

**SCOMI GROUP BHD**  
(COMPANY NO: 571212-A)

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

	<u>Others</u>	<u>Cumulative Period</u>
	<b>3 months ended 31 December 2019 RM '000</b>	<b>6 months ended 31 December 2019 RM '000</b>
<b><u>Continuing Operations</u></b>		
<b>Revenue</b>	<b>124,135</b>	<b>232,022</b>
Cost of revenue	(91,443)	(174,999)
<b>Gross (loss)/profit</b>	<b>32,692</b>	<b>57,023</b>
Other (expenses)/income, net	(4,771)	(2,024)
Operating expenses	(23,376)	(44,906)
Finance costs	(5,579)	(9,144)
Share of results of associates / jointly controlled entities	107	107
Profit before taxation	(927)	1,056
Taxation	(974)	(4,013)
<b>Profit/(Loss) for the period from continuing operations</b>	<b>(1,901)</b>	<b>(2,957)</b>
<b>Other comprehensive income/(expense)</b>		
Currency translation differences	26,945	8,920
Other comprehensive income/(expense), net of tax	26,945	8,920
<b>Total comprehensive Income/(expense) for the period</b>	<b>25,044</b>	<b>5,963</b>
<b>Loss attributable to:</b>		
Owners of the Company	(4,309)	(5,973)
Non-controlling interests	2,408	3,016
	<b>(1,901)</b>	<b>(2,957)</b>
<b>Total comprehensive Income/(expense) attributable to:</b>		
Owners of the Company	13,737	354
Non-controlling interests	11,307	5,609
	<b>25,044</b>	<b>5,963</b>
<b>Earnings/(loss) per share</b>	sen	sen
<b>Basic earnings/(loss) per share</b>	(0.39)	(0.55)

*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 31 DECEMBER 2019**

	<b>As at 31 December 2019 RM'000 Unaudited</b>	<b>As at 30 June 2019 RM'000 Audited</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	282,473	297,237
Intangible assets	106,937	103,531
Investment in associates	8,847	8,847
Investment in joint ventures and joint operations	2,084	2,083
Deferred tax assets	725	529
Receivables	18,083	14,332
	<b>419,149</b>	<b>426,559</b>
<b>Current assets</b>		
Inventories	85,992	82,815
Receivables, deposits and prepayments	276,313	236,745
Current tax assets	21,324	13,490
Short-term deposits, cash and bank balances	64,286	66,334
	<b>447,915</b>	<b>399,384</b>
Assets classified as held for sale	-	-
	<b>447,915</b>	<b>399,384</b>
<b>Total assets</b>	<b>867,064</b>	<b>825,943</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	224,964	224,964
Other reserves	(65,657)	(71,984)
Accumulated Losses	(182,681)	(176,708)
	<b>(23,374)</b>	<b>(23,728)</b>
Non controlling interests	323,166	317,557
	<b>299,792</b>	<b>293,829</b>
<b>Non-current liabilities</b>		
Trade and other payables	1,142	1,028
Provision for retirement benefit	6,516	8,401
Loans and borrowings	48,879	50,196
Deferred taxation	4,786	4,486
	<b>61,323</b>	<b>64,111</b>
<b>Current liabilities</b>		
Trade and other payables	323,273	307,605
Loans and borrowings	163,233	136,093
Current tax liabilities	19,443	24,305
	<b>505,949</b>	<b>468,003</b>
Total liabilities	<b>567,272</b>	<b>532,114</b>
<b>Total equity and liabilities</b>	<b>867,064</b>	<b>825,943</b>
<b>Net asset per share attributable to equity holders of the parent (RM)</b>	<b>(0.02)</b>	<b>(0.02)</b>

*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 31 DECEMBER 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
<b>At 1 July 2019</b>	<b>224,964</b>	-	<b>(71,984)</b>	<b>(176,708)</b>	<b>(23,728)</b>	<b>317,557</b>	<b>293,829</b>
Foreign currency translation differences for foreign operations	-	-	6,327	-	6,327	2,593	8,920
Loss for the period	-	-	-	(5,973)	(5,973)	3,016	(2,957)
<b>Total comprehensive income for the year</b>	-	-	<b>6,327</b>	<b>(5,973)</b>	<b>354</b>	<b>5,609</b>	<b>5,963</b>
<b>At 31 December 2019</b>	<b>224,964</b>	-	<b>(65,657)</b>	<b>(182,681)</b>	<b>(23,374)</b>	<b>323,166</b>	<b>299,792</b>
<b>At 1 April 2018</b>	<b>664,964</b>	<b>(3,239)</b>	<b>(97,856)</b>	<b>(202,236)</b>	<b>361,633</b>	<b>345,725</b>	<b>707,358</b>
Adjustment on initial application of MFRS 9	-	-	-	(15,532)	(15,532)	(4,054)	(19,586)
<b>At 1 April 2018, restated</b>	<b>664,964</b>	<b>(3,239)</b>	<b>(97,856)</b>	<b>(217,768)</b>	<b>346,101</b>	<b>341,671</b>	<b>687,772</b>
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)
<b>Total comprehensive income for the year</b>	<b>(440,000)</b>	-	<b>25,872</b>	<b>44,137</b>	<b>(369,991)</b>	<b>(24,114)</b>	<b>(394,105)</b>
Own shares sold	-	3,239	-	(3,077)	162	-	162
<b>At 30 June 2019</b>	<b>224,964</b>	-	<b>(71,984)</b>	<b>(176,708)</b>	<b>(23,728)</b>	<b>317,557</b>	<b>293,829</b>

**SCOMI GROUP BHD**  
(COMPANY NO: 571212-A)

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

	<b>Current Period 31 December 2019 RM'000 Unaudited</b>
<b>Cash flows from operating activities</b>	
Profit before taxation	
continuing operations	1,056
Adjustments for non-cash items	34,057
Operating (loss)/profit before working capital changes	<b>35,113</b>
Changes in working capital:	
Inventories	(3,181)
Trade and other receivables	(44,469)
Trade and other payables	6,681
Cash from operations	(5,856)
Tax and Retirement Benefits Paid	(14,386)
<b>Net cash from operating activities</b>	<b>(20,242)</b>
<b>Cash flows from investing activities</b>	
Purchase of property, plant and equipment	(1,148)
Interest received	461
<b>Net cash used in investing activities</b>	<b>(687)</b>
<b>Cash flows from financing activities</b>	
Repayment of bank borrowings	(16,177)
Proceeds from advances	42,000
Interest paid on borrowings	(6,726)
Increase in cash and short term deposit pledged as security	(922)
<b>Net cash used in financing activities</b>	<b>18,175</b>
<b>Net increase in cash and cash equivalents</b>	(2,754)
<b>Cash and cash equivalents at beginning of period</b>	39,254
Currency translation differences	(216)
<b>Cash and cash equivalents at end of period</b>	<b>36,284</b>
<u>Cash and cash equivalents comprise:</u>	
Short term deposits with licensed banks	25,882
Cash and bank balances	38,404
	64,286
Less: Short-term deposit pledged as securities	(28,002)
	<b>36,284</b>

*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 31 December 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.

	<b>Oilfield Services</b>	<b>Marine Services</b>	<b>Others / Elimination</b>	<b>Group</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>6 months ended 31 December 2019</u></b>				
Revenue for the period	175,637	56,385	-	232,022
Operating Profit / (Loss)	6,992	8,609	(4,019)	11,582
Realised (loss)/gain on foreign exchange	(91)	578	(155)	332
Unrealised (loss)/gain on foreign	(1,315)	(333)	249	(1,399)
Share of result of				
- associated companies	-	-	-	-
- jointly controlled entities	107	-	-	107
Other income/(expenses)	287	1,428	(2,137)	(422)
Finance cost	(6,106)	(1,104)	(1,934)	(9,144)
Profit / (loss) before tax	(126)	9,178	(7,996)	1,056
Taxation	(3,312)	(701)	-	(4,013)
Profit/(Loss) from continuing operations	(3,438)	8,477	(7,996)	(2,957)
<b>Other information</b>				
Depreciation and amortisation	(11,102)	(14,899)	(65)	(26,066)
Interest income	459	1,419	(1,417)	461

**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:

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



**A13. Capital and operating lease commitments**

a) Capital commitments:

	<b>Approved and contracted for RM'000</b>	<b>Approved but not contracted for RM'000</b>	<b>Total RM'000</b>
Plant and equipment	2,029	18,758	20,787
Vessels (dry-docking)	-	16,400	16,400
<b>Total</b>	<u>2,029</u>	<u>35,158</u>	<u>37,187</u>

b) Operating lease commitments:

	<b>31 December 2019 RM'000</b>
Less than one year	4,601
Between one and five years	5,273
	<u>9,874</u>

**A14. Related Party Transactions**

The following are the significant related party transactions:

	<b>3 months ended 31-Dec-19 RM'000</b>	<b>Cumulative Period 6 months ended 31-Dec-19 RM'000</b>
<b>Transactions with companies connected to Directors:</b>		
Recharge of expenses paid on behalf	<u>19</u>	<u>27</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.

**PART B : EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES**
**B1. Review of performance**
**Current Period – 3 months ended 31 December 2019 vs 31 December 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			
	31 Dec 2019	31 Dec 2018			31 Dec 2019	31 Dec 2018		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Operating segments:								
Oilfield Services	94,176	100,751	(6,575)	-7%	(3,662)	(1,513)	(2,149)	142%
Marine Services	29,959	33,430	(3,471)	-10%	6,485	7,804	(1,319)	17%
Corporate/Elimination	-	-	-	-	(3,750)	(5,061)	1,311	26%
	<b>124,135</b>	<b>134,181</b>			<b>(927)</b>	<b>1,230</b>		

*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 31 December 2019. The results for the 3 months ended 31 December 2018 are shown for analysis purposes only.*

Oilfield Services

The segment's revenue for the current period decreased approximately by RM6.6 million or 7% as compared to 3 months ended 31 December 2018, mainly due to lower revenue in Myanmar and France (which has since been disposed), partially offset by higher revenue generated in Nigeria, Russia and India.

The segment recorded a higher loss before tax ("LBT") as compared to 3 months ended 31 December 2018, contributed by lower gross profit and forex loss of RM3.4 million recorded during the quarter (31 December 2018 was a forex gain of RM10.9 million) and impairment of RM2.1 million. However, this was offset by lower operating expenses and higher other income mainly from reversal of impairment for receivable.

Marine Services

The segment's revenue for the current period decreased by approximately RM3.5 million or 10% as compared to 3 months ended 31 December 2018 resulting from lower tonnage carried.

Profit Before Tax ("PBT") decreased by RM1.3 million or 17% as compared to 3 months ended 31 December 2018 as a result of higher operating expenses, coupled with forex loss of RM1.4 million whereas on 31 December 2018 it registered forex gain.

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 RM1.2 million in the current 3 months ended 31 December 2019 as compared to a PBT of RM2.0 million in the preceding 3 months ending of 30 September 2019.

The Oilfield Services segment recorded a LBT of RM3.7 million as compared to PBT of RM3.5 million in preceding period resulting from higher finance cost, coupled with forex loss of RM3.4 million and impairment of RM2.1 million recorded during the current period whereas in preceding period had forex gain of RM2.0 million. This was partially offset by higher gross profit and higher other income posted mainly from reversal of impairment on receivables.

Marine Services PBT improved by RM3.8 million or 141% as compared to preceding period resulting from higher gross profit, offset by forex loss of RM1.4 million whereas on preceding period had forex gain of RM1.7 million.

	Revenue		Variance		Profit/(Loss) Before Tax		Variance	
	3 months to				3 months to			
	31 Dec 2019	30 Sept 2019	RM'000	%	31 Dec 2019	30 Sept 2019	RM'000	%
	RM'000	RM'000			RM'000	RM'000		
Operating segments:								
Oilfield Services	94,176	81,461	12,715	16%	(3,662)	3,536	(7,198)	-204%
Marine Services	29,959	26,426	3,533	13%	6,485	2,693	3,792	141%
Corporate	-	-	-	-	(3,750)	(4,246)	496	12%
	124,135	107,887			(927)	1,983		

*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 Outlook**

Oil prices remain volatile resulting in uncertainty in the activity level moving forward. Pricing is also under pressure for the Oilfield Services segment.

**Marine Services Outlook**

There are indications of a softening in the coal market. Offshore vessel is 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**

	<b>Current 3 months ended 31-Dec-19</b>	<b>Cumulative Period 6 months ended 31-Dec-19</b>
<b>Continuing operations</b>		
Current tax:		
Malaysian income tax	-	-
Foreign tax	974	4,013
Total income tax	<u>974</u>	<u>4,013</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.

The salient terms of the Loans / Advances to SGB are as follows:

- (i) The loan of RM21.00 million including any interest thereon and all other charges whatsoever in connection therewith and/or incidental thereto ("Indebtedness") shall be repaid in full by one bullet repayment no later than the last day of the period of six (6) months from the date of full drawdown of the Loan;
- (ii) Interest on the Loan is at eight percent (8%) per annum ("Interest Rate");
- (iii) Late payment interest is at the rate of three percent (3%) above the Interest Rate payable from the date of default until the date of the TSWA's actual receipt of the Indebtedness in full;

- (iv) The Company grants TSWA an irrevocable right of set-off to TSWA, which entitles TSWA to offset the Indebtedness towards the payment of the TSWA's subscription consideration of the Proposed Rights Issue of Shares with Warrants and the Proposed Restricted Issue, if implemented;
  - (v) The Loan is secured by a first ranking charge over the TSWA's Pledged Shares (defined below) which is pledged with Malaysian Trustee Berhad, being the securities agent or stakeholder to hold and deal with the TSWA's Pledged Shares for TSWA or to TSWA's order based on terms and conditions set out in the stakeholder agreement dated 17 July 2019 entered into among the Company, TSWA and Malaysian Trustee Berhad ("TSWA Stakeholder Agreement");
  - (vi) The Company pledges for the benefit of TSWA 435,233,161 fully paid up and unencumbered ordinary shares in the capital of Scomi Energy Services Bhd (Company No. 397979-A) ("TSWA's Pledged Shares") being two (2) times collateral cover (based on five (5) days volume weighted average market price of the TSWA's Pledged Shares of RM0.0965 as at 16 July 2019) as security for the repayment of the Indebtedness;
  - (vii) In the event of the Company failing to make good within 5 (five) days of written demand following an event of default, TSWA shall have the right to instruct the appointed stakeholder to deal with the TSWA's Pledged Shares in accordance with the terms and conditions set out in the TSWA Stakeholder Agreement.
- (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 salient terms of the Loans / Advances to SGB are as follows:

- (i) The loan of RM21.00 million to be extended by GGSB ("Loan"), including any interest thereon and all other charges whatsoever in connection therewith and/or incidental thereto ("Indebtedness") shall be repaid in full by one bullet repayment no later than the last day of the period of six (6) months from the date of full drawdown of the Loan;
- (ii) Interest on the Loan is at eight percent (8%) per annum, calculated on daily basis on the basis of a year of 360 days and for the actual number of days elapsed ("Interest Rate");
- (iii) Late payment interest is at the rate of three percent (3%) above the Interest Rate payable from the date of default until the date of the GGSB's actual receipt of the Indebtedness in full;
- (iv) The Company grants GGSB an irrevocable right of set-off to GGSB, which entitles

GGSB to offset the Indebtedness towards the payment of the GGSB's subscription consideration of the Proposed Rights Issue of Shares with Warrants and the Proposed Restricted Issue, if implemented;

- (v) The Loan is secured by a first ranking charge over the GGSB's Pledged Shares (defined below) which is pledged with Malaysian Trustee Berhad, being the securities agent or stakeholder to hold and deal with the GGSB's Pledged Shares for GGSB or to GGSB's order based on terms and conditions set out in the stakeholder agreement dated 17 July 2019 entered into among the Company, GGSB and Malaysian Trustee Berhad ("GGSB Stakeholder Agreement");
- (vi) The Company pledges for the benefit of GGSB 435,233,161 fully paid up and unencumbered ordinary shares in the capital of Scomi Energy Services Bhd (Company No. 397979-A) ("GGSB's Pledged Shares") being two (2) times collateral cover (based on five (5) days volume weighted average market price of the GGSB's Pledged Shares of RM0.0965 as at 16 July 2019) as security for the repayment of the Indebtedness;
- (vii) In the event of the Company failing to make good within five (5) days of written demand following an event of default, GGSB shall have the right to instruct the appointed stakeholder to deal with the GGSB's Pledged Shares in accordance with the terms and conditions set out in the GGSB Stakeholder Agreement.

On 2 December 2019, Bursa Securities has resolved to approve the following:

- (i) Proposed Share Consolidation;
- (ii) Admission to the Official List and the listing and quotation of up to 467,801,529 Warrants C arising from the Proposed Rights Issue of Shares with Warrants and Proposed Restricted Issue;
- (iii) Listing of up to 1,188,890,151 Rights Shares to be issued pursuant to the Proposed Rights Issue of Shares with Warrants;
- (iv) Listing of up to 215,100,743 Restricted Issue Shares to be issued pursuant to the Proposed Restricted Issue;
- (v) Listing of up to 91,699,999 Settlement Shares to be issued pursuant to the Proposed Liabilities Settlement; and
- (vi) Listing of up to 467,801,529 Consolidated Shares to be issued pursuant to the exercise of Warrants C.

The approval granted by Bursa Securities is subject to the following conditions:

- (i) The Company and MIDF Investment must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals.
- (ii) The Company and MIDF Investment to inform Bursa Securities upon the completion of the Proposals.
- (iii) The Company to furnish to Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed.
- (iv) Compliance by SGB with the public shareholding spread upon completion of the Proposals. In this connection, MIDF Investment to furnish a schedule containing the information set out in Appendix 8E, Chapter 8 of the Listing Requirements to Bursa Securities, prior to the listing and quotation of the new securities arising from the Proposals.

- (v) SGB to furnish to Bursa Securities on a quarterly basis a summary of total number of shares listed pursuant to the exercise of the Warrants C as at the end of each quarter together with the detailed computation of listing fee payable.
- (vi) The Consolidated Shares and listing and quotation of the Rights Shares, Restricted Issue Shares, Settlement Shares and Warrants C must be simultaneously.

On 19 December 2019, an application to seek Bursa Securities' approval for an extension of time of up to 28 February 2020 for the Company to issue the circular in relation to the Proposals pursuant to Paragraph 9.33(1)(b) of the Listing Requirements has been submitted to Bursa Securities. On 30 December 2019, Bursa Securities resolved to grant the Company an extension of time until 28 February 2020 to issue the circular to the shareholders in relation to the Proposals.

On 20 January 2020:

- (a) the Company received a letter of demand from Messrs Mah-Kamariyah & Philip Koh, being the solicitors for TSWA. TSWA had demanded RM21,859,325.61 (being the principal amount of the TSWA Loan together with the interest thereon), which has become due and payable on 17 January 2020, within five (5) days from the date of the said letter of demand;
- (b) the Company received a letter of demand from GGSB requiring the Company to make immediate full repayment of the sum of RM21 million plus accrued interest of RM854,000 within 5 days from the date of the said letter of demand.

Both TSWA and GGSB are the existing shareholders of SGB and have each provided an irrevocable written undertaking dated 16 July 2019 respectively ("**LOUs**") pursuant to Proposed Rights Issue of Shares with Warrants and Proposed Restricted Issue as announced on 18 July 2019.

In accordance with the TSWA Loan Agreement and GGSB Loan Agreement, the TSWA Loan and GGSB Loan are secured by a first ranking charge over 435,233,161 fully paid up and unencumbered ordinary shares of SESB ("**Pledged Shares**") respectively, which is pledged with Malaysian Trustee Berhad ("**MTB**"), being the stakeholder to hold and deal with the Pledged Shares. The Company has five (5) days to remedy the same i.e to be remedied on or before 25 January 2020. In the event the Company fails to make good the amount demanded within the remedy period, TSWA and/or GGSB shall each have the right to give notice in writing to MTB to:

- (i) dispose or procure the disposal (by sale or otherwise); and/or
- (ii) transfer or procure the transfer to TSWA and/or GGSB or their nominee(s) such number of Pledged Shares that is equivalent in value (based on the 5 (five) days VWAMP of the Pledged Shares as at the date of disposal or transfer) to the outstanding loan amount;

to recover any amounts due, including any default interest for the period from the repayment deadline until full settlement of the TSWA Loan and GGSB Loan respectively.

In the event the proceeds from the disposal of the Pledged Shares or the market value (based on the 5 (five) days VWAMP) of the Pledged Shares transferred to TSWA and/or GGSB are less than the amount payable by the Company to TSWA and GGSB, the Company shall pay TSWA and/or GGSB respectively in cash the shortfall amount. Any excess from the sales proceeds or the market value (based on the 5 (five) days VWAMP) of the shares transferred to TSWA and/or GGSB, shall be returned by TSWA and GGSB respectively to the Company in cash.



TSWA and GGSB have also indicated that the LOUs executed by them shall upon non-repayment or default by SGB of the TSWA Loan and GGSB Loan lapse accordingly. The Board has received legal advice that the Company has good ground to maintain that the demand for payment of TSWA Loan and/or GGSB Loan and LOUs are two separate commitments and shall be treated independently. The said LOUs are irrevocable and shall remain enforceable for the Proposals.

All shareholders who have provided undertakings will be required to furnish a confirmation that they have sufficient financial resources to meet the undertakings sum and to provide a proof of funds (they include TSWA, GGSB, IJM and SAL). All the confirmation letters and proof of funds will need to be obtained prior to the despatch of circular. Pursuant thereto, the Company has, via its letters dated 21 January 2020, requested for such confirmation and proof of funds from TSWA and GGSB.

Both TSWA and GGSB have responded, via their respective letters dated 24 January 2020, maintaining their position that the LOUs have lapsed and consequently have not provided proof of funds as requested by the Company.

Acting upon legal advice received, the Company commenced suits against TSWA and GGSB together with Malaysian Trustee Berhad, who are the stakeholders of Pledged Shares, on 12 February 2020, the details of which are set out under Note B8.

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

### Practice Note 17

On 30 August 2019, the Company triggered Paragraph 2.1(a) and 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.

Bursa Securities had, vide its letter dated 2 December 2019, decided to reject SGB's application for a waiver from being classified as an affected listed issuer pursuant to Paragraph 8.04(2) and PN17 of the Listing Requirements as there are concerns on the sustainability and growth potential of the existing/remaining business and the ability of SGB to generate sufficient revenue and thus profitability. Pursuant to this and as well as Paragraph 8.04 and Practice Note 17 of the Listing Requirements, the Company is now regarded as an affected listed issuer ("**PN17 Company**") as it has triggered Paragraphs 2.1(a) and 2.1(e) of PN17 of the Listing Requirements.

On 21 January 2020, the Company has defaulted in repaying in full by one bullet repayment of RM21.00 million each to TSWA and GGSB, respectively, pursuant to the TSWA Loan Agreement and GGSB Loan Agreement. The total amount defaulted is RM42.00 million together with interest, which was due on 18 January 2020. After further reasonable inquiry into the affairs of the Company by the Board, the Board is of the opinion that the Company is not solvent and unable to provide to Bursa Securities a solvency declaration as required under Paragraph 9.19A(4) of the Listing Requirements. Pursuant to this, the Company has further triggered the prescribed criteria under Paragraph 2.1(f) of PN17 of the Listing Requirements on 20 January 2020.

The Company is in the midst of finalising a plan to regularise its financial condition ("**Proposed Regularisation Plan**") and the announcement on the same will be made in due course in accordance to the Listing Requirements. The Company has approximately six (6) months to submit its Proposed Regularisation Plan to the relevant authorities for approval.

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

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

<b>Purpose</b>	<b>Proposed utilisation</b>	<b>Actual utilisation</b>
	<b>RM'000</b>	<b>RM'000</b>
Part repayment of advances from SESB	11,000	11,000
Part repayment to the non-trade creditors	4,885	4,691
Working capital	11,906	11,278
Redemption of securities pledged	15,659	15,659
Estimated expenses in relation to the Proposals	1,550	1,200
	45,000	43,828

**B7. Group borrowings and debt securities**

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

	<b>As at 31 December 2019 RM'000</b>
Current	163,233
Non Current	48,879
Total	212,112

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

	<b>As at 31 December 2019 RM'000</b>
<b>Denominated in:</b>	
Ringgit Malaysia	165,219
US Dollar	46,893
Total	212,112

**B8. Changes in material litigation**

- 1. Suit No. WA-22NCC-74-02/20 Scomi Group Bhd v Gelombang Global Sdn Bhd ("GGST") & Malaysian Trustee Berhad ("MTB") ("Suit 74")**
- 2. Suit No. WA-22NCC-75-02/20 Scomi Group Bhd v Tan Sri Nik Awang @ Wan Azmi bin Wan Hamzah ("TSWA") & MTB ("Suit 75")**

On 12 February 2020, the Company commenced 2 separate suits in the High Court of Malaya in Kuala Lumpur against GGSB and TSWA, and MTB as second defendants in both suits, seeking, amongst others,:

- (a) to enforce the irrevocable letter of undertaking dated 16 July 2019 ("LOU") provided by both TSWA and GGSB;
- (b) an injunction to restrain TSWA and GGSB from demanding payment under the Loan Agreement dated 17 July 2020 ("LA") executed by the Company with TSWA and GGSB respectively or to call on MTB to deal with any of the Pledged Shares pursuant to the Stakeholder Agreement; and
- (c) an injunction to restrain MTB from disposing or transferring the Pledged Shares.

(collectively, the "Prayers")

On the Company's interlocutory applications in both suits for interim orders for, amongst others, the Prayers against TSWA, GGSB and MTB, the Court had, on 13 February 2020, granted ad-interim orders in both suits restraining MTB from disposing or transferring the Pledged Shares pending the hearing of the Company's application for the interim orders fixed for 20 February 2020.

The Company had also on 17 February 2020 obtained an ad-interim injunction restraining GGSB from dealing with any Pledged Shares and from (1) appointing any directors to the board of SESB and (2) exercising voting rights in respect of the Pledged Shares. This ad-interim injunction was granted pending the disposal of the Company's interlocutory applications for the Prayers fixed for hearing on 20 February 2020.

On 21 February 2020, the Court disallowed the Company's application for the interim orders with costs and fixed both Suit 74 and Suit 75 for case management on 30 March 2020.

**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.

		<b>3 months Period Ended 31 December 2019</b>	<b>6 months Period Ended 31 December 2019</b>
<b>Basic earnings/(loss) per share</b>			
Net losses attributable to shareholders	(RM'000)	<u>(4,309)</u>	<u>(5,973)</u>
<u>Weighted average number of shares</u>	('000)		
Issued shares at opening		<u>1,093,907</u>	<u>1,093,907</u>
Weighted average number of shares	('000)	<u>1,093,907</u>	<u>1,093,907</u>
Basic earnings/(loss) per share	(sen)	<u>(0.39)</u>	<u>(0.55)</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):

	<b>Other Period 3 months ended 31-Dec-19 RM'000</b>	<b>Cumulative Period 6 months ended 31-Dec-19 RM'000</b>
Interest income	-	461
Interest expense	(3,823)	(7,218)
Foreign exchange gain/(loss), net	(4,358)	(1,067)
Impairment loss:		
- property, plant and equipment	(1,300)	(1,300)
- receivables	(844)	(844)
Recovery / written-back of doubtful debts	1,850	1,850
Depreciation and amortisation	(13,269)	(26,066)
Gain/(Loss) on disposal of property, plant and equipment	<u>27</u>	<u>27</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 28 February 2020.