit/(Loss) Before Tax		Variance	
	3 months to				3 months to			
	30 Sept 2019	30 Sept 2018	RM'000	RM'000	RM'000	RM'000	RM'000	%
Operating segments:								
Oilfield Services	81,461	107,299	(25,838)	-24%	3,536	10,645	(7,109)	-67%
Marine Services	26,426	26,970	(544)	-2%	2,693	(4,311)	7,004	162%
Corporate/Elimination	-	-	-	-	(4,246)	(3,152)	(1,094)	-35%
	107,887	134,269			1,983	3,182		

Note : Due to the change in financial year from 31 March to 30 June, there is no corresponding period for the current 3 months ended 30 September 2019. The results for the 3 months ended 30 September 2018 are shown for analysis purposes only.

Oilfield Services

The segment's revenue for the Current period decreased by RM25.8 million or 24.1% as compared to 3 months ended 30th September 2018, mainly due to lower revenue in Malaysia, Nigeria and countries such as Turkmenistan and France (which has since been disposed).

Profit Before Tax ("PBT") in the segment decreased by RM7.1 million as compared to 3 months ended 30th September 2018 mainly due to lower revenue generating lower gross profit.

Marine Services

The segment's revenue for the Current period decreased by RM0.5 million or 2.0% as compared to 3 months ended 30th September 2018, resulting from the decrease in revenue on the coal affreightment contract in Malaysia.

Marine Services recorded a PBT of RM2.7 million as compared to loss before tax ("LBT") of RM4.3 million in 3 months ended 30th September 2018. The improved performance recorded was mainly contributed by increase in gross profit and forex gain recorded during the period (30th September 2018 was a forex loss).

Corporate

Current period Loss Before Tax ("LBT") includes finance cost of RM0.9 million incurred for working capital and other consolidation elimination entries pertaining to related companies transactions.

Note 1 : Review of performance for the Transport Solutions segment have been removed due to the deconsolidation of the segment as at 30 June 2019.

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

The Group recorded a PBT of RM2.0 million in the current 3 months ended 30 September 2019 as compared to a LBT of RM256.2 million in the preceding 3 months ending of 30 June 2019.

As tabulated below, the preceding period LBT was principally contributed by loss on net effect of deconsolidation of subsidiaries of RM184.4 million and related adjustments of RM38.0 million as well as loss from impairment of investment in a joint-controlled entity of RM8.7 million.

Oilfield Services segment recorded a PBT of RM3.5 million as compared to LBT of RM23.2 million in the preceding period mainly due to higher gross profit due to favourable product mix, lower operating expenses and lower other expenses while preceding period recorded several impairment losses and non-recurring expenses. Marine Services segment's PBT improved by RM2.5 million as compared to preceding period mainly due to decrease in operating expenses during the current period.

	Revenue		Variance		Profit/(Loss) Before Tax		Variance	
	3 months to				30 Sept 2019	30 June 2019		
	30 Sept 2019	30 June 2019			30 Sept 2019	30 June 2019		
	RM'000	RM'000	11087	%	RM'000	RM'000	RM'000	%
Operating segments:								
Oilfield Services	81,461	91,629	(10,168)	-11%	3,536	(23,240)	26,776	115%
Marine Services	26,426	28,279	(1,853)	-7%	2,693	235	2,458	1046%
Corporate	-	-	-	-	(4,246)	(233,173)	228,927	98%
	107,887	119,908			1,983	(256,178)		

Note : Material Change in Performance for the Transport Solutions segment have been removed due to the deconsolidation of the segment as at 30 June 2019.

B3. Current Financial Period Prospects
Oilfield Services

We expect the volatility in oil prices to exert pressure on activity level and pricing.

Marine Services

The coal market in Indonesia continues to be active while also exhibiting pressures of softening. Demand for offshore vessels is still sluggish and our offshore vessels are still idle.

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 ("PMB") for the Kuala Lumpur Monorail Fleet Expansion Project ("Project"). With the Settlement Agreement signed on 4 April 2019, STP was tasked with the repairs and refurbishment of the 5 train sets for the KL Monorail Fleet Expansion Project and has delivered all 5 train sets to PMB as at 16 September 2019. Work for the manufacturing of the 7 4-car trains under the Completion Agreement signed on 21 June 2019 shall commence after the satisfactory completion of the monitoring period provided for under the Settlement Agreement.

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

	Current 3 months ended 30-Sep-19
Continuing operations	
Current tax:	
Malaysian income tax	-
Foreign tax	3,039
Total income tax	<u>3,039</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. (a) Status of corporate proposals announced by the Company

On 27 May 2019, 30 May 2019, 18 July 2019 and 9 August 2019, the Company had announced that it is proposing to undertake the following proposals (collectively referred to as the "Proposals"):

- (i) proposed reduction of the Company's issued share capital pursuant to Section 116 of the Companies Act, 2016 ("Act") ("Proposed Share Capital Reduction");
- (ii) proposed consolidation of every four (4) existing ordinary shares in SGB ("SGB Share" or "Share") into one (1) SGB Share ("Consolidated Share") ("Proposed Share Consolidation");
- (iii) proposed renounceable rights issue of up to 1,188,890,151 new Consolidated Shares ("Rights Shares") together with up to 396,296,717 free detachable warrants ("Warrants C") on the basis of three (3) Rights Shares together with one (1) free Warrant C for every one (1) Consolidated Share held by the entitled shareholders ("Entitled Shareholders"), on an entitlement date to be determined later ("Rights Entitlement Date") at an issue price of RM0.18 per Rights Share ("Issue Price") ("Proposed Rights Issue of Shares with Warrants");

- (iv) a proposed restricted issue of up to 215,100,743 new Consolidated Shares ("Restricted Issue Shares") together with up to 71,700,247 detachable warrants ("Warrants C") on the basis of three (3) Restricted Issue Shares together with one (1) free Warrants C at an issue price of RM0.19 per Restricted Issue Share to Tan Sri Nik Awang @ Wan Azmi Bin Wan Hamzah ("TSWA") and Gelombang Global Sdn Bhd ("GGSB") ("Proposed Restricted Issue").
- (v) Proposed set-off of the amount repayable to Sammy Tse Kwok Fai ("STKF") against the subscription moneys payable by STKF pursuant to the Proposed Rights Issue of Shares with Warrants ("Proposed Set-Off"); and
- (vi) proposed settlement of liabilities owing by SGB to Malayan Banking Berhad ("Maybank") and Astramina ("Proposed Liabilities Settlement");

The Company intends to raise a minimum of approximately RM75.59 million from the Proposed Rights Issue of Shares with Warrants to meet the minimum funding requirements of the Group ("Minimum Subscription Level"). The Minimum Subscription Level will be met via the undertakings from the following ("Undertakings"):

- (a) **IJM Corporation Berhad ("IJM")**, being the major shareholder of SGB with 21.39% equity interest. IJM will subscribe in full, their entitlement under the Proposed Rights Issue of Shares with Warrants based on their shareholdings as at the Rights Entitlement Date
- (b) **Mr. Sammy Tse Kwok Fai ("STKF")**, the Chief Executive Officer of SGB. STKF has irrevocably undertaken that he will subscribe in full, both for his entitlement at the Rights Entitlement Date ("STKF's Entitlement") and for the additional Rights Shares not taken up by other Entitled Shareholders by way of excess shares applications (if allocated to him) ("STKF's Excess Undertakings") to such extent that the total value of his subscription of Rights Shares under STKF's Entitlement and the STKF's Excess Undertaking pursuant to the Proposed Rights Issue of Shares with Warrants received by SGB shall not exceed RM3.00 million (collectively referred to as "Loans / Advances to SGB").
- (c) **TSWA**, existing shareholder of SGB with 0.75% equity interest. TSWA will subscribe in full, both for his own entitlement at the Rights Entitlement Date ("TSWA's Entitlement") and for the additional Rights Share not taken up by other Entitled Shareholders by way of excess shares applications (if allocated to him) ("TSWA's Excess Undertaking") to such extent that the total value of his subscription of Rights Shares under TSWA's Entitlement and TSWA's Excess Undertaking pursuant to the Proposed Rights Issue of Shares with Warrants received by SGB shall not exceed RM21.00 million.

Further to the above, on 17 July 2019, TSWA provided RM21.00 million, as a loan to SGB for his commitment to subscribe for TSWA's Entitlement and TSWA's Excess Undertaking (collectively referred to as "Loans / Advances to SGB"). The loan was disbursed to the Company on 19 July 2019. In the event that a subscription amount of less than RM21.00 million is required from TSWA to achieve a full subscription level, the balance amount will be allocated for the Proposed Restricted Issue.

- (d) **GGSB**, existing shareholder of SGB with 0.01% equity interest. GGSB has irrevocably undertaken that GGSB will subscribe in full, both for their own entitlement at the Rights Entitlement Date ("GGSB's Entitlement") and for the additional Rights Share not taken up by other Entitled Shareholders by way of excess shares applications (if allocated to them) ("GGSB's Excess Undertaking") to such extent that the total value of their subscription of Rights Shares under GGSB's Entitlement and GGSB's Excess Undertaking pursuant to the Proposed Rights Issue of Shares with Warrants received by SGB shall not exceed RM21.00 million.

Further to the above, on 17 July 2019, GGSB provided RM21.00 million, as a loan to SGB

for his commitment to subscribe for GGSB's Entitlement and GGSB's Excess Undertaking (collectively referred to as "Loans / Advances to SGB"). The loan was disbursed to the Company on 19 July 2019. In the event that a subscription amount of less than RM21.00 million is required from GGSB to achieve a full subscription level, the balance amount will be allocated for the Proposed Restricted Issue.

The applications in relation to the Proposals have been submitted to Bursa Malaysia Securities Berhad on 20 August 2019 and is currently awaiting approval.

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

Practice Note 17 ("PN17") Waiver Application

On 30 August 2019, the Company triggered Paragraph 2.1(e) of PN17 of the Listing Requirements of Bursa. Pursuant to this, on 3 September 2019 the Company submitted an application for a waiver ("Waiver Application") from being classified as an affected listed issuer to Bursa Securities.

The Company is currently awaiting a decision from Bursa on the Waiver Application.

(b) Status of utilisation of proceeds raised from corporate proposals

Loans and Advances raised from the Proposals were partially utilised as follows:

Purpose	Proposed utilisation	Actual utilisation
	RM'000	RM'000
Part repayment of advances from SESB	11,000	11,000
Part repayment to the non-trade creditors	4,885	4,277
Working capital	11,906	7,991
Redemption of securities pledged	15,659	15,659
Estimated expenses in relation to the Proposals	1,550	751
	<hr/>	<hr/>
	45,000	39,678

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 30 September 2019 RM'000
Current	167,621
Non Current	50,052
Total	<u>217,673</u>

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

	As at 30 September 2019 RM'000
Denominated in:	
Ringgit Malaysia	165,667
US Dollar	52,006
Total	<u>217,673</u>

B8. Changes in material litigation

There are no material litigation involving the Group.

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 30 September 2019
Basic earnings/(loss) per share		
Net losses attributable to shareholders	(RM'000)	<u>(1,664)</u>
<u>Weighted average number of shares</u>	('000)	
Issued shares at opening		1,093,907
Weighted average number of shares	('000)	<u>1,093,907</u>
Basic earnings/(loss) per share	(sen)	<u>(0.15)</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. Loss Before Taxation for the period

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

	Other Period 3 months ended 30-Sep-19 RM'000
Interest income	989
Interest expense	(3,395)
Foreign exchange gain/(loss), net	3,291
Depreciation and amortisation	<u>(12,797)</u>

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 27 November 2019.