

SCOMI GROUP BHD
(COMPANY NO: 571212-A)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

| | <u>Quarter</u> 3 months ended 30 June 2021 RM '000 | <u>Quarter</u> 3 months ended 30 June 2020 RM '000 | <u>Cumulative Period</u> 12 months ended 30 June 2021 RM '000 | <u>Cumulative Period</u> 12 months ended 30 June 2020 RM '000 |
|---|--|--|---|---|
| Continuing Operations | | | | |
| Revenue | - | - | - | - |
| Cost of revenue | - | - | - | - |
| Gross (loss)/profit | - | - | - | - |
| Other income/(expenses), net | (6,203) | (109,079) | (9,352) | (122,313) |
| Operating expenses | (1,595) | (1,604) | (4,287) | (13,486) |
| Finance costs | (1,340) | (303) | (4,579) | (3,455) |
| Share of results of associates / jointly controlled entities | - | (22,588) | - | (8,410) |
| Profit/(Loss) before taxation | (9,138) | (133,574) | (18,218) | (147,664) |
| Taxation | - | - | - | - |
| Profit/(Loss) for the period/year from continuing operations | (9,138) | (133,574) | (18,218) | (147,664) |
| Profit/(Loss) for the period/year from discontinued operations | 2,804 | - | 1,449 | (91,459) |
| Profit/(Loss) for the financial period/year | (6,334) | (133,574) | (16,769) | (239,123) |
| Other comprehensive income/(expense) | | | | |
| Currency translation differences | - | 37,175 | 7,437 | 27,923 |
| Other comprehensive income/(expense), net of tax | - | 37,175 | 7,437 | 27,923 |
| Total comprehensive Income/(expense) for the period | (6,334) | (96,399) | (9,332) | (211,200) |
| Loss attributable to: | | | | |
| Owners of the Company | (6,334) | (133,574) | (16,769) | (242,139) |
| Non-controlling interests | - | - | - | 3,016 |
| | (6,334) | (133,574) | (16,769) | (239,123) |
| Total comprehensive Income/(expense) attributable to: | | | | |
| Owners of the Company | (6,334) | (112,313) | (9,332) | (216,809) |
| Non-controlling interests | - | 15,914 | - | 5,609 |
| | (6,334) | (96,399) | (9,332) | (211,200) |
| Earnings/(loss) per share | sen | sen | sen | sen |
| Basic earnings/(loss) per share | (0.58) | (12.21) | (1.53) | (22.14) |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Report for the year ended 30 June 2020 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 30 JUNE 2021**

| | As at 30 June 2021 RM'000 | As at 30 June 2020 RM'000 |
|--|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 245 | 357 |
| Other Investment | 11,713 | - |
| | 11,958 | 357 |
| Current assets | | |
| Short-term deposits, cash and bank balances | 64 | 77 |
| | 64 | 77 |
| Total assets | 12,022 | 434 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the Company | | |
| Share capital | 224,964 | 224,964 |
| Other reserves | - | (7,437) |
| Accumulated Losses | (473,637) | (458,064) |
| | (248,673) | (240,537) |
| Non-current liabilities | | |
| Loans and borrowings | - | 255 |
| | - | 255 |
| Current liabilities | | |
| Trade and other payables | 244,334 | 235,868 |
| Loans and borrowings | 338 | 133 |
| Current tax liabilities | - | 4,715 |
| | 244,672 | 240,716 |
| Liabilities Classified As Held-For-Sale | 16,023 | - |
| Total Liabilities | 260,695 | 240,971 |
| Total equity and liabilities | 12,022 | 434 |
| Net asset per share attributable to equity holders of the parent (RM) | (0.23) | (0.22) |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Report for the year ended 30 June 2020 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 YEAR ENDED 30 JUNE 2021**

| | Share capital RM'000 | Treasury shares RM'000 | Translation reserve RM'000 | Accumulated losses RM'000 | Total RM'000 | Non- controlling interests RM'000 | Total equity RM'000 |
|--|----------------------------|------------------------------|----------------------------------|---------------------------------|------------------|--|---------------------------|
| At 1 July 2020 | 224,964 | - | (7,437) | (458,064) | (240,537) | - | (240,537) |
| Reclassification of Translation Reserve to Accumulated Losses | - | - | - | 1,196 | 1,196 | - | 1,196 |
| Reclassification of Investments in Associate to Available-For-Sale Asset | - | - | 7,437 | - | 7,437 | - | 7,437 |
| Loss for the year | - | - | - | (16,769) | (16,769) | - | (16,769) |
| Total comprehensive income for the year | - | - | 7,437 | (15,573) | (8,136) | - | (8,136) |
| At 30 June 2021 | 224,964 | - | - | (473,637) | (248,673) | - | (248,673) |
| At 1 July 2019 | 224,964 | - | (71,984) | (176,708) | (23,728) | 317,557 | 293,829 |
| Foreign currency translation differences for foreign operations | - | - | (8,953) | - | (8,953) | 6,475 | (2,478) |
| Reclassification of Translation Reserve to Accumulated Losses | - | - | 39,217 | (39,217) | - | - | - |
| Deconsolidation of subsidiaries | - | - | 34,283 | - | 34,283 | (327,048) | (292,765) |
| Loss for the year | - | - | - | (242,139) | (242,139) | 3,016 | (239,123) |
| Total comprehensive income for the year | - | - | 64,547 | (281,356) | (216,809) | (317,557) | (534,366) |
| At 30 June 2020 | 224,964 | - | (7,437) | (458,064) | (240,537) | - | (240,537) |

SCOMI GROUP BHD
(COMPANY NO: 571212-A)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021**

| | Year Ended 30 June 2021 RM'000 | Year Ended 30 June 2020 RM'000 |
|---|---|---|
| Cash flows from operating activities | | |
| Loss before taxation | | |
| Continuing operations | (18,218) | (147,664) |
| Discontinued operations | 1,449 | 27,530 |
| Adjustments for non-cash items | 13,138 | 175,464 |
| Operating (loss)/profit before working capital changes | (3,631) | 55,330 |
| Changes in working capital: | | |
| Inventories | - | (3,181) |
| Trade and other receivables | - | (40,929) |
| Trade and other payables | 3,691 | (16,241) |
| Net impact of derecognition of subsidiary | - | - |
| Cash from operations | 60 | (5,021) |
| Tax and Retirement Benefits Paid | - | (16,271) |
| Net cash from operating activities | 60 | (21,292) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | - | (1,148) |
| Proceed from disposal of property, plant and equipment | - | 220 |
| Proceed from disposal of subsidiaries, net of cash disposed | - | (35,072) |
| Interest received | - | - |
| Net cash used in investing activities | - | (36,000) |
| Cash flows from financing activities | | |
| Repayment of borrowings | (50) | (16,262) |
| Proceeds from advances | - | 42,000 |
| Interest paid on borrowings | (23) | (6,701) |
| Increase in cash and short term deposit pledged as security | - | (922) |
| Net cash used in financing activities | (73) | 18,115 |
| Net increase in cash and cash equivalents | (13) | (39,177) |
| Cash and cash equivalents at beginning of period | 77 | 39,254 |
| Currency translation differences | - | - |
| Cash and cash equivalents at end of period | 64 | 77 |
| <u>Cash and cash equivalents comprise:</u> | | |
| Short-term deposits with licensed banks | - | - |
| Cash and bank balances | 64 | 77 |
| | 64 | 77 |
| Less : Short-term deposits pledged as securities | - | - |
| | 64 | 77 |

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 financial statements for the year ended 30 June 2020 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 year ended 30 June 2021.

Except as described below, the same accounting policies and methods of computation are followed in the condensed consolidated financial statements as compared with the consolidated financial statements for year ended 30 June 2020.

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

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

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*

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

- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

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, interpretations and amendments:

- from the annual period beginning on 1 July 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020 and 1 June 2020.
- from the annual period beginning on 1 July 2021 for those amendments that are effective for annual periods beginning on or after 1 January 2021, except for amendments to MFRS 4, *Insurance Contracts* which is not applicable to the Group and the Company.
- from the annual period beginning on 1 July 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for amendments to MFRS 141 which is not applicable to the Group and the Company.
- from the annual period beginning on 1 July 2023 for those amendments that are effective for annual periods beginning on or after 1 January 2023, except for amendments to MFRS 17 which is not applicable to the Group and the Company.

The initial application of the abovementioned amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group and of the Company.

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 year ended 30 June 2020 (to be read in conjunction with the audited financial statement for the year ended 30 June 2020) :

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

We do not express an opinion on the accompanying financial statements of the Group and the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

In seeking to form an opinion on the financial statements, we have considered the following matters:

1. The events and conditions as disclosed in Note 1(b) to the financial statements indicate existence of material uncertainties which may cast significant doubt on the ability of the Group and the Company to continue as going concerns. The financial statements have been prepared on the historical cost basis and on the assumption that the Group and the Company are going concerns. However, the going concern assumption is highly dependent on the successful formulation, approval and implementation of the regularisation plan, and the ability of the Group and the Company to achieve sustainable and viable operations so as to generate sufficient cash flows to enable them to meet their obligations as and when they fall due.

In the event that the regularisation plan is not successfully formulated, approved and implemented, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business. Accordingly, the financial statements may require adjustments relating to the recoverability and classification of recorded assets and to the classification and additional amounts of liabilities should the Group and Company be unable to continue as going concerns.

2. As disclosed in Note 21.1 to the financial statements, the consolidated financial information of Scomi Energy Services Bhd and its subsidiaries ("SESB Group") for the financial period ended 26 February 2020, being the date that the Company lost its control in SESB Group, was not made available for the Group to account for the effect of the deconsolidation of SESB Group on the said date. The Group accounted for the effects of deconsolidation using the closest available financial information of SESB Group for the financial period ended 31 December 2019. We are unable to determine if there were any material differences between the financial information of the two different dates.

On 30 October 2020, the auditor of SESB Group issued a disclaimer opinion due to material uncertainty on going concern on the financial statements of SESB Group for the financial year ended 30 June 2020. The auditor of SESB Group had not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of SESB Group for the financial year ended 30 June 2020.

In view of the above, we were unable to obtain sufficient appropriate audit evidence to determine the appropriateness of amount and the effect of misstatements, if any, for the following:

- i. the loss of deconsolidation of RM91.459 million and share of losses of equity accounted associate of RM8.410 million as disclosed in the statement of profit or loss and other comprehensive income of the Group;
 - ii. the financial information of the Group's material associate as disclosed in Note 7 to the financial statements; and
 - iii. the financial information and the effects of deconsolidation of SESB Group as disclosed in Note 21.1 to the financial statements.
3. We are unable to obtain sufficient appropriate audit evidence to determine the appropriateness of the outstanding liabilities amounting to RM5.4 million of the Group as disclosed in Note 16.4(vii) to the financial statements. These liabilities are mainly related to past related parties' transactions that are pending substantiation, reconciliation and reclassification to appropriate accounts.

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 except the reclassification of Scomi Energy Services Bhd ("SESB") from an Associate Company to Other Investment (please see Note A10 below for further details).

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. 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.

A9. Subsequent Events

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

A10. Changes in composition of the Group

There were no material changes in the composition of the Group during the period under review except the reclassification of SESB from an Associate Company to Other Investment in the consolidated financial statements of the Company. The reclassification was due to SESB no longer meeting the criteria of an associate company.

A11. Contingent liabilities

There were no contingent liabilities of the Group at the end of the period.

A12. Capital and operating lease commitments

There were no capital and operating lease commitments as at the end of the period.

A14. Related Party Transactions

There were no significant related party transactions during the period under review.

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

B1. Review of performance

Current Period – 3 months ended 30 June 2021 ("4QFY2021") vs 30 June 2020 ("4QFY2020")

In the previous financial year ended 30 June 2020, Scomi Energy Services Bhd ("SESB"), a former subsidiary of the Company was reclassified to an Associate Company in the consolidated financial statements of the Company on 26 February, 2020. As at 31 March 2021, SESB was reclassified from an Associate Company to Available-For-Sale Asset.

Consequently, there is no review of performance of the segments of Oilfield Services and Marine Services (which are contained within SESB) for the current quarter.

Details of the key factors driving the performance of each segment for the current quarter ("4QFY2021") vs the corresponding quarter ("4QFY2020") are provided in the respective sections below:

| | Revenue | | Variance | | Profit/(Loss) After Tax | | Variance | |
|-----------|--------------|--------------|----------|---|-------------------------|--------------|----------|-----|
| | 3 months to | | | | 3 months to | | | |
| | 30 June 2021 | 30 June 2020 | RM'000 | % | 30 June 2021 | 30 June 2020 | RM'000 | % |
| Corporate | - | - | - | - | (6,334) | (133,574) | 127,240 | 95% |
| | - | - | | | (6,334) | (133,574) | | |

Note : SESB was deconsolidated from the Group as a subsidiary on 26 February 2020 and reclassified to an Associate Company. As at 31 March 2021, SESB has been reclassified to Other Investment. The were no results of SESB accounted for in the current quarter. Correspondingly, no comparatives shown for segments contained within SESB.

Corporate

The significantly higher losses for the corresponding quarter was mainly due to Share of Losses from Associate Company of RM22.6 million (SESB was an associate company in the corresponding quarter), provision for redemption of pledged securities of RM94.4 million arising from demand from Malayan Banking Berhad ("Maybank") (SESB was an Associate Company in corresponding period) and additional losses recognized of RM10.1 million from deconsolidation of SESB as a subsidiary.

The Loss After Tax ("LAT") for the current quarter of **RM6.3 million** consists of Loss After Tax of RM9.1 million from Continuing Operations offset by Profit from Discontinued Operations of RM2.8 million with details as follows:

Continuing Operations – LAT of RM9.1 million consisting of:

1. Financing Cost of RM1.3 million arising from interest accrued for:
 - a) Advances received for working capital – RM1.1 million.
 - b) Amount owing to vendors – RM0.2 million.
2. Provision for redemption of pledged securities – RM3.2 million.
3. Operating expenses – RM1.6 million.
4. Impairment loss on Other Investment (Fair Value adjustment) – RM3.4 million. Offset by:
 - Unrealized forex gain – RM0.3 million.
 - Reversal of impairment for the quarter of RM0.1 million.

Offset by:

Discontinued Operations – Profit For The Period from Discontinued Operations of RM2.8 million consisting mainly of reversal of accruals and provisions no longer required.

Details of the key factors driving the performance of each segment for the current 12 month's period ("YTD 4QFY2021") vs the corresponding period ("YTD 4QFY2020") are provided in the respective sections below:

| | Revenue | | Variance | | Profit/(Loss) After Tax | | Variance | |
|-----------|--------------|--------------|----------|--------|-------------------------|--------------|----------|-----|
| | 12 months to | | | | 12 months to | | | |
| | 30 June 2021 | 30 June 2020 | RM'000 | RM'000 | 30 June 2021 | 30 June 2020 | RM'000 | % |
| Corporate | - | - | - | - | (16,769) | (239,123) | 222,354 | 93% |
| | - | - | | | (16,769) | (239,123) | | |

Note : SESB was deconsolidated from the Group as a subsidiary on 26 February 2020 and reclassified to an Associate Company. As at 31 March 2021, SESB has been reclassified to Other Investment. The were no results of SESB accounted for in the current period. Correspondingly, no comparatives shown for segments contained within SESB.

Corporate

The significantly higher losses for the corresponding year was mainly due to Share of Losses from Associate Company of RM22.6 million (SESB was an associate company in the corresponding quarter), provision for redemption of pledged securities of RM94.4 million arising from demand from Malayan Banking Berhad ("Maybank") (SESB was an Associate Company in corresponding period), losses recognized from deconsolidation of SESB as a subsidiary of RM91.5 million and impairment of receivables of RM18.8 million.

The YTD 2021 Loss Before Tax ("LBT") for the current period of **RM16.8 million** consists of Loss After Tax of RM18.2 million from Continued Operations offset by Profit from Discontinued Operations of RM1.4 million with details as follows:

Continuing Operations – LAT of RM18.2 million consisting of:

1. Financing Cost of RM4.6 million arising from interest accrued for:
 - a) Advances received for working capital – RM3.7 million
 - b) Amount owing to a vendor – RM0.9 million
2. Provision for redemption of pledged securities – RM12.3 million
3. Operating expenses – RM4.3 million.
4. Impairment loss on Other Investment (Fair Value adjustment) – RM4.1 million.
5. Impairment loss on receivables – RM1.9 million. Offset by;
 - Net gain on reclassification of Associate to Available-for-sale Asset – RM8.4 million and;
 - Unrealized forex gain – RM0.6 million.

Offset by:

Discontinued Operations – Profit From Discontinued Operations of RM1.4 million consisting mainly of reversal of accruals and provisions no longer required.

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

The Group recorded a Loss Before Tax ("LBT") of RM9.1 million for the current quarter compared to Profit Before Tax of RM0.5 million in the preceding quarter (variance of RM9.6 million) which was mainly due to:

- Increase in Operating Expenses in the current quarter of RM0.9 million mainly due to provision for liabilities assumed on behalf of former subsidiaries of RM1.3 million and offset by reversal of accruals no longer required.
- Increase in Finance Cost of RM0.2 million in the current quarter.
- Increase in Provision for redemption of pledged securities of RM0.1 million in the current quarter.
- Increase in the Impairment Loss on Other Investment of RM2.8 million in the current quarter.
- Net Gain on reclassification of Associate to Other Investment of RM8.4 million registered in the preceding quarter.

Offset by:

- Positive movement in Forex of RM1.3m in the current quarter as compared to the preceding quarter.
- Reduction in Impairment Of Receivables by RM1.5 million in the current quarter as compared to previous quarter.

B3. Current Financial Period Prospects

The Covid-19 pandemic and Movement Control Order ("MCO") continues to impact the Group's prospects. Assessment will be carried out by the Group as required on any material development as a result of Covid-19 pandemic or MCO to assess its effect on the segments and revise the prospects of the segments accordingly in the future.

The Company is currently in the process of formulating a regularization plan and have been granted a 6 months extension up to 28 February 2022 by Bursa Securities Malaysia Berhad to submit its regularization plan to the relevant regulatory authorities.

The Company is focused on rehabilitating the business through:

- Energy Management Solutions including Renewal Energy to customers which is currently a clear growth area.
- Rail maintenance and rehabilitation works which is supported by government funding.

The Company has submitted several proposals to potential customers on the above focus areas and is awaiting the outcome of these initiatives.

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-Jun-21 | Cumulative Period 12 months ended 30-Jun-21 |
|------------------------------|---|--|
| Continuing operations | | |
| Current tax: | | |
| Malaysian income tax | - | - |
| Foreign tax | - | - |
| Total income tax | <u>-</u> | <u>-</u> |

There is no tax expense for the current period while the current quarter losses do not meet the criteria for deferred tax income.

B6. Status of corporate proposals announced by the Company

- There are no 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. Bursa Securities had on 26 March 2020 announced additional relief measures to alleviate the impact of COVID-19 on capital market players, among others, the extension of time for listed issuers to submit its regularisation plans for PN17 of the MMLR from twelve (12) months to twenty-four (24) months from the date the listed issuer first announced their PN17 classification ("**First Announcement**"), whose First Announcement was made between 2 January 2019 to 31 December 2020. As such, the Company had until 29 August 2021 to submit its regularisation plan to the regulatory authorities. The Company had on 16 August 2021 submitted an application to Bursa Securities for an extension of time of twelve (12) months i.e. up to 31 August 2022 to submit its regularisation plan to the relevant regulatory authorities.

On 22 September 2021, Bursa Securities decided to grant the Company an extension of time of 6 months up to 28 February 2022 to submit its regularisation plan to the relevant regulatory authorities. The extension of time is without prejudice to Bursa Securities' right to proceed to suspend the trading of the listed securities of the Company and to de-list the Company in the event:-

- (i) the Company fails to submit the regularisation plan to the regulatory authorities on or before 28 February 2022;
- (ii) the Company fails to obtain the approval from any of the regulatory authorities necessary for the implementation of its regularisation plan; or
- (iii) the Company fails to implement its regularisation plan within the time frame or extended time frame stipulated by any of the regulatory authorities.

Upon occurrence of any of the events set out in (i) to (iii) above, Bursa Securities may suspend the trading of the listed securities of SGB on the 6th market day after the date of notification of suspension by Bursa Securities and de-list the Company, subject to the Company's right to appeal against the delisting.

Further announcement will be made to Bursa Securities with regards to the development of the regularisation plan in due course.

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 June 2021 | |
| | RM'000 | |
| Current | 338 | |
| Non Current | - | |
| Total | <u>338</u> | |

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

| | | |
|------------------------|---------------------|--|
| | As at | |
| | 30 June 2021 | |
| | RM'000 | |
| Denominated in: | | |
| Ringgit Malaysia | 338 | |
| US Dollar | - | |
| Total | <u>338</u> | |

B8. Changes in material litigation**1. HIGH COURT OF SHAH ALAM WRIT OF SUMMONS NO. BA-22NCC-90-06/2020 FILED BY SCOMI ENERGY SERVICES BHD ("PLAINTIFF")**

On 22 June 2020, the Company was served with a Writ of Summons dated 18 June 2020 by the Plaintiff through their solicitors ("Suit"). In this Suit, the Plaintiff is claiming the following from SGB:

- (a) the sum of RM54,525,036.49 (as at 31.3.2020) ("Settlement Sum") being the outstanding sum due and owing by the Company to the Plaintiff.
- (b) interest at the rate of 5% per annum on the final judgement sum from the date of filing of the Suit herein until the date of full and final settlement.
- (c) costs; and
- (d) such further or other relief and/or orders as deemed fit and proper by the Honourable Court.

The High Court of Shah Alam on 26 November 2020 allowed the Plaintiff's application for summary judgement ("Summary Judgement") against the Company for:

- (i) Settlement Sum
- (ii) interest at the rate of 5% per annum from the date of filing of the Suit until the date of full and final settlement.
- (iii) cost of RM5,000.00 to the Plaintiff.

The Notice of Appeal ("Appeal") has been filed to appeal to the Court of Appeal against the decision of the High Court of Shah Alam which allowed the application by the Plaintiff for

Summary Judgement against SGB. The Company will make further announcement on any material development in the Appeal in due course.

2. HIGH COURT OF KUALA LUMPUR WRIT OF SUMMONS NO. WA-22NCC-545-11/2020 FILED BY MALAYAN BANKING BERHAD (PLAINTIFF OR MBB) AGAINST SCOMI GROUP BHD (SGB OR COMPANY)

The Company has on 10 November 2020 been served with a Writ of Summons dated 6 November 2020 by the Plaintiff through their solicitors ("MBB Suit"). In this MBB Suit, the Plaintiff is claiming the following from SGB:

- (a) the sum of RM113,957,000.00 ("Claimed Sum") together with interest accruing thereon at the rate of 3.5% per annum above MBB's Base Lending Rate on a monthly rest and compounded monthly until full settlement (estimated total interest accruing as at 10 November 2020 is approximately RM22,771,000.00) ("Interest Accrued").
- (b) costs; and
- (c) such further or other relief and/or orders as deemed fit and proper by the Honourable Court.

The Company will make further announcement on any material development in the MBB Suit in due course (please also refer below the Application for Judicial Management Order).

3. APPLICATION FOR JUDICIAL MANAGEMENT ORDER

The Company applied for Judicial Management Order ("JM Order") pursuant to Sections 404 and 405 of the Companies Act, 2016 with the High Court of Malaya at Kuala Lumpur on 14 April 2021. The application for the JM Order immediately puts into effect a moratorium ("Moratorium") for the period commencing with the application of the JM Order and ending with the grant or dismissal of the application, during which no resolution shall be passed or order shall be made for the winding-up of the Company.

In addition, during this Moratorium, the leave of the Court will be required to:-

- a) enforce any charge on or security over the property of the Company; and
- b) commence or continue any legal proceedings against the Company or their respective property.

The JM Order was applied for as part of proactive measure by SGB to:-

- a) get the involvement of an independent professional to facilitate the restructuring of the Company with the assistance of the Board of Directors ("BOD") and management;
- b) rehabilitate and maximize the return to creditors and value to the shareholders of the Company; and
- c) give the Company the opportunity to rehabilitate and be restored to profitability.

At the hearing held on 28 May 2021 in respect of the application ("Application") for the JM Order which is being opposed by creditors of SGB, the Court adjourned the hearing to 24 August 2021 to allow for the parties to file their respective affidavits in response and written submissions in relation to the Application.

On 24 August 2021, the Court adjourned for a decision to 4 October 2021 (initially fixed for 24 September 2021) for the Court to decide on the following legal threshold issues:

1. whether public listed companies ("PLC") are allowed to apply for a JM Order pursuant to Section 403 of the Companies Act 2016.
2. the definition of a secured creditor pursuant to Section 409 of the Companies Act 2016.

The Company will make further announcement on any material development on the above matter in due course.

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 June 2021 | 12 months Period Ended 30 June 2021 |
|--|----------|---|--|
| Basic earnings/(loss) per share | | | |
| Net profit/(losses) attributable to shareholders | (RM'000) | <u>(6,334)</u> | <u>(16,769)</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>(0.58)</u> | <u>(1.53)</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

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

| | 3 months ended 30-Jun-21 RM'000 | Cumulative Period 12 months ended 30-Jun-21 RM'000 |
|---|--|---|
| Interest expense | (1,340) | (4,579) |
| Provision for redemption of pledged securities | (3,163) | (12,283) |
| Impairment of receivables | 96 | (1,979) |
| Net Gain on reclassification of Associate to Available-for-sale asset | - | 8,411 |
| Impairment loss on Other Investment | (3,445) | (4,135) |
| Foreign exchange gain/(loss), net | 332 | 634 |
| Depreciation and amortisation | (29) | (113) |

Note : There was a reclassification of expenses from Interest Expenses of RM9.12 million in the Current Quarter and Cumulative Period relating to prior quarters which was reclassified to Provision for redemption of pledged securities.

B12. Authorised for Issue

The interim financial statements were authorised for issue by the Board of Directors on 30 September 2021.