Scomi

SCOMI ENERGY SERVICES BHD

ANNUAL REPORT 2021

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Key Financial Indicators

	2021* RM'000	2020 RM'000	2019 RM'000 (15 months)	2018 RM'000	2017 RM'000
Revenue	308,794	423,320	643,494	613,957	664,012
EBITDA[@]	(147,164)	19,078	65,465	(47,528)	31,853
Depreciation	52,622	(60,277)	(77,049)	(80,449)	(95,176)
Finance costs	(10,050)	(15,594)	(23,139)	(29,348)	(20,606)
Share of profit/(loss) in associated companies	222	842	(2,299)	-	-
Share of (loss)/profit from joint ventures	-	-	(3,866)	(36,663)	(24,208)
(Loss)/Profit before tax	(209,836)	(173,778)	(82,579)	(208,174)	(126,637)
Taxation	(5,549)	(12,517)	(20,883)	(17,744)	(9,128)
(Loss)/Profit after tax	(215,385)	(186,295)	(103,462)	(225,918)	(135,765)
Non-controlling interests	(1,225)	1,208	7,772	6,863	9,359
(Loss)/Profit after tax after non-controlling interests	(214,160)	(187,503)	(95,690)	(219,055)	(126,406)
Number of shares assumed in issue ('000)	468,324	468,324	2,341,621	2,341,621	2,341,621
Weighted average number of shares used to compute diluted earnings per share ('000)	468,324	468,324	2,341,621	2,341,621	2,341,621
Basic and diluted - Net EPS (sen)	(45.73)	(40.04)	(4.09)	(9.35)	(5.40)
Total assets	328,253	563,040	857,805	1,027,795	1,374,019
Net tangible assets/(liabilities)	(19,621)	197,727	301,244	389,147	632,352
Shareholders' Fund	(19,621)	197,727	404,775	495,712	740,255
Net assets/(liabilities) per share (sen)	(4.19)	42.22	17.28	21.2	31.6

@ Earnings before interest, tax, depreciation, amortization, share of results of joint venture and associates, impairment of intangible assets, impairment of amount due from holding company and impairment of investment and amount due from joint venture and associate.

* Includes the performance of discontinued operations.

Corporate Information

BOARD OF DIRECTORS

Stephen Fredrick Bracker
Independent Non-Executive Chairman

Ruziah binti Mohd Amin
Independent Non-Executive Director

YM Raja Ahmad Murad bin Raja Bahrin
Independent Non-Executive Director

Wong Mun Keong
Non-Independent Non-Executive Director

Aminodin bin Ismail
Non-Independent Non-Executive Director

Amirul Azhar bin Baharom
Executive Director

CHIEF EXECUTIVE OFFICER
Amirul Azhar bin Baharom

SENIOR INDEPENDENT DIRECTOR
Ruziah binti Mohd Amin
Email: sid.sesb@scomienergy.com

AUDIT AND RISK MANAGEMENT COMMITTEE
Ruziah binti Mohd Amin (Chairman)
Aminodin bin Ismail
YM Raja Ahmad Murad bin Raja Bahrin

NOMINATION AND REMUNERATION COMMITTEE
Stephen Fredrick Bracker (Chairman)
Aminodin bin Ismail
Ruziah binti Mohd Amin

REGISTERED OFFICE
No 2-1, Jalan Sri Hartamas 8
Sri Hartamas, 50480 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Tel : +603 6201 1120
Fax : +603 6201 3121

ADMINISTRATIVE AND CORRESPONDENCE ADDRESS
No.1-1, Block C1
Jalan PJU 1/41
Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan
Email : info.sesb@scomienergy.com
Website : www.scomienergy.com.my

SHARE REGISTRAR
Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Helpdesk Tel No : +603-7890 4700
Fax : +603 7890 4600
Email : bsr.helpdesk@boardroomlimited.com

JOINT COMPANY SECRETARIES
Chen Wee Sam (LS 0009709)(SSM PC No. 202008002853)
Thong Pui Yee (MAICSA 7067416)(SSM PC No. 202008000510)

AUDITORS
Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Level 16, Tower C, Megan Avenue 2
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur, Malaysia
Tel : +603 2788 9999
Fax : +603 2788 9998

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad
Stock Name: SCOMIES
Stock Code: 7045

CURRENCY
Ringgit Malaysia (RM)

INVESTOR RELATIONS
Amirul Azhar bin Baharom
No.1-1, Block C1, Jalan PJU 1/41
Dataran Prima, 47301 Petaling Jaya
Selangor Darul Ehsan
Email : info.sesb@scomienergy.com

PRINCIPAL BANKERS

Malayan Banking Berhad
Level 37
100, Menara Maybank
Jalan Tun Perak
50050 Kuala Lumpur
Malaysia

OCBC Bank (Malaysia) Berhad
17th Floor Menara OCBC
18, Jalan Tun Perak
50050 Kuala Lumpur
Malaysia

Hong Leong Bank Berhad
Level 11
Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Malaysia

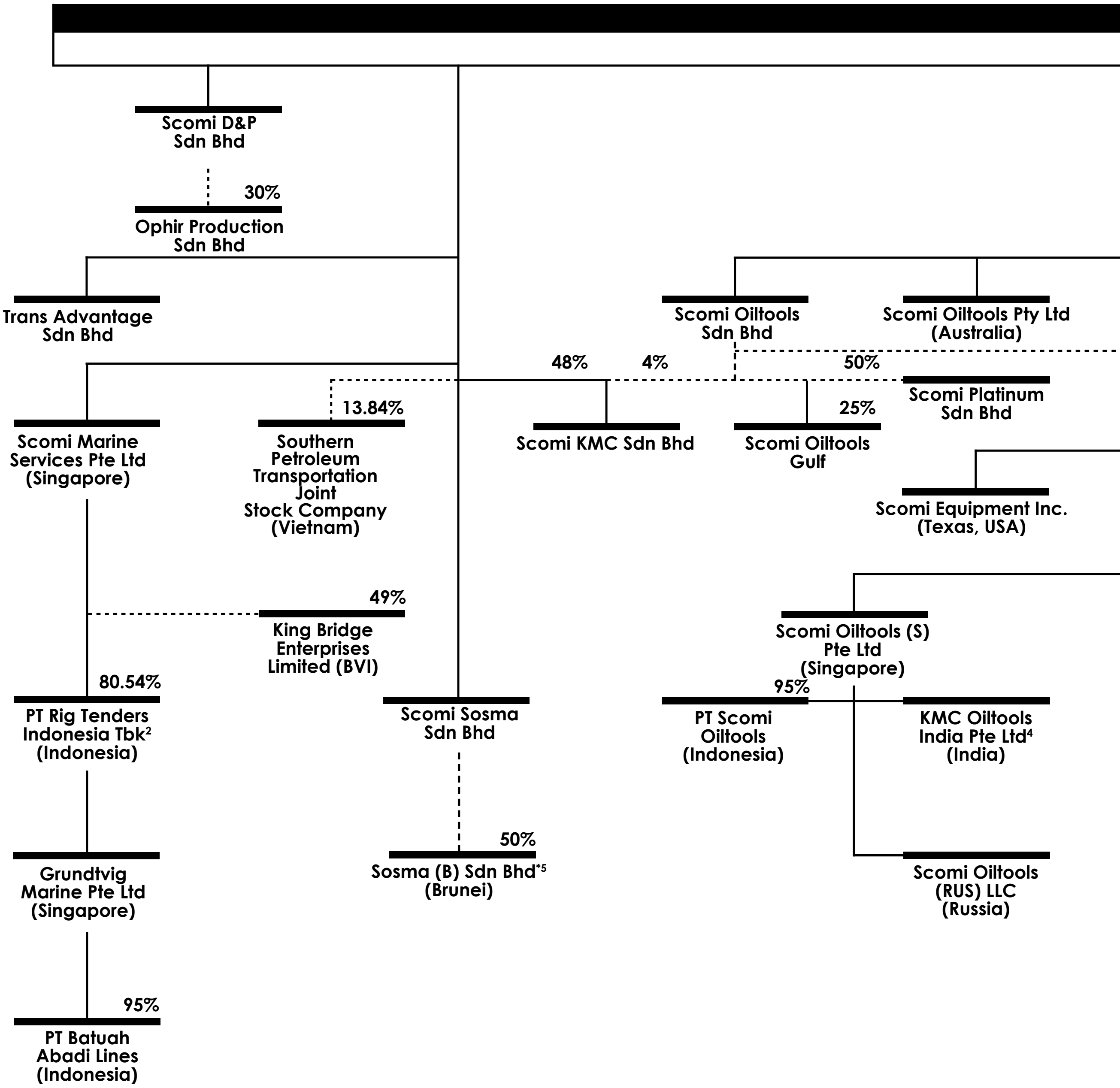
Standard Chartered Bank Malaysia Berhad
Equatorial Plaza, Floor 26
Jalan Sultan Ismail
50250 Kuala Lumpur

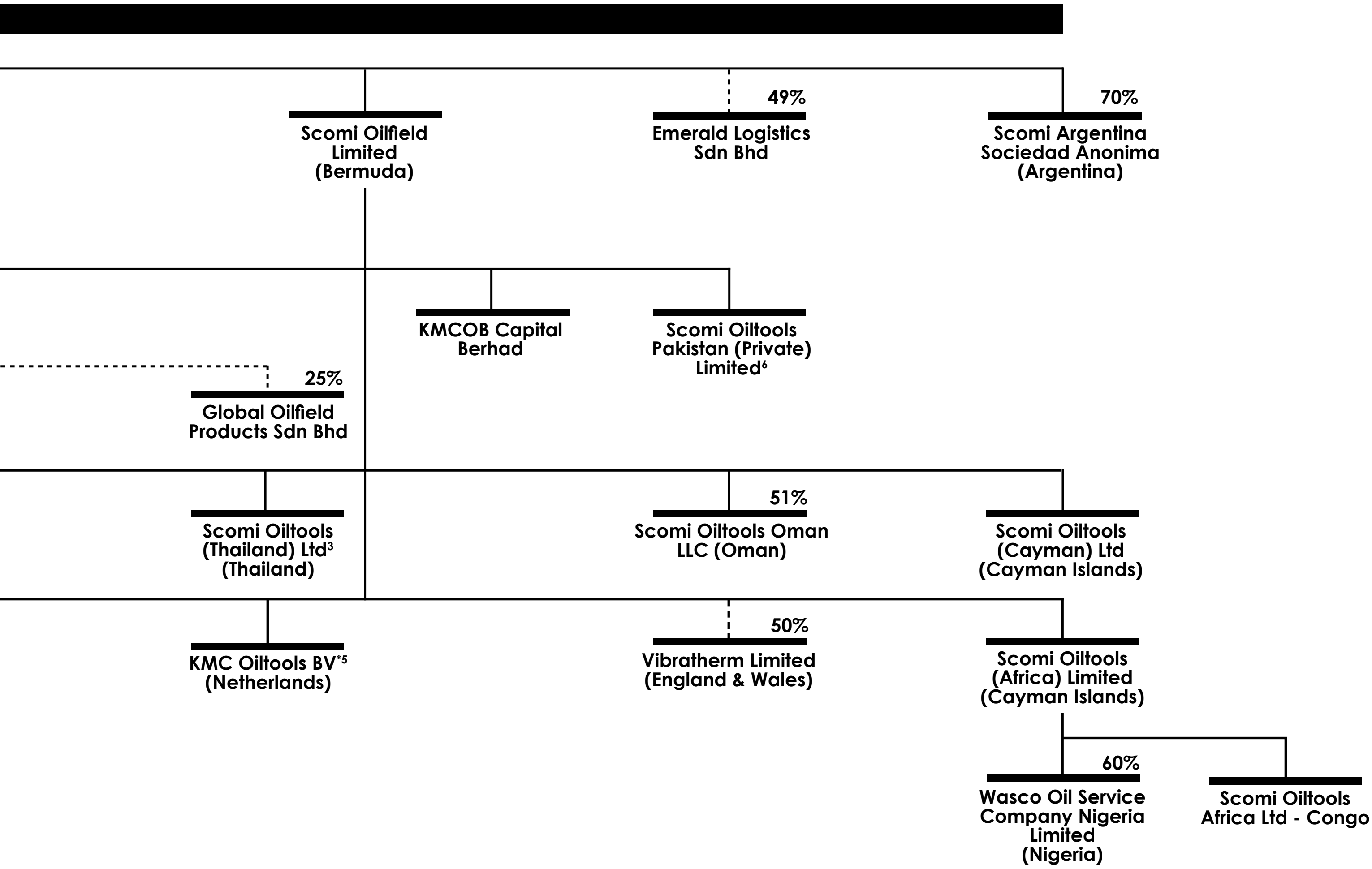
CIMB Bank Berhad Labuan Offshore Branch
Level 14(A) Main Office Tower Financial Park Labuan
Jalan Merdeka, 87000 Labuan F.T Malaysia

PT Bank Maybank Indonesia Tbk
Sentral Senayan 3, Jl. Asia Afrika No. 8
Senayang Gelora Bung Karno
Jakarta 10270, Indonesia

PT Bank Mandiri (Persero) Tbk
Plaza Mandiri, Jl. Jend. Gatot
Subroto Kav.36-38
Jakarta 12190, Indonesia

SCOMI ENERGY SERVICES BHD [1]





Key:
1. Listed on the Bursa Malaysia Securities Berhad (Kuala Lumpur Stock Exchange).
2. Listed on the Indonesia Stock Exchange.
3. Includes 1 Class A share each held by Scomi Oiltools Sdn Bhd and Scomi Oiltools (Cayman) Ltd.
4. Includes 1 share held by Scomi Oilfield Limited.
5. The company has been placed under members' voluntary winding-up.
6 Includes 1 share each held in trust by Hilmy Zaini bin Zainal and Zahid Hasan Butt for Scomi Oilfield Limited

Notes:
* Except as otherwise expressly stated, all companies in this corporate structure are incorporated in Malaysia.
* Except as otherwise expressly stated, all companies in this corporate structure are wholly owned by their respective holding companies.

Corporate Statement

With a presence in **15 countries**, the Scomi Energy Services group of companies is a **global enterprise** in the **energy** and **logistics** industries.

We are a global technology enterprise.

Our global reach, capabilities and talent provide us with the necessary resources to develop in all areas of our business.

We focus on Energy & Logistics.

All our businesses are focused on the Energy and Logistics sectors with the ability to compete globally. All of us in the Scomi family should remember that any new initiatives we undertake will focus on these areas of business.

We provide innovative solutions.

We innovate to respond to an evolving environment. Our products and operations meet today's needs while anticipating tomorrow's. We are committed to developing competitive and innovative solutions to create efficiency, add value and grow with our customers to shape our future.

Stephen Fredrick Bracker

Independent Non-Executive Chairman

Steve, male, 66, an Australian, was appointed to the Board as Non-Independent Non-Executive Director on 30 September 2015 and was subsequently redesignated as Independent Non-Executive Director on 13 November 2018. He was redesignated as the Independent Non-Executive Chairman on 24 August 2020. He is also the Chairman of the Nomination and Remuneration Committee since 29 November 2018.

Steve holds a Bachelor of Civil Engineering from Queensland Institute of Technology, Australia. He is a member of The Society of Petroleum Engineers (SPE).

Steve has almost 33 years of international oilfield drilling services experience, including 12 years in field operations and has for the last 21 years held various technical and management positions. For the initial 27 years of his career, he was employed with Baroid Fluid Services, which, due to the 1997 merger with Dresser Industries, became part of Halliburton. He has spent much of his career overseas and has experience at all levels namely field operations, technical engineering & support, sales, marketing, financial management and strategy. From 1995 to 2007, he managed various business units for Baroid, ranging from a Joint Venture company in Indonesia to regional responsibilities for Asia, Europe and Africa. From 2008 until April 2015, he joined the Scomi group of companies as Senior Vice President for Product Lines. Thereafter, he was promoted to Chief Operating Officer for Product Lines and Global Operations. He was the President of Scomi Oilfield Services division until his retirement in April 2015.

Steve does not hold any directorship in any other public companies and listed issuers.

He attended 12 out of the 12 Board Meetings held in the financial year ended 30 June 2021.

Ruziah binti Mohd Amin

Independent Non-Executive Director

Cik Ruziah, female, 60, a Malaysian, is an Independent Non-Executive Director of the Company. She was appointed to the Board on 4 September 2019. She was appointed as a member of the Audit and Risk Management Committee on 16 July 2020 and redesignated as the Chairman on 17 February 2021. She was appointed as a member of the Nomination and Remuneration Committee on 17 February 2021.

Cik Ruziah graduated with a Master in Business Adminstration (General Management) from University of Sheffield, United Kingdom in 1991 and Bachelor in Economics (First Class Honors) from University of Malaya in 1984.

She has over 30 years working experience and has held various senior and top management positions in several companies both in the government and private sectors, covering areas of corporate finance and advisory spanning various industries such as investments, telecommunications, property and upstream oil and gas.

She is currently an Independent Non-Executive Director of Perdana Petroleum Berhad.

She attended 12 out of the 12 Board Meetings held in the financial year ended 30 June 2021.

YM Raja Ahmad Murad bin Raja Bahrin

Independent Non-Executive Director

YM Raja Murad, male, 61, a Malaysian, is an Independent Non-Executive Director of the Company. He was appointed to the Board on 16 February 2021 and appointed as a member of the Audit and Risk Management Committee on 17 February 2021.

YM Raja Murad holds a Degree in Engineering (Mechanical) from Liverpool University, United Kingdom.

He has over 38 years of experience in the Oil and Gas industry in Upstream, Refineries and LNG Production. He has spent 20 years at top management capacities in various international locations. Prior to his retirement, he held various senior management positions as the Managing Director of Shell Refining Company Berhad, the Executive Vice President of Saudi Aramco Shell Refinery in Saudi Arabia and the Chief Operating Officer of Oman LNG in Oman.

He is currently a Director of Cenviro Sdn Bhd, a wholly-owned subsidiary of Khazanah Nasional Berhad.

YM Raja Murad does not hold any directorship in any other public companies and listed issuers.

He attended all the 5 Board Meetings held from the date of his appointment up to the financial year ended 30 June 2021.

Aminodin bin Ismail

Non-Independent Non-Executive Director

Encik Aminodin, male, 54, a Malaysian, is a Non-Independent Non-Executive Director of the Company. He was appointed to the Board on 15 July 2020 and appointed as a member of Nomination and Remuneration Committee on 16 July 2020 and a member of Audit and Risk Management Committee on 17 February 2021.

Encik Aminodin holds a Degree in Accounting and Finance from Liverpool John Moores University, United Kingdom and is a Fellow of the Association of Chartered Certified Accountants, United Kingdom.

He has 5 years of merchant banking experience gained from working in Aseambankers Malaysia Berhad from 1991 to 1995 and BSN Merchant Bank Berhad from 1995 to 1997 where his work entailed providing corporate finance advisory services on proposals for listings, mergers, acquisitions and capital raisings. From 1997 to 1999, he was with Renong Berhad as Senior Finance Manager where he was primarily responsible for monitoring the performance of the subsidiaries and implementation of corporate exercises undertaken by companies within the Renong Group. He was the Executive Director of Jin Lin Wood Industries Berhad from 2000 to April 2002 responsible for overseeing the finance function of the group of companies. He also sat on the Board of Mudajaya Group Berhad from March 2004 to February 2012 with his last position as Independent Non-Executive Director.

En Aminodin does not hold any directorship in any other public companies and listed issuers.

He attended 12 out of the 12 Board Meetings held in the financial year ended 30 June 2021.

Wong Mun Keong

Non-Independent Non-Executive Director

Mr Wong Mun Keong, male, 60, a Malaysian, is a Non-Independent Non-Executive Director of the Company.

Mr Wong holds a Bachelor of Commerce in Accounting, Finance and Systems (Honours) from University of New South Wales, Australia.

He has held various capacities related to finance and investment in Malaysia and Australia from 1987 to 2006. Subsequently, he joined REI Group in 2007 until March 2007. He is currently the Chief Investment Officer at Rohas Tecnic Berhad and Director at Syarikat Pengeluar Air Selangor Holdings Berhad.

He attended 12 out of the 12 Board Meetings held in the financial year ended 30 June 2021.

Amirul Azhar bin Baharom

Executive Director

Encik Amirul, male, 47, a Malaysian, is an Executive Director and Chief Executive Officer of the Company. He was appointed to the Board on 18 May 2020.

En Amirul graduated with a LLB Hons from Staffordshire University, United Kingdom in 1996.

He began his career as a Research Analyst with Cazenove & Co and had been in the financial services industry for a number of years where he was amongst others, with the Securities Commission Malaysia, BDO Capital Consultants Sdn Bhd and KAF Fund Management Sdn Bhd. He had also previously served as the Group Managing Director and CEO of Vastalux Energy Berhad and Acting Group Chief Executive Officer of Avillion Berhad.

His directorships in other public listed companies include Independent Non-Executive Chairman of UMS-Neiken Group Berhad and Independent Non-Executive Director of Rohas Tecnic Berhad. He had also previously sat on the boards of DWL Resources Berhad, Avillion Berhad, Admiral Marina Berhad and Vastalux Energy Berhad.

He attended 12 out of the 12 Board Meetings held in the financial year ended 30 June 2021.

Notes:

Save as disclosed, none of the Directors have:

- *any family relationship with any Director and/or Major Shareholder of Scomi Energy Services Bhd;*
- *any conflict of interest or any personal interest in any business arrangement, involving Scomi Energy Services Bhd;*
- *any conviction for offences within the past five (5) years (other than traffic offences, if any); and*
- *any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2021.*

Key Senior Management

Amirul Azhar bin Baharom

Chief Executive Officer
Scomi Energy Services Bhd

Encik Amirul, male, 47, a Malaysian, was appointed as the Chief Executive Officer of the Company on 1 July 2020.

En Amirul graduated with a LLB Hons from Staffordshire University, United Kingdom in 1996.

He began his career as a Research Analyst with Cazenove & Co and had been in the financial services industry for a number of years where he was amongst others, with the Securities Commission Malaysia, BDO Capital Consultants Sdn Bhd and KAF Fund Management Sdn Bhd. He had also previously served as the Group Managing Director and CEO of Vastalux Energy Berhad and Acting Group Chief Executive Officer of Avillion Berhad.

He currently holds directorships as the Independent Non-Executive Chairman of UMS-Neiken Group Berhad and Independent Non-Executive Director of Rohas Tecnic Berhad. He had also previously sat on the boards of DWL Resources Berhad, Avillion Berhad, Admiral Marina Berhad and Vastalux Energy Berhad.

Benjamin Leong Wye Hoong

Acting Chief Financial Officer
Scomi Energy Services Bhd

Benjamin, male, 50, a Malaysian, was appointed as the Acting Chief Financial Officer of the Company on 27 August 2021.

Benjamin graduated with an (Honours) Degree in Accounting and Financial Analysis from University of Warwick, United Kingdom. He is a Fellow Chartered Accountant with the Institute of Chartered Accountants of England and Wales (ICAEW) and Chartered Accountant with the Malaysian Institute of Accountants (MIA).

He has over 20 years of experience in corporate finance, mergers and acquisitions and business development in the oil and gas, banking and financial services industry. He joined the Scomi group of companies in 2004 and has held various positions in corporate finance and business development within the group.

He is an Independent Non-Executive Director of Ho Wah Genting Berhad and a Director of PT Rig Tenders Indonesia, Tbk which is listed on the Indonesia Stock Exchange.

Notes:

Save as disclosed, none of the Senior Management have:

- *any family relationship with any Director and/or Major Shareholder of Scomi Energy Services Bhd;*
- *any conflict of interest or any personal interest in any business arrangement, involving Scomi Energy Services Bhd;*
- *any conviction for offences within the past five (5) years (other than traffic offences, if any); and*
- *any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2021.*

OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

Scomi Energy Services Bhd ("SESB", "Company") is a global enterprise in the energy and logistics sectors with an established presence in 15 countries.

It has two business divisions namely Drilling Services ("DS") and Marine Services ("MS"). The provision of Drilling Fluids services ("DF") and Drilling Waste Management services ("DWM") falls under the DS division whilst marine logistic services of tugs and barges for the commodity sector and offshore support vessels for the oil and gas sector falls under the MS division.

The largest revenue generator to the Group is the DS division which also has the proven track record for challenging drilling environments which include horizontal, multilateral, deep-water and high temperature & high pressure wells.

The MS division focuses on the coal industry for which the Company provides coal barging, berthing services and ship management services. On 26 August 2021, SESB announced the sale of its 80.54% equity interest in PT Rig Tenders Indonesia Tbk ("PTRT") for USD9.5 million ("Proposed PTRT Disposal") to raise funds for the repayment of certain of our credit facilities, creditors and working capital to ensure the ability of the Company to restructure and rehabilitate the Group. As a result, the MS division has been reclassified as Discontinuing Operations for the period under review.

The key objective and strategies of the Group for the period under review revolved around maintaining the business continuity of the DS and MS division given the cash constraints and external factors that have impacted the business, while working closely with our secured lenders and advisers to develop a debt restructuring and regularisation plan to resolve our debt issues and uplift the Company's PN17 status.

KNOWN TRENDS AND EVENTS

The past financial year continued to be a challenging year following on from the full impact of COVID-19 pandemic which continued throughout the year under review and volatility of the crude oil prices following the oil price crash early last year.

The global COVID-19 outbreak and the resulting confinement measures led to several disruptions worldwide. The oil market witnessed a collapse in demand, inventories approaching breaking point and an unprecedented level of volatility and commodity price weakness in April 2020. For the year under review, the average price of Brent saw a steady growth from $43/bbl at the start of the financial year rising to $73.2/bbl in June 2021. Similarly average rig count rose from 1,030 in July 2020 to 1,325 in Jun 2021. Despite the improving prospects, the DS division performance was constrained by COVID-19 disruptions to its businesses and lack of capital and funding.

Similarly, COVID-19 disruptions affected the MS division and had a significant impact on Indonesia's coal mining industry and by extension, the mining transportation industry. In 2020, the lower production was driven by lower demand. However, as the demand started to increase in 2021, coal production was limited by weather, slowdown of tonnage from certain key clients and increased operational complexity and costs due to COVID-19 prevention efforts.

FINANCIAL HIGHLIGHTS

The current financial year ("FY21") performance against the previous financial year ("FY20") are summarised below together with key highlights during the financial year under review. The financial results for FY21 and FY20 has treated the financial results of MS division separately as discontinued operations following the Proposed PTRT Disposal.

	Year ended 30-Jun-21 (RM'000)	Year ended 30-Jun-20 (RM'000)
Continuing operations		
Revenue	239,662	326,987
Cost of sales	(218,745)	(270,197)
Gross Profit	20,917	56,790
Gross Profit %	9%	17%
Administration & Selling expenses	(62,697)	(61,418)
Other expenses	(8,887)	(162,937)
Result from operating activities	(50,667)	(167,565)
Finance Cost	(10,050)	(13,698)
Net Loss After Tax	(65,929)	(190,255)
Total Equity Attributable to owners of the Company	(19,621)	197,727
Borrowings	131,710	124,644
Net Debt/Equity Ratio	(3.73)	0.38
Loss Per Share (sen)	(13.83)	(40.88)
Net Asset/(Liability) Per Share (sen)	(4.19)	42.22
Discontinued operations		
(Loss)/Profit after taxation from discontinued operations	(149,456)	3,960

The challenges from the external environment coupled with our continued debt crisis and cash constraints impacted the financial performance of SESB resulting in lower revenue compared to previous period. Revenue represented by DS division as continuing operations was higher by 26.7% as compared to FY20 while Gross Profit (GP) margins similarly decreased from 17% in the previous year to 9% this year. This was primarily due to reduced activity levels and increased costs of doing business caused by the oil price crash and the global COVID-19 pandemic.

Administration and selling expense were higher by 2.0% as compared to FY20.

Loss after tax of RM65.9 million in FY21 was lower compared with loss after tax of RM190.2 million in FY20 due to impairment of goodwill and intangible assets amounting to RM100 million, impairment of other receivables of RM13 million, impairment of loan to associate of RM4.3 million and impairment of fixed assets of RM1.3 million that occurred in FY20. The lower revenue was due to the difficult operating conditions in the current year.

As mentioned, the MS division was reclassified as discontinued operations and reflected a loss after taxation of RM149.5 million arising from the impairment of net assets of the MS division to its realisable value based on the sale consideration for PTRT.

CAPITAL STRUCTURE AND SIGNIFICANT CHANGES TO ASSETS

Assets	30 June 2021 (RM'000)	30 June 2020 (RM'000)
Non-current	65,421	298,714
Current	195,381	264,326
Assets held for sale	67,451	-
Total Assets	328,253	563,040

For the FY21, the balance sheet has reflected the MS division as Assets and Liabilities held for sale. The non-current asset was lower than previous year mainly due to the reclassification of MS division's fixed assets and right-of-use assets as assets held for sale.

Current asset was lower than previous year due mainly to trade and other receivables and inventories of the MS division reclassified as assets held for sale

Equity & Liabilities Capital and Reserves Attributable to Owners of the Company	30 June 2021 (RM'000)	30 June 2020 (RM'000)
Share Capital	445,535	445,535
Total Equity Attributable to Owners of the Company	(19,621)	197,727
Total Equity	13,583	232,156
Non-Current Liabilities	8,011	17,845
Current Liabilities	292,649	313,039
Liabilities of disposal group classified as held for sale	14,010	-
Total Liabilities	314,670	330,884
Total Equity and Liabilities	328,253	563,040
Net Assets/(Liabilities) Per Share (sen)	(4.19)	42.22

The decrease in the total equity of the Group was mainly impacted by the loss after tax for the year under review mainly from the loss after tax arising from the impairment of RM143.7 million to reflect the realisable value based on the agreed disposal price of PTRT.

Total Liabilities declined from the previous year due to the reduced liabilities associated with the MS division which was reclassified as liabilities of disposal group held for sale. Loans and borrowings were higher in FY21 due to accrued interests as the Group was unable to repay or service the defaulted credit facilities.

The Company continues to engage with our secured lenders to find an amicable solution in settlement of its outstanding debt obligations.

CASH FLOW, CASH AND BANK BALANCES

	30 June 2021 (RM'000)	30 June 2020 (RM'000)
Net cash from operating activities	35,701	49,119
Net cash (used in)/from investing activities	(845)	(2,068)
Net cash used in financing activities	(8,880)	(46,587)
Net increase/(decrease) in cash and cash equivalents	25,976	464
Cash and bank balances	58,482	48,537
Cash and cash equivalents at the beginning of the period	45,023	38,668
Cash and cash equivalents at the end of the period	55,275	45,023

As in the prior financial period, cash flow constraints lingered on with the freeze on working capital lines by the banks, which has also impacted operations and growth. The PN17 classification of the Company and the resultant default of the KMCOB Bonds and its FGI Facilities in the previous year continued to affect the Group's ability to raise facilities for its ongoing business or fresh capital to increase investment in equipment.

Following the Company's application for Judicial Management Orders ("JMO") for the three affected subsidiaries, namely Scomi Oiltools Sdn. Bhd. ("SOSB"), Scomi KMC Sdn. Bhd. ("SKMC") and KMCOB Capital Berhad ("KMCOB") (collectively the "Affected Subsidiaries"), the Company received the JMO for the Affected Subsidiaries on 14 August 2020. Datuk Duar Tuan Kiat of Ernst & Young, was appointed as the Judicial Manager ("JM") for the Affected Subsidiaries with the primary intent of rehabilitating and restructuring the financial position of the Affected Subsidiaries.

The JMO was extended for a further 6 months on 14 February 2021. On 5 August 2021, the JM applied for discharge of the JMO as it was unable to submit a statement of proposal before the expiry of the JMO on 14 August 2021 as discussions between potential investors and the Company were not successful and no available proceeds were available for settlement of unsecured creditors. On 12 August 2021, the High Court of Malaya at Shah Alam granted the discharge of the JMO.

On 1 September 2021, Lim Keng Peo c/o Deloitte Corporate Solutions Sdn Bhd was appointed as Receiver and Manager ("R&M") by OCBC Bank (Malaysia) Berhad over the assets and undertakings of SOSB, an indirectly wholly owned subsidiary of the Company, under the powers contained in the Debenture dated 18 November 2013.

The Company continued to cooperate and work closely with the R&M to ensure the continued operations of SOSB, and with our lenders towards an amicable solution to address the repayment of its outstanding debt obligations and to safeguard its assets to ensure uninterrupted impact on its operations.

As mentioned above, the Company announced on 26 August 2021 the Proposed PTRT Disposal for USD9.5 million. The Proposed PTRT Disposal is a first step of the Group's proposal to partially settle our debt obligations and is a precursor to our regularisation plan.

The Company has been in discussions with several investors interested in the assets and businesses of the Group and in SESB. The Company is evaluating the various proposals taking into account the requirements of our secured lenders, investors and opportunities for our shareholders to participate in any upside of the Company. The Company will make the appropriate announcements once any definitive agreements are concluded.

On 21 October 2021, the Company via its principal adviser has submitted an application to Bursa Securities to request for an extension of time for the Company to submit its Regularisation Plan for a further 6 months to 30 April 2021.

OPERATIONAL HIGHLIGHTS

The Company operated under the COVID-19 pandemic throughout the financial year under review which affected its operations in every country we operated in. The Group had to deal with the outbreak and disruptions globally and added costs of doing business. The key focus of the DS division was to maintain and grow its orderbook while keeping costs low to stay afloat in the difficult environment. With limited banking facilities and access to capital, the Company had to be cautiously selective in bidding and accepting contracts.

Revenue declined for the year under review with almost all countries reflecting lower revenues arising from the difficult environmental conditions. Russia, Kuwait and Malaysia reflected higher revenues for the year compared with FY20 with Malaysia performing its major drilling fluids contract with MDC Oil & Gas Ltd (Mubadala Petroleum). The Middle East countries such as Saudi, UAE and Oman reflected marginally lower revenues but were resilient and performed reasonably against last year. Countries that were hard hit by COVID-19 and oil price included Nigeria, Indonesia, India, Australia and Pakistan which reflected lower revenues and financial performance against the corresponding year. Activities in Thailand, Myanmar and Vietnam and USA contracted significantly with severe cash constraints with plans to exit some of these countries.

The Company continues to optimise its operational costs and corporate overhead costs which include amongst others manpower, rentals, asset utilisation and inventory. During the year manpower in corporate office was further reduced. The lack of working capital facilities and cash flow constraints have impacted operations and consequently growth.

OUTLOOK & PROSPECTS IN FY2022

With the increasing vaccination rates across the world including Malaysia which has surpassed 90%, the economic sectors are gradually opening as governments across the world progressively ease restrictions that has been imposed to contain the pandemic. This coupled with financial and fiscal stimulus packages have increased consumption and economic activities which in turn has driven energy demand. Crude oil price has seen a steady increase in prices over the financial year under review and hit a high of USD75/bbl in July 2021. The US Energy Information Administration estimates that spot Brent crude oil prices to average around USD72/bbl in 2022 higher than earlier estimates. The improving global economic activities and stable Brent crude oil prices is expected to strengthen drilling activities. The prime focus area in the coming year is the financial rehabilitation of the Company to strengthen its ability to grow the business and operate sustainably. In line with this, the focus is to complete its debt restructuring and regularisation plan which is the key to the future of the Company moving forward. Cost optimization and improving operational efficiencies will continue to be looked into while increasing our order book in profitable projects within its existing constraints.

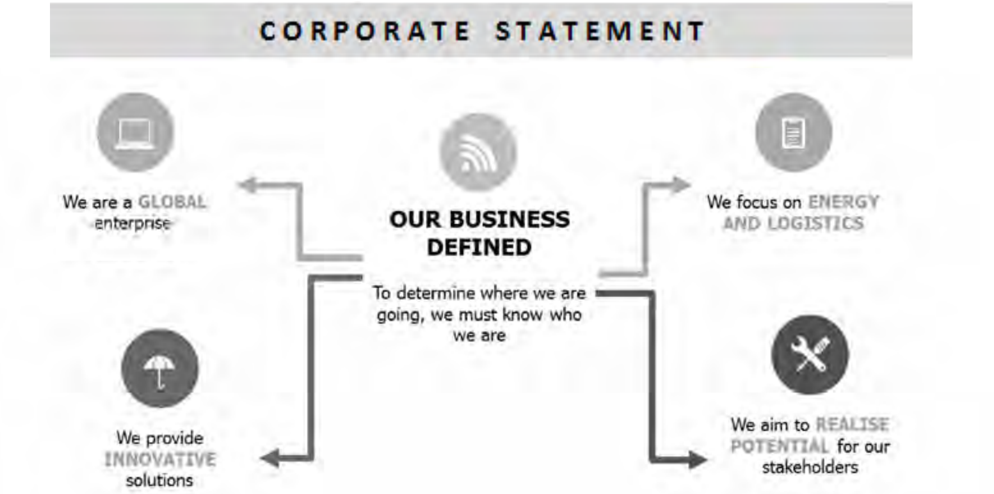
Malaysia's revenue in the current financial year is expected to lower as it lost the PETRONAS Mini-bid to other foreign operators due to its weak financial position. However, it is expected to maintain its operations with upcoming exploration wells with Mubadala, DWM contracts with Repsol and HESS drilling services contracts. With the improving crude oil prices, activity levels are expected to pick up and we expect better performance from Russia, Nigeria, India, Pakistan, Indonesia and our Middle East operations.

As at June 2021, SESB has an order book of approximate USD247 million and has a prospective tender pipeline of an estimated value of USD510 million. While this has decreased from the previous period, the Company continues to explore options to capture new opportunities through various prospects including partnerships with financially stable partners.

Whilst the current overwhelming strategy is the financial revival of the Company, the inherent strengths of the Company lies in its global infrastructure, track record and technical expertise. Based on this foundation and coupled with the improving crude oil prices and drilling activities, the Company plans to remain resilient and sustainable in its performance in FY22 pending the completion of its Regularisation Plan.

OUR BUSINESS SUSTAINABILITY

Scomi Energy Services Bhd's ("SESB", the "Company") sustainability statement revolves around its Corporate Statement, *"we are a global enterprise that provides innovative solutions focusing on the energy and logistics sectors to realise potential for our stakeholders"*. Thus, the Company's sustainability rests in the ability to introduce innovative products and services for its customers.



SESB derives its revenue mainly from two operating segments namely, Drilling Services and Marine Services. In the Drilling Services segment, we are a leading drilling fluids and drilling waste management services company in Malaysia and globally. We are also engaged in the services of marine logistics to support coal transportation and other bulk aggregates.

SUSTAINABILITY FRAMEWORK & SCOPE

SESB first reported its Sustainability Statement in the financial year 2018 with the view towards developing a sustainability framework, its strategic thrusts and its continued developments in the forthcoming financial years. However, the Company has had to re-think and re-strategise its resources in recent financial years predominantly due to the business challenges that it has faced. The extreme volatility of oil prices that impacted the oil and gas industry globally over the last few years was a major setback for the Company and has impacted cash flow. SESB was classified as a PN17 company on 21 January 2020. Cash flow constraints resulted in the Group defaulting on the repayment of its Guaranteed Serial Bonds of RM80.4million on 12 March 2020 which led to cross defaults on the Group's other credit facilities. Other key challenges faced by the Group in the financial year under review included the impact of COVID-19 pandemic that affected all our businesses across the world.

In view of these challenges, the Company's sustainability focus centred around two main strategic thrusts which are financial stability for business viability and to develop a restructuring plan that will address its outstanding debts and PN17 status. Several initiatives were identified towards achieving these objectives and amongst them are :

- Implement cost control and prudent management across all our existing businesses while maintaining our order book within the cash constraints of the Group.
- Application for Judicial Management Orders for several subsidiaries of the Company namely Scomi KMC Sdn Bhd, Scomi Oiltools Sdn Bhd and KMCOB Capital Berhad (collectively called the "Affected Companies"). The appointment of a judicial manager under the Companies Act 2016 and the Company (Corporate Rescue Mechanism) Rules 2018 to provide the Affected Companies a moratorium from legal actions from its creditors in order for it to develop a rehabilitation and restructuring plan.
- Sale or winding down of loss making entities to realise and conserve cash for the Group.

- Continuous engagement with our secured lenders to support the ongoing business and to find an amicable solution on the settlement of the debts due.
- Engage with independent financial advisers to work on debt restructuring and regularisation of the SESB Group.
- Engage with potential investors for SESB and our oilfield businesses to develop opportunities to either raise funds for the Group or realise value in order to restructure and rehabilitate the Group as a whole.

To this effect, during the year under review and the current year, the Company has moved forward on the following:

- The Group undertook a further right sizing exercise in Malaysia to ensure costs could be managed within the reduced revenues.
- Obtained court orders for the appointment of a Judicial Manager for the Affected Companies on 14 August 2021 which provided a moratorium against legal action from its creditors for 12 months.
- Completed the exit from its Turkmenistan and Egypt businesses which were loss making. On 26 August 2021, SESB announced the sale of its 80.54% equity interest in PT Rig Tenders Indonesia Tbk for USD9.5 million to raise funds for the repayment of certain of our credit facilities while providing much needed working capital for the Company to restructure and rehabilitate the Group.
- Numerous discussions and proposals were presented to our secured lenders with the aim of finding a solution for the settlement of debt borrowings.
- Submitted an Extension of Time request to Bursa Securities on 21 October 2021 for an additional 6 months to submit a Regularisation Plan for the Company.

The Company is also mindful that to ensure its business sustainability, the responsibility lies not only with the Company but also with each individual business unit within its group of companies. Hence the management of each business unit addresses its business sustainability activities through its annual business performance and budget which is presented and discussed with the respective Boards of Directors and the Management and Board of Directors of SESB. The settlement of the Group's outstanding debts with its secured lenders is critical for the Group to achieve financial stability. The successful debt restructuring and rehabilitation of the Group requires working closely with the secured lenders and potential investors to secure an agreement that will meet all the objectives of the stakeholders including the shareholders of the Company.

While SESB's strategic thrust today focuses on financial stability, the Company continues to plan for the future to meet the competitive nature of our businesses in the domestic and global arena. For sustainability and competitiveness, the future of the business will be to focus on two more thrusts which would be :

- Expansion of markets for oil & gas industry
- Increase product and services offering to existing clients focused on energy saving and environmentally friendly products

These thrusts will be looked into in greater detail in the coming financial years once the financial stability of the organisation is improved.

Above and beyond the business and debt restructuring focus, the Company and its business units continue to prioritise on Health, Safety and Environment ("HSE") activities. The HSE departments in every business unit played a major role during this COVID-19 pandemic in monitoring the health of the employees and ensuring their safety at all times.

Further, the Company has always engaged with its stakeholders and the communities where it operates. However, in these challenging times, the focus has shifted from the community at large to its community at work which is its workforce. Where staff have been required to continue to work throughout the pandemic due to client and regulatory authority requirements, the necessary precautions were strictly adhered to ensure the health of the staff. Wherever possible, non-essential staff were allowed to practice Work From Home to help the efforts to flatten the curve of infection. The Company had to consider and embrace the new ways of doing business ensuring that the business and operations globally could still continue to function under the restrictions and constraints of COVID-19.

Corporate Governance Overview Statement

INTRODUCTION

The Board of Directors (the "Board") of Scomi Energy Services Bhd (the "Company") recognises that corporate governance is essential for a company's sustainable long-term performance, value creation for shareholders and safeguarding or promoting the interests of each and every stakeholder. The Board presents this Corporate Governance Overview Statement ("Statement") to provide stakeholders with an overview of the corporate governance ("CG") practices of the Company and its group of companies (the "Group") during the financial year ended 30 June 2021 in accordance with the key CG principles as set out in the Malaysian Code on Corporate Governance 2017 (the "Code").

This Statement is supported by the Company's CG Report 2021 and is prepared in compliance with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Company's CG Report 2021 provides details on how the Company has applied each Practice as set out in the Code and is available on the Company's website, www.scomienergy.com.my and via an announcement on the website of Bursa Malaysia Berhad at www.bursamalaysia.com.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

In carrying out its responsibilities to the Company's stakeholders to create and deliver sustainable value, the Board sees its role as to govern and set the strategic direction of the Company, whilst overseeing the Management who is entrusted to manage the Company and the Group in accordance with the strategic direction and delegations of the Board.

The Group is led and controlled by an effective Board which assumes, amongst others, the following principal roles and responsibilities in discharging its stewardship role, fiduciary and leadership functions:

(a) reviewing and adopting a strategic plan for the Company and the Group, and subsequently monitoring the implementation of the strategic plan by the Management to ensure sustainable growth and optimisation of returns for the Company and the Group;

The Board constructively challenges and contributes to the development of the Group's strategic directions, and subsequently monitors the implementation of the strategic business plan by the Management to ensure sustainability of the Company and the Group.

The Group has in place an annual strategy planning session, whereby the Management presents to the Board its recommended strategy and proposed strategic business plans for the upcoming financial year at the annual strategy planning and budget meeting with the Board. During the meeting, the Board reviews and deliberates upon both Management's and its own perspectives, as well as probes Management to ensure Management has taken, and suggests Management to take, into consideration the varying opportunities and risks whilst developing the strategic business plan.

In conjunction with this, the Board also reviews and approves the proposed annual budget for the upcoming financial year and the key result areas ("KRA") as reviewed and recommended by the Nomination and Remuneration Committee ("NRC").

(b) overseeing and evaluating the conduct and performance of the Company and the Group's businesses;

The Chief Executive Officer ("CEO") has overall responsibility, with the support of the Key Management Team, for the day-to-day management of the business and implementation of the Board's policies, directives, strategies and decisions.

On a quarterly basis, both the Audit and Risk Management Committee ("ARMC") and the Board reviews the Group's key financial performance metrics with the CEO who highlights concerns and issues, if any. The actual performance of the Group is assessed on a quarterly basis against the approved financial year ended 30 June 2021 budget, the results of the corresponding quarter of financial year ended 30 June 2020 and the immediate preceding quarter. Where significant variances in the performance results are reported by the Management to the ARMC and the Board, it is accompanied with explanations, clarifications and the corrective action taken.

Besides this, the ARMC and the Board are also informed by the Management of the key initiatives, significant operational issues and action plans. A summary of the performance of each business division is also provided to the Board.

(c) evaluating principal risks of the Company and the Group and ensuring the implementation of appropriate risk management and internal controls system to manage these risks;

Whilst the Board has overall responsibility for the Group's risk management framework and internal controls system, it has delegated the implementation of these risk management framework and internal controls system to the Management and tasked the ARMC to review the adequacy and effectiveness of the risk management framework and internal controls system.

However, the Board recognises that such systems are designed to manage and reduce, rather than eliminate, the risks identified to acceptable levels. Therefore, the internal controls implemented can only provide reasonable and not absolute assurance against the occurrence of any material misstatement, loss or fraud.

The Management reports to the ARMC on a quarterly basis on all risks areas faced by the Group and the audit findings identified from the internal audit activities conducted by the Internal Audit team. The ARMC then deliberates the actions taken by the Management to address those high risks areas and audit findings. The ARMC also acts as an intermediary between the Management or other employees, and the external auditors where the external auditors are invited to present to the ARMC the audit plan, the audit findings, the independent auditors' report as well as any other matters considered by the external auditors as important and requiring the ARMC's attention. The ARMC also conducts private meeting with the external auditors, to give opportunity to the external auditors to raise any matters without the presence of the Executive Board Member and Management. Minutes of the meetings of the ARMC which record the deliberations of the ARMC are presented to the Board.

The Chairman of the ARMC will also report to the Board on any principal risks and internal controls related matters and recommendations deliberated by the ARMC at the immediate subsequent Board meeting.

Details of the Enterprise Risk Management Framework and internal controls system of the Group are as set out in the Statement on Risk Management and Internal Control in this Annual Report.

(d) reviewing the adequacy and the integrity of the Company and the Group's risk management and internal controls system;

The risk management and internal controls system of the Company and the Group is subject to review by the Board and/or the ARMC with a view towards appraising the adequacy, effectiveness and efficiency of such system within the Group and also to ensure that these systems are viable and robust.

(e) overseeing management performance and ensuring a sound succession plan for key positions within the Company; and

The Board, through the NRC, annually develops and agrees the CEO's KRA with the CEO based on the strategic objectives and measures which are aligned to the Group's corporate goal and strategic business plan set by the Board. Following the determination of the measures and KRA for the CEO, the same will be cascaded down to his direct reports.

During the financial year, the NRC is tasked by the Board to evaluate the performance of the CEO against the approved KRA upon the finalisation of the Company's audited financial statements. Subsequently, the NRC provides the Board with its recommendation of the CEO's performance evaluation, for the Board's decision. The NRC also reviews and recommends the remuneration package of the CEO for the Board's deliberation and approval.

(f) providing input and overseeing the development and implementation of the investor relations and shareholder communications policy for the Company and the Group;

Recognising the importance of accurate and timely public disclosures of corporate information in order for the shareholders to exercise their ownership rights on an informed basis, the Board has established a Global Communications Policy, where it outlines how the Group identifies and distributes information in a timely manner to all shareholders. It also reinforces the Group's commitment to the continuous disclosure obligations imposed by law and describes the procedures implemented to ensure compliance.

The Board through the Management oversees the Group's corporate disclosure practices and ensures implementation and adherence to the Global Communications Policy. The Board has authorised the CEO as the primary spokesperson responsible for communicating information to all stakeholders including the public.

Establish Clear Roles and Responsibilities

To enhance the Board and the Management's accountability to the Company and its shareholders, the Board has clearly established functions reserved for the Board and those delegated to the Management. The Board operates under a Board Charter, which establishes a formal schedule of matters and outlines the types of information required for the Board's attention and deliberation at the Board meetings. The Board reviews the Board Charter regularly to ensure their relevance. The Board Charter is available on the Company's website at www.scomienergy.com.my.

The Board's approving authority for certain specified activities is delegated to the Management through a clear and formally defined Delegated Authority Limits ("DAL"), which is the primary instrument that governs and manages the business decision process in the Group. Whilst the objective of the DAL is to empower Management, the key principle adhered to in its formulation is to ensure that a system of internal controls and checks and balances are incorporated therein. The DAL is implemented in accordance with the Group's policies and procedures and in compliance with the applicable statutory and regulatory requirements. The DAL is continuously reviewed and updated to ensure relevance to the Group's operations and was last updated on 30 September 2020.

The roles of the Chairman of the Board (the "Chairman") and the CEO are distinct and separate with each having a clear scope of duties and responsibilities to ensure there is a balance between power and authority. The division of the responsibilities of the Chairman and the CEO has been clearly defined in the Board Charter of the Company.

The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board, while the CEO has overall responsibility, with the support of the Key Management Team of the Company, for the day-to-day management of the business and implementation of the Board's policies, directives, strategies and decisions.

Reinforce Independence

In general, the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Independent Director who has served for a cumulative term of nine (9) years is subject to the annual approval of the shareholders to continue to act in office as Independent Director. In line with the practice 4.2 of the Code, the Board, through the NRC, assesses the independence of each Independent Director annually. Taking into consideration interests disclosed by each Independent Director and having regard to the criteria for assessing the independence of Directors under the annual Board assessment and the Listing Requirements, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interests of the Company during deliberations at Board meetings.

None of the Independent Non-Executive Directors of the Company has served the Board for more than (9) years.

Board Committees

The Board has put in place two (2) committees of the Board, namely the ARMC and the NRC, which operate within clearly defined written terms of reference (available for reference at the Company's website at www.scomienergy.com.my to assist the Board in carrying out its fiduciary duties. The Board reviews the Board Committees' authority and terms of reference from time-to-time to ensure their relevance. The Board Committees deliberate the issues before putting up any recommendation to the Board for decision. Notwithstanding the existence of the Board Committees and the relevant authorities granted to a committee under its terms of reference, ultimate responsibility for the affairs of the Company and decision-making lies with the Board. The Board keeps itself abreast of the significant matters and resolutions deliberated by each Board Committee through the reports by the Chairman of the relevant Board Committees or the tabling of the Minutes of the Board Committees' meetings and circular resolutions passed at the immediate subsequent Board meeting.

The composition of the Board and its Committees are as follows:

	Board Committees	
	ARMC	**NRC**
Independent Non-Executive Chairman		
Mr Stephen Fredrick Bracker	-	C
Non-Independent Non-Executive Chairman		
Dato' Mohd Zakhir Siddiqy bin Sidek(1)	-	M
Independent Non-Executive Directors		
Dato' Sri Meer Sadik bin Habib Mohamed(2)	M	-
Mr Ravinder Singh Grewal a/l Sarbjit S(3)	C	M
Dato' Jamelah binti Jamaluddin(4)	-	M
Cik Ruziah binti Mohd Amin(5)	C	M
YM Raja Ahmad Murad bin Raja Bahrin(6)	M	-
Non-Independent Non-Executive Directors		
Mr Wong Mun Keong(7)	M	-
Encik Aminodin bin Ismail(8)	M	M
Executive Director		
Encik Amirul Azhar bin Baharom	-	-

Notes:
C: Chairman
M: Member

(1) Resigned as Non-Independent Non-Executive Chairman and Member of the NRC on 14 July 2020.
(2) Resigned as Independent Non-Executive Director and Member of the ARMC on 10 July 2020.
(3) Resigned as Independent Non-Executive Director, Chairman of ARMC and Member of NRC on 5 February 2021.
(4) Resigned as Independent Non-Executive Director and Member of NRC on 8 February 2021.
(5) Appointed as Member of ARMC on 16 July 2020 and subsequently redesignated as Chairman of ARMC on 17 February 2021. She was also appointed as Member of NRC on 17 February 2021.
(6) Appointed as Independent Non-Executive Director on 16 February 2021 and Member of ARMC on 17 February 2021.
(7) Resigned as Member of ARMC on 17 February 2021.
(8) Appointed as Non-Independent Non-Executive Director on 15 July 2020 and Member of NRC on 16 July 2020. He was then appointed as Member of ARMC on 17 February 2021.

The schedule of meetings of the Board and its Committees as well as the annual general meeting ("AGM") is prepared and circulated to the Board before the beginning of the year to facilitate the Directors in planning ahead. Special meetings of the Board and its Committees are convened between the scheduled meetings as and when urgent and important direction from and/or decisions of the Board and/or its Committees are required.

During the financial year ended 30 June 2021, twelve (12) Board Meetings, five (5) ARMC Meetings and two (2) NRC Meetings were held. Due to the COVID-19 pandemic and as part of the Company's measures to curb the spread of the COVID-19, all meetings during the financial year ended 30 June 2021 were conducted virtually via video-conferencing. The attendance record of the Directors at the meetings of the Board and its Committees is as follows:

	Meeting Attendance		
	BOARD	**ARMC**	**NRC**
Independent Non-Executive Chairman			
Mr Stephen Fredrick Bracker	12/12	-	2/2
Non-Independent Non-Executive Chairman			
Dato' Mohd Zakhir Siddiqy bin Sidek(1)	-	-	-
Independent Non-Executive Directors			
Dato' Sri Meer Sadik bin Habib Mohamed(2)	-	-	-
Mr Ravinder Singh Grewal a/l Sarbjit S(3)	7/7	3/3	2/2
Dato' Jamelah binti Jamaluddin(4)	6/7	-	1/2
Cik Ruziah binti Mohd Amin(5)	12/12	5/5	-
YM Raja Ahmad Murad bin Raja Bahrin(6)	5/5	2/2	-
Non-Independent Non-Executive Directors			
Mr Wong Mun Keong(7)	12/12	3/3	-
Encik Aminodin bin Ismail(8)	12/12	2/2	2/2
Executive Director			
Encik Amirul Azhar bin Baharom	12/12	-	-

Notes:

(1) Resigned as Non-Independent Non-Executive Chairman and Member of the NRC on 14 July 2020.
(2) Resigned as Independent Non-Executive Director and Member of the ARMC on 10 July 2020.
(3) Resigned as Independent Non-Executive Director, Chairman of ARMC and Member of NRC on 5 February 2021.
(4) Resigned as Independent Non-Executive Director and Member of NRC on 8 February 2021.
(5) Appointed as Member of ARMC on 16 July 2020 and subsequently redesignated as Chairman of ARMC on 17 February 2021. She was also appointed as Member of NRC on 17 February 2021.
(6) Appointed as Independent Non-Executive Director on 16 February 2021 and Member of ARMC on 17 February 2021.
(7) Resigned as Member of ARMC on 17 February 2021.
(8) Appointed as Non-Independent Non-Executive Director on 15 July 2020 and Member of NRC on 16 July 2020. He was then appointed as Member of ARMC on 17 February 2021.

Ethics and Code of Conduct

In discharging its duties and responsibilities, the Board is guided by the Code of Conduct of the Group which provides the framework to ensure that the Group conducts itself in compliance with laws and ethical values. The Board ensures that compliance is monitored through a Confirmation of Compliance declaration process where all employees of the Group of Grade 15 and above are required to confirm their receipt and understanding of the Code of Conduct and further to certify their continued compliance with the Code of Conduct on an annual basis.

It is a condition of appointment and/or employment with the Group that the Board and all employees of the Group comply with the Code of Conduct and all applicable laws, regulations and other policies of the Group and failure to comply may result in the commencement of disciplinary proceedings that may lead to termination of appointment and/or employment.

The appropriateness and effectiveness of the Code of Conduct of the Group are continuously monitored and appropriate agreed improvements and reporting procedures will be adopted where necessary. The Code of Conduct is available on the Company's website at www.scomienergy.com.my.

Whistleblowing Policy and Procedures

The Group is also committed to openness, probity and accountability. An important aspect of accountability and transparency is the existence of a mechanism to enable employees of the Group to voice their concerns in a responsible and effective manner. To address this concern, the Group has formalised and established a Whistleblower Framework and Policy, to provide an avenue for employees to raise genuine concerns internally or report any breach or suspected breach of any law or regulation, including the Group's policies and procedures, to the Disclosure Officer in a safe and confidential manner, thereby ensuring that employees may raise concerns without fear of reprisals. The Whistleblower Framework and Policy is subject to periodic assessment and review to ensure that it remains relevant to the Group's changing business circumstances. The Whistleblower Framework and Policy is available on the Company's website at www.scomienergy.com.my.

Environmental, Social and Governance

The Board is cognisant of the importance of business sustainability and, in managing the Group's business, take into consideration its impact on the environment and society in general. Balancing the environment, social and governance aspects with the interest of various stakeholders is essential to enhancing investor and public trust. We acknowledge our responsibility to all the lives we touch either directly or indirectly and are committed to making a positive impact in the many communities where we have a presence while further strengthening our corporate reputation via upholding a culture of integrity and transparency. Over the years, our approach towards corporate social responsibility has become progressively more holistic, evolving from individual acts of philanthropy to becoming a mindset that influences business decision and strategy. We further ensure that this mindset is shared among all our employees by reinforcing the principles of integrity and corporate citizenry in our training and internal communication and encouraging a spirit of volunteerism across our operations globally. We also realise that, given the nature of the businesses we are involved in, we can make a positive impact on the environment. Hence, we invest in research and development to develop 'green' products that are efficient, cost-effective and, most importantly, environmentally friendly. The Board also strives to promote conservation and encourages a paperless environment for all Board and Board Committees meetings, where digital access is given to meeting papers to save on the distribution of hard copies.

Access to Information

Every Director has full, free and unrestricted access to information within the Group. Where required, the Board and its Committees are provided with independent professional advice or other advice in furtherance of their duties, the cost of which is borne by the Company. The Board may also seek advice from the Management or request further explanation, information or update on any aspect of the Group's operations or business concerns.

The Board is supplied with quality and timely information, which allows it to discharge its responsibilities effectively and efficiently. The agenda for each meeting together with a set of comprehensive meeting papers for each agenda item are delivered to each Director in advance of meeting, to enable the Board to review the matters to be deliberated for effective discussion and decision making during the meeting, and where necessary, to obtain supplementary information before the meeting.

In addition, the Directors have full and unrestricted access to the advice and dedicated support services of the Company Secretaries appointed by the Board. The Company Secretaries are qualified to act as company secretary under Section 235 of the Companies Act 2016 ("the Act"). They are experienced, competent and responsible to advise the Board on procedural and regulatory requirements to ensure that the Board adheres to the Board policies, procedures and regulatory requirements in carrying out its roles and responsibilities effectively.

II. BOARD COMPOSITION

The success of the Board in fulfilling its oversight responsibility depends on its size, composition and leadership qualities.

The Constitution of the Company provides for a minimum of two (2) directors and a maximum of fifteen (15) directors. At any one time, at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, shall be Independent Directors, who are to provide independent judgment, experience and objectivity to the Board deliberations so that the interests of all shareholders are taken into account by the Board. According to the Board Charter, the Directors shall elect a Chairman among themselves who shall be a Non-Executive Director.

As at the date of this Statement, the Board consisted of one (1) Executive Director and five (5) Non-Executive Directors with three (3) of them being independent. The Independent Directors make up 50% of the composition of the Board. Hence, the composition of the Board fulfils the prescribed requirement under Paragraph 15.02(1) of the Listing Requirement and adopts the best practice 4.1 of the Code.

The composition of the Board reflects a diversity of backgrounds, skills and experiences in the areas of business, economics, finance, legal, general management and strategy that contributes effectively in leading and directing the management and affairs of the Group. Given the calibre and integrity of its members and the objectivity and independent judgment brought by the Independent Directors, the Board is of the opinion that its current size and composition contribute to an effective Board.

The Company has also appointed an Independent Non-Executive Director of the Company as the Senior Independent Director of the Company. The main duties and responsibilities of the Senior Independent Director of the Company are to serve as the point of contact between the Independent Directors and the Chairman on sensitive issues and to act as a designated contact to whom shareholders' concerns or queries may be raised, as an alternative to the formal channel of communication with shareholders. For any concerns or queries regarding the Group, the shareholders may convey to the Senior Independent Director of the Company via the following channels:

Mail : **SCOMI ENERGY SERVICES BHD**
No. 1-1, Block C1
Jalan PJU 1/41, Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan,
Malaysia

Attention : Cik Ruziah binti Mohd Amin, Senior Independent Director

Email : sid.sesb@scomienergy.com

A brief description of the background of each Director is set out on the Profile of Directors of this Annual Report.

The NRC established by the Board is tasked to:

- ensure an effective process for selection of new directors and assessment of the Board, Board Committees and individual Directors which will result in the required mix of skills, experience and responsibilities being present on the Board;
- establish, review and report to the Board on a formal and transparent procedure for developing a policy on Executive Directors' remuneration and compensation of Non-Executive Directors; and
- review and recommend to the Board the remuneration of the Executive Directors in all its forms and the compensation of Non-Executive Directors with the aim of attracting, retaining and motivating individuals of the highest quality needed to run the Company successfully.

The members of the NRC are appointed by the Board based on recommendations from the NRC and shall comprise at least three (3) members who are all non-executive, a majority of whom are Independent Directors. Members of the NRC elect a Chairman from among themselves who is an Independent Non-Executive Director. All members of the NRC, including the Chairman, shall hold office only so long as they serve as Directors of the Company. Members of the NRC may relinquish their membership in the NRC with prior written notice to the Company Secretaries. The NRC reports its recommendations back to the Board for its consideration and approval. In the event of any vacancies arising in the NRC resulting in the number of members of the NRC falling below three (3), the vacancy should be filled within three (3) months of it arising. The NRC meets at least once during a financial year. In the interim period between meetings, if the need arises, issues shall be resolved through circular resolution. A circular resolution in writing, stating the reason(s) to arrive at a recommendation or resolution, signed by a majority of the members, shall be valid and effective as if it had been passed at a meeting duly convened and constituted.

The duties and responsibilities of the NRC are set out in the Terms of Reference of the NRC which is available at the Company's website at www.scomienergy.com.my.

New Appointment to the Board

The appointment of directors is a vital process as it determines the composition and quality of the Board's mix of skills and competencies. The nomination and appointment of new directors takes place within the parameters set out in the Terms of Reference of the NRC and the Board Composition Policy.

Annual Board Evaluation

The Board, through the NRC undertakes an annual assessment of the Board as a whole and each individual Directors' performance. This includes a review of the desirable mix of competencies, qualification, knowledge, skills, expertise and personal characteristics of Directors and any gaps that exist in the optimum mix of skills required for the Board. In the course of assessing the effectiveness of the Board and the Board Committees and the contributions of each individual Director, the NRC also evaluates and determines the training needs for each of the Directors in order to enhance the skills of the directors and aid them in the discharge of their duties as directors. The Chairman of the NRC will discuss the NRC's assessment of the performance of each individual Director with the Directors concerned on a one-on-one basis. All assessments and evaluations carried out by the NRC in the discharge of its functions are properly documented, summarised and reported to the Board.

The NRC currently consisted of three (3) members, two (2) of whom are independent and non-executive. In accordance with the approved Terms of Reference of the NRC, the NRC carried out the following activities during the financial year ended 30 June 2021:

- assessed the annual performance of each individual Director;
- assessed the continued independence of each Independent Director;
- reviewed the skills, experience and competencies of each individual Director and based thereupon, assessed the training needs of each individual Director;
- assessed the effectiveness of the Board and the ARMC;
- assessed the adequacy of the size and composition of the Board and Board Committees;
- reviewed the proposed fees and benefits for the Non-Executive Directors of the Company;
- reviewed the retirement and re-election of the Directors pursuant to the Constitution of the Company;
- reviewed and recommended to the Board the CEO's BSC for the new financial year;
- evaluated the performance of the CEO and proposed remuneration for the CEO; and

The NRC observed that:

(a) the Board and the Board Committees were effective in carrying out their responsibilities;
(b) the Board has the desired mix of skills, experience and competencies; and
(c) the size and the composition of the Board are adequate to meet the Company's requirements.

III. REMUNERATION

The NRC is also responsible for the review of the overall remuneration policy for the Directors and the CEO whereupon recommendations are submitted to the Board for approval. The NRC advocates a fair and transparent remuneration policy framework such that the Group may attract, retain and motivate high quality Directors.

The Non-Executive Directors are paid by way of fees for their services, as from time-to-time determined by shareholders in the AGM and are not compensated based on the Company's or Group's performance and results as this may impair the Directors' objectivity and independence, particularly when asked to endorse risky business decisions that may have a vast upside potential. The Non-Executive Directors are reimbursed for all their travelling, hotel and other expense properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending the meetings of the Board or any Board Committees of the Company.

Section 230(1) of the Act provides amongst others, that "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In view that the "benefits payable to the directors" under the Act is not defined by the Act, during the financial year ended 30 June 2021, the Board approved the NRC's recommendation to seek the approval of the shareholders for the benefits payable to the directors for the period from 24 December 2020 until the next AGM of the Company ("Relevant Period").

The estimated benefits payable to the Directors for the Relevant Period was up to RM200,000. In determining the estimated total benefits payable to the Directors for the Relevant Period, the size of the Board and Board Committees and the number of scheduled and ad-hoc meetings of the Board and Board Committees to be held during the Relevant Period based on the above remuneration structure were taken into consideration.

The structure of the remuneration package for the Non-Executive Directors was last revised by the Board in respect of the financial year ended 31 December 2009 and reviewed during the financial year ended 30 June 2021. In view of the challenges in the oil and gas industry and the financial condition of the Company, although with the increasing tasks, responsibilities, liabilities and burdens on Non-Executive Directors as well as tighter corporate and capital market rules and regulations, the Board concurred with the recommendation of the NRC to maintain the same remuneration policy and Directors' fees for the Non-Executive Directors in respect of the financial year ended 30 June 2020..

The Board was of the view that it was just and equitable for the Non-Executive Directors to be paid the Directors' fees and benefits as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company throughout the Relevant Period. The shareholders had at the Twenty-Fourth AGM ("24th AGM") of the Company held on 23 December 2020 approved the payment of the said Directors' fees for the financial year ended 30 June 2020 and benefits for the Relevant Period.

Nonetheless, the Non-Executive Directors did not receive any payment of Directors' fees in respect of the financial year ended 31 March 2018 and financial period ended 30 June 2019. For the financial year ended 30 June 2020, only Mr Stephen Fredrick Bracker, Mr Wong Mun Keong and Cik Ruziah binti Mohd Amin received the approved fees in recognition of their continued commitment to the Board.

The remuneration of individual Non-Executive Directors of the Company, including the remuneration for services rendered to the Group for the financial year ended 30 June 2021, are as follows:-

The Group and the Company

Directors	Fee		Other Allowances		Total	
	Company	Group	Company	Group	Company	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Mr Stephen Fredrick Bracker [1]	58	58	16	16	74	74
Dato' Mohd Zakhir Siddiqy bin Sidek[2]	2	2	1	1	3	3
Dato' Sri Meer Sadik bin Habib Mohamed[3]	2	2	-	-	2	2
Mr Ravinder Singh Grewal a/l Sarbjit S[4]	36	36	12	12	48	87
Dato' Jamelah binti Jamaluddin[5]	30	30	9	9	39	39
Cik Ruziah binti Mohd Amin[6]	58	58	17	17	75	75
YM Raja Ahmad Murad bin Raja Bahrin[7]	21	21	7	7	28	28
Mr Wong Mun Keong[8]	54	54	17	17	71	71
Encik Aminodin bin Ismail[9]	50	50	16	16	66	66
Encik Amirul Azhar bin Baharom	-	-	-	-	-	-
Grand Total	311	311	95	95	406	406

Notes:

(1) Redesignated at Independent Non-Executive Chairman of the Board on 24 August 2020.

(2) Resigned as Non-Independent Non-Executive Chairman and Member of the NRC on 14 July 2020.

(3) Resigned as Independent Non-Executive Director and Member of the ARMC on 10 July 2020.

(4) Resigned as Independent Non-Executive Director, Chairman of ARMC and Member of NRC on 5 February 2021.

(5) Resigned as Independent Non-Executive Director and Member of NRC on 8 February 2021.

(6) Appointed as Member of ARMC on 16 July 2020 and subsequently redesignated as Chairman of ARMC on 17 February 2021. She was also appointed as Member of NRC on 17 February 2021.

(7) Appointed as Independent Non-Executive Director on 16 February 2021 and Member of ARMC on 17 February 2021.

(8) Resigned as Member of ARMC on 17 February 2021.

(9) Appointed as Non-Independent Non-Executive Director on 15 July 2020 and Member of NRC on 16 July 2020. He was then appointed as Member of ARMC on 17 February 2021

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee

In discharging its fiduciary responsibility, the Board is assisted by the ARMC to oversee the financial reporting processes and the quality of the Group's financial statements. The ARMC members, all of whom are financially literate, reviewed the Company and the Group's financial statements, prior to recommending them for approval by the Board and issuance to the shareholders and stakeholders.

The ARMC is chaired by an Independent Non-Executive Director who is distinct from the Chairman of the Board.

The ARMC has met five (5) times during the financial year ended 30 June 2021 in order to carry out their duties in accordance with their Terms of Reference. The CEO and Chief Financial Officer ("CFO") formally presented to the ARMC and the Board the details of financial performance of the Company and the Group, for review of quarter-to-quarter and year-to-date performance against the proposed financial year ended 30 June 2021 budget.

The primary objective of the ARMC is to assist the Board to review the adequacy and integrity of the Group's financial administration and reporting, internal control and risk management systems, including the management information system and systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board, through the ARMC, maintains an appropriate, formal and transparent relationship with the Group's internal and external auditors. The ARMC is guided by the Group's policies and procedures in accessing the suitability, objectivity and independence of the external auditors, which also includes the provision of non-audit services by the external auditors to ensure their independence is not compromised. Those policies and procedures are to be read in conjunction with the Terms of Reference of the ARMC, which outlines the duties and responsibilities of the ARMC relating to the appointment of the external auditors.

The ARMC has explicit authority to communicate directly with the Group's internal and external auditors and *vice versa* the Group's internal and external auditors also have direct access to the ARMC to highlight any issues of concern at any time. The ARMC met the external auditors without the presence of Executive Directors or the Management whenever necessary, with a minimum of once a year. Meetings with the external auditors are held to further discuss the Group's audit plans, audit findings, financial statements, as well as to seek their professional advice on other related matters during the financial year under review.

The ARMC is also tasked by the Board to consider the appointment of the external auditor, the audit fee and any questions relating to the resignation or dismissal (if any) as well as all non-audit services to be provided by the external auditors to the Company with a view to auditor independence and to provide its recommendations thereon to the Board. The ARMC has received confirmation from the external auditors that for the audit of the financial statements of the Company and the Group for the financial year ended 30 June 2021, they have maintained their independence in accordance with their firm's requirements and with the terms of relevant professional and regulatory requirements and they have reviewed the non-audit services provided to the Group during the financial year in accordance with the independence requirements and are not aware of any non-audit services that have compromised their independence as external auditors of the Company and the Group. The external auditors also reaffirmed their independence at the completion of the audit.

The ARMC undertook an annual assessment of the suitability and independence of the external auditors in accordance with the Policy on the Selection of External Auditors of the Company. The Policy on the Selection of External Auditors of the Company is available on the Company's website at www.scomienergy.com.my.

KPMG PLT ("KPMG") had on 5 April 2021 served his notice of resignation as the external auditors for the Company and the Group since its appointment for the financial year ended 31 March 2014. Subsequently, Crowe Malaysia PLT was appointed as the new external auditors of the Company and the Group in place of KPMG.

The membership, Terms of Reference, roles and relationship with both the internal and external auditors and activities of the ARMC during the financial year ended 30 June 2021 are set out in the ARMC Report of this Annual Report.

II. Risk Management and Internal Control Framework

The Board firmly believes in maintaining a sound risk management framework and internal controls system with a view to safeguard shareholders' investment and the assets of the Group. The size and geographical spread of the Group involves exposure to a wide variety of risks, where the nature of these risks means that events may occur which could give rise to unanticipated or unavoidable losses.

In establishing and reviewing the risk management and internal controls system, the Board recognises that such systems can provide only reasonable, but not absolute, assurance against the occurrence of any material misstatement or loss.

With the implementation of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act") on 1 June 2020, the Company has taken several actions as commitment in combating corruption practices. The Board had at its meeting held on 30 September 2021 revised the Anti-Corruption Policy of the Company to ensure the policy is up to date with the new regulations and consistent with the best practices in accordance with the MACC Act. Communications have been made with the Company's employees and stakeholders to ensure the Anti-Corruption Policy is adhered to.

The ARMC meets on a regular basis to ensure that there is clear accountability for managing significant identified risks and that identified risks are satisfactorily addressed on an ongoing basis. In addition, the adequacy and effectiveness of the risk management and internal controls system is also reviewed by the ARMC.

Assessments on the adequacy and integrity of the internal controls and monitoring of compliance with policies and procedures are also carried out through internal audits. The risk-based internal audit plan that covers internal audit coverage and scope of work is presented to the ARMC and the Board for their respective consideration and approval annually. Internal audit reports encompassing the audit findings together with recommendations thereon are presented to the ARMC on a quarterly basis. The Group Internal Audit, senior and functional line management are tasked to ensure management action plans are carried out effectively and regular follow-up audits are performed to monitor the continued compliance.

The Board has received assurance from the CEO and the Acting CFO that the Group's risk management and internal controls system is operating adequately and effectively, in all material aspects.

The main features of the risk management framework and internal controls system of the Group are as set out in the Statement on Risk Management and Internal Control of this Annual Report.

PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the shareholders of the Company are treated equitably and provides them with comprehensive, accurate and quality information on a timely and non-selective basis, in order to keep them abreast of all material business matters affecting the Company and the Group.

Recognising the importance of accurate and timely public disclosures of corporate information in order for the shareholders to exercise their ownership rights on an informed basis, the Board has established a Global Communication Policy with the following intention:

- to provide guidance and structure in disseminating corporate information to, and in dealing with investors, analysts, media representatives, employees and the public;
- to raise Management's and employees' awareness on the disclosure requirements and practices;
- to ensure compliance with legal and regulatory requirements on disclosure; and
- to protect the brand equity of the Group by managing the risk associated with the brand i.e. exposures to the brand that can undermine its ability to maintain its desired differentiation and competitive advantage.

The Global Communications Policy outlines how the Group identifies and distributes information in a timely manner to all shareholders. It also reinforces the Group's commitment to the continuous disclosure obligations imposed by law, and describes the procedures implemented to ensure compliance.

The Board through the Management oversees the Group's corporate disclosure practices and ensures implementation and adherence to the Global Communication Policy. The Board has authorised the CEO as the primary spokesperson responsible for communicating information to all stakeholders including the public.

The Group also maintains a corporate website, www.scomienergy.com.my to disseminate information and enhance its investor relations. The Group recognises the need for due diligence in maintaining, updating and clearly identifying the accuracy, veracity and relevance of information on the website. The Corporate Communications department has ongoing responsibility for ensuring that information on the website is up-to-date.

In addition, the email address, name and contact number of the Company's designated person is listed on the website to enable the public to forward queries to the Company.

II. CONDUCT OF GENERAL MEETINGS

Shareholders are encouraged to attend the AGM and any general meeting(s) of the shareholders which are the principal forum for dialogue between the Board and the shareholders and provides shareholders the opportunity to raise questions or concerns with regards to the Group as a whole as well as to discuss any other important matters with the Management and the Board.

A notice period of more than (28) days was given to the shareholders for the 24th AGM of the Company held on 23 December 2020, which is in line with the Act, the Code and the Listing Requirements of Bursa Securities. The Company will endeavour to continue this practice for the forthcoming Twenty-Fifth AGM of the Company.

This is to provide sufficient time to shareholders to understand and evaluate the matters involved as well as to make necessary arrangements to attend, participate (including to pose questions to the Board) and vote either in person, by proxy(ies), by corporate representative(s) or by attorney(s), to exercise their ownership rights on an informed basis during the AGM and any general meeting(s) of the shareholders. Where special business items are to be transacted, a full explanation is provided in the notice of the AGM and any general meeting(s) of the shareholders or the related circular(s) to shareholders in order to assist the shareholders' understanding of matters and the implication of their decision in voting for or against the resolution(s).

In line with Paragraph 8.29A(1) of the Listing Requirements, all the resolutions set out in the notice of the 24th AGM were put to vote by poll via electronic voting (e-voting). The Company had appointed Boardroom Share Registrars Sdn Bhd as Poll Administrator to conduct the polling process, and SharePolls Sdn Bhd as Independent Scrutineer to verify the poll results. The Chairman, upon the verification of the poll results by the Independent Scrutineer, announced the results for each resolution, including votes in favour and against and declared whether the resolutions were carried. The outcomes of the AGM were announced to Bursa Securities on the same day the 24th AGM was held.

The Board, the Management Team, both internal and external auditors of the Company and if required, the advisers, will be present at an AGM and any general meetings of the shareholders to answer questions or concerns raised by shareholders.

Before the commencement of the AGM and any general meeting(s) of the shareholders, the Directors and the Management Team will take the opportunity to engage directly with the shareholders which provides the shareholders a better appreciation of the Company's objectives, quality of its management and the challenges faced, while also making the Company aware of the expectations and concerns of its shareholders.

During the AGM and any general meetings of the shareholders, there is always a presentation by the CEO or a representative from the Management Team on the Group's strategy, the operations and financial performance of the Group, the major developments and the prospects of the Group and the subject matters tabled for decision. Besides that, the Chairman of the AGM and any general meeting(s) of the shareholders will invite the shareholders to raise questions pertaining to the Group's financial performance and other items for adoption at the meeting, before putting a resolution to vote. The Chairman of the AGM and any general meeting(s) of the shareholders will also share with the shareholders the Company's responses to questions submitted in advance of the AGM and any general meeting(s) of the shareholders by the Minority Shareholder Watchdog Group, if any.

At the 24th AGM, all the Directors were present either in person or virtually. Following the presentation by the CEO and briefing on the Agendas by the Chairman, the Chairman invited shareholders to raise questions pertaining to the Group's financial performance and other items, before putting the resolutions to vote. The Directors (one of whom is also CEO), Management, internal and external auditors were in attendance to respond to the questions or concerns raised by shareholders.

FOCUS AREAS AND PRIORITIES ON CORPORATE GOVERNANCE

I. BOARDROOM DIVERSITY

The Board recognises and embraces the benefits of having gender diversity in the boardroom as a mix-gendered board would offer different viewpoints, ideas and market insights which enable better problem solving to gain competitive advantage in serving an increasingly diverse customer base than the boardroom that is dominated by one gender.

Currently, the Board composition includes one (1) women Director namely, Cik Ruziah binti Mohd Amin, who is an Independent Non-Executive Director.

II. PROFESSIONAL DEVELOPMENT OF DIRECTORS

All Directors have attended the Mandatory Accreditation Programme as required under the Listing Requirements. To remain relevant in the rapidly changing and complex modern business environment, our Directors are committed to continuing education and lifelong learning to fulfil their responsibilities to the Company and enhance their contributions to board deliberations.

In addition to the NRC's evaluation and determination of the training needs for each of the Directors, the Directors may also request to attend training courses according to their needs as a Director or member of the respective Board Committees on which they serve. Due to the COVID-19 pandemic and the Movement Control Order implemented by the Government, the NRC did not propose training programmes for the Directors. However, the Directors are encouraged to attend online training programmes.

An appropriate induction is provided to any newly appointed Director in order for him to familiarise himself with the Group's organisational structure, strategic plans, significant financial, accounting and risk issues and other important matters and become effective in his role within the shortest practicable time.

The Directors continuously received briefings and updates on regulatory and industry development, including information on the Group's businesses and operations, risk management activities and other initiatives undertaken by the Group, amendments to Listing Requirements, the new Section 17A of the MACC Act, etc.

This Statement is made in accordance with the resolution of the Board dated 29 October 2021.

Statement on Risk Management and Internal Control

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("Board") is pleased to provide the following statement which outlines the nature and scope of risk management and the internal control systems of Scomi Energy Services Bhd and its group of companies ("Group") for the financial year ended 30 June 2021 in accordance with Paragraph 15.26 (b) of the Main Market Listing Requirements and the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers.

RESPONSIBILITY AND ACCOUNTABILITY

The Board

The Board acknowledges and affirms its ultimate responsibility for the adequacy, effectiveness, integrity and efficiency of the risk management and internal control systems to safeguard shareholders' investments and assets of the Group and to ensure that the Group's objectives and strategies are met. These systems are designed to manage the Group's risks within acceptable levels, rather than eliminate them. The internal controls implemented can only provide reasonable and not absolute assurance against the occurrence of any material misstatement, loss or fraud.

The Board has delegated the implementation of the risk management and internal control systems to the Management whilst the Audit and Risk Management Committee of the Board (the "ARMC") was tasked by the Board with oversight responsibility to review the adequacy and effectiveness of the systems. Meanwhile, the Board reviews the Risk Management Framework and Internal Controls System every quarter, with a view towards appraising the adequacy, effectiveness, integrity and efficiency of such system and also to ensure that these systems are viable and robust.

The Management

The Management acknowledges responsibility for implementing the processes to identify, assess, treat, monitor and report on risks and the effectiveness of the internal control systems, taking appropriate corrective actions as required.

At least on a quarterly basis or at any other time deemed necessary by the Board, the Management reports to the ARMC on all risk areas faced by the Group and findings identified from the internal audit reviews conducted by the Group Internal Audit department (the "GIA") as well as the actions taken by the Management to address those high risks areas and audit findings. Minutes of the meetings of the ARMC were presented to the Board. The Chairman of the ARMC also reports to the Board on the principal risks and internal controls related matters and recommendations deliberated by the ARMC at the immediate subsequent Board meeting.

RISK MANAGEMENT FRAMEWORK

The management of risks is aimed at achieving an appropriate balance between realising opportunities for gains while minimising losses to the Group. With this aim in place, the Group is committed in ensuring that it plans and executes activities to ensure that the risks inherent in its business are identified and managed. Risk management activities are also embedded in the Group's management system for effective implementation.

An Enterprise Risk Management Framework ("The Framework") encompassing policies and procedures is in place to guide the Group to adopt and implement appropriate processes to identify, assess, treat, monitor and report significant risks.

The risk management process commences from the establishment of strategic business planning and at the beginning of any major new project. This is continuously applied to all levels of activity in the Group, with the objective of establishing accountability and ensuring mitigation at the source of the risk.

The level of risk tolerance of the Group is expressed through the use of a risk impact and likelihood matrix. Once the risk level is determined, the risk owner is required to deal with the relevant risks by adhering to the Group's risk treatment guidance on the actions to be taken to mitigate the risks.

Monitoring of the mitigating actions during the year under review was performed by the Management and update of the progress on high risks was reported to the ARMC on a quarterly basis. The ARMC will then report to the Board on all significant risk related matters deliberated at its meetings.

Every individual in the Group from transactional levels to the Board plays an integral role in the management of the risks. The Framework implemented within the Group ensures that the key business and operational risks faced by all business units within the Group are continually defined, highlighted, reported and managed. The Framework will be reviewed by the Management and the Board to ensure its continued application and relevance.

Further information on the Group's risk management and internal audit activities is highlighted in the ARMC Report of this Annual Report.

INTERNAL AUDIT FUNCTION

The internal audit function is carried out by the GIA which reports directly to the ARMC. The GIA provides an independent assurance on the adequacy and effectiveness of the Internal Controls System implemented by the Group and monitors the compliance with policies and procedures.

The internal audit function includes undertaking reviews of the Group's system of internal controls, its operations and selected key activities based on risk assessment and in accordance with the annual internal audit plan which is presented and approved by the ARMC.

ARMC receives and reviews GIA's audit reports including the agreed corrective actions to be undertaken by the auditees. GIA monitors status of the agreed corrective actions submitted by auditees which will be assessed and verified by GIA prior to reporting to the ARMC. The consolidated status of the audit findings is submitted and presented to the ARMC for deliberations on a quarterly basis.

The GIA functions are in accordance with the Internal Audit Charter and the Internal Audit Policies and Procedures Manual, which have been approved by the ARMC and the Board respectively.

OTHER SIGNIFICANT ELEMENTS OF INTERNAL CONTROL SYSTEM

Apart from risk management and internal audit, the other significant elements of the Group's internal control system are as follows:

- Establishment of a Board Charter and a Board Composition Policy which set out formal schedule of matters and outlines types of information required for the Board's attention and deliberation at Board meetings. The Board is supported by two (2) Board Committees which provide focus and counsel in the areas of Audit and Risk Management, and Nomination and Remuneration of Directors and Chief Executive Officer ("CEO"). Responsibilities on these areas are delegated from the Board to the Board Committees through Terms of Reference. Details of the Board Committees are contained in the Corporate Governance Overview Statement of this Annual Report.

- An organisational structure with clearly defined lines of responsibility that is aligned to its business requirements and also to ensure that checks and balances exist throughout the Organisation.

- Appropriate levels of delegation to the Management through a formally defined Delegated Authority Limits ("DAL") which is the primary instrument that governs and manages the business decision making process in the Group. Whilst the objective of the DAL is to empower the Management, the key principle adhered to in its formulation is to ensure that a system of internal controls, and checks and balances are incorporated therein.

- A performance assessment through key result area and evaluation by a selected committee that focuses on the key activities and responsibilities of the employees and teams.

- A detailed annual budgeting process including establishment of strategic business plan which are reviewed, deliberated and approved by the Board. The expectations of the Board are discussed with, and understood by, the Management.

- Quarterly monitoring by the Board of the implementation of the strategic business plan and assessment of the actual performance of the Group against the annual business plan and budget as well as to provide guidance to the Management.

- Establishment of a Tender Committee to provide business units with an independent review and assessment on critical decisions related to proposed significant tender submissions and provision of quotations or contracts.

- Codes of Conduct for all Directors and employees of the Group, together with a Whistleblower Framework and Policy to facilitate disclosure of any improper conduct within the Group.

- With the implementation of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which came into force on 1 June 2020, the Company has taken several actions as commitment in combating corruption practices. A revised Anti-Corruption Policy was adopted to ensure the policy is up to date with the new regulations and consistent with the best practices in accordance with the MACC Act. Training has been conducted to all Malaysian company personnel and Malaysian employee(s) who serve other country entities to introduce and raise awareness to the employees on the importance of the Section 17A of MACC Act and relevant provisions related to corruption and bribery that stated in the MACC Act in general. Email communications have been sent to all third parties such as clients, vendors and suppliers to ensure their continued commitment and co-operation to promote business integrity by observing our practices in accordance with our Anti-Corruption Policy.

- Implementation of Suppliers Code of Conduct on the registered Suppliers during execution of contract between the Group and the Supplier. Among others, the Suppliers are required to adhere, in all of its activities, to the laws, rules and regulations of the countries in which it operates. Action will be taken against the Supplier if the Suppliers Code of Conduct is breached.

- Documented processes into formalized internal policies and procedures to ensure compliance with internal controls and relevant rules and regulations. Reviews are performed to ensure that the policies and procedures remain current and relevant.

- Utilisation of SAP throughout most of the business units as the main Enterprise Resource Planning ("ERP") system.

- Documented Quality, Health, Safety and Environment related matters into a formal manual to outline employees' roles and responsibilities towards the prevention of accidents, the elimination of hazards and in ensuring a safe working environment. The Group adopts strict standards and controls to continuously improve the application and performance of the safety management systems as a safe working environment is fundamental to the Group's success in business operations.

BOARD ASSURANCE AND LIMITATION

While the Board reiterates that the risk management framework and internal control systems should be continuously improved in line with evolving business developments, it should also be noted that the framework and system can only manage rather than eliminate the risks of the failure to achieve business objectives. The risk management framework and internal control systems in the Group can only provide reasonable but not absolute assurance against material misstatements, losses and frauds.

The Board has received assurance from the CEO and the Acting Chief Financial Officer that the Group's Risk Management Framework and Internal Controls System is operating adequately and effectively in all material aspects.

In 2019, the Board declared the omission to announce certain related party transactions ("RPTs") in accordance with the Main Market Listing Requirements and announcements in relation to these RPTs were made on 11 January 2019, 16 January 2019 and 17 January 2019. The RPTs related to sums that were advanced ("Advances") to Scomi Group Bhd and its subsidiaries over a period of two (2) years from June 2016 to June 2018, which were undertaken without prior authorisation from the Board.

Pursuant to the preliminary findings arising from a review by a firm of solicitors, the Board authorised the appointment of an independent auditor to undertake an investigative review into the Advances. The independent auditor made various recommendations to enhance the internal control systems and governance framework with a view to mitigate against the risk of any such events, which the Board have agreed to adopt and the measures recommended have been implemented.

This Statement is made in accordance with the resolution of the Board dated 29 October 2021.

Audit and Risk Management Committee Report

The Audit and Risk Management Committee (the "ARMC" or "Committee") continued to play a key role in assisting the Board of Directors of Scomi Energy Services Bhd (the "Company" or "SESB") (the "Board") to fulfil the Board's oversight responsibilities for the Company during the financial year ended 30 June 2021 ("FY 2021").

The ARMC in FY 2021 was focused principally on assisting the Board to review the adequacy and integrity of the Company's financial administration and reporting, internal control and risk management systems including the management information system and systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The ARMC is pleased to present this ARMC Report for FY 2021, which was approved by the Board.

TERMS OF REFERENCE

The Terms of Reference of the ARMC are available for reference on the Company's website at www.scomienergy.com.my.

MEMBERSHIP AND MEETINGS

Throughout FY 2021, the ARMC comprised of three (3) members, all of whom are Non-Executive Directors, with a majority of Independent Directors. This composition complies with paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

Based on the profiles of the ARMC members as set out in the Profile of Directors in this Annual Report, at least one (1) member of the Committee fulfils the financial expertise requirement of the Listing Requirements and the majority of the members of the Committee are financially literate with sufficient financial experience and ability to assist in discharging the Board's fiduciary duties with respect to its responsibility for overseeing the following:

(i) the financial administration and reporting process and ensuring that the financial results of the Group and the Company are truly and fairly presented in its financial statements;
(ii) the adequacy and effectiveness of the risk management and internal control systems;
(iii) the performance of the external and internal audit functions; and
(iv) the fairness and reasonableness of the related party transactions ("RPTs") entered into by the Group with related parties.

A total of five (5) ARMC meetings were held during FY 2021, which were on 24 August 2020, 23 October 2020, 26 November 2020, 26 February 2021 and 25 May 2021. A quorum, established by the presence of a majority of members who are Independent Directors, was always met.

The Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), the Head of Internal Audit ("IA") and the Head of Legal and Corporate Secretarial were invited to all the ARMC meetings to provide a direct flow of information to the ARMC as well as to provide clarification in the event of any issues arising. The relevant senior personnel were invited to brief the ARMC when specific issues involving their respective areas of responsibility arise from risk management and internal audit reports, when necessary. The external auditors were also invited to present to the ARMC the audit plan, the audit findings, the independent auditors' report as well as any other matters as they considered were important for the ARMC's attention. The ARMC has conducted one (1) private meeting with the external auditors, to give opportunity to the external auditors to raise any matters without the presence of the Executive Board members and Management.

Audit and Risk Management Committee Report

The members of the ARMC and their attendance are as follows:

Name	ARMC	Designation	Attendance
Ravinder Singh Grewal A/L Sarbjit S [(1)]	Chairman	Independent Non-Executive Director	3/3
Dato' Sri Meer Sadik Bin Habib Mohamed[(2)]	Member	Independent Non-Executive Director	-
Wong Mun Keong [(3)]	Member	Non-Independent Non-Executive Director	3/3
Ruziah binti Mohd Amin[(4)]	Chairman	Independent Non-Executive Director	5/5
Aminodin bin Ismail[(5)]	Member	Non-Independent Non-Executive Director	2/2
YM Raja Ahmad Murad bin Raja Bahrin[(6)]	Member	Independent Non-Executive Director	2/2

Notes :
(1) Resigned as Independent Non-Executive Director and Chairman of ARMC on 5 February 2021.
(2) Resigned as Independent Non-Executive Director and Member of the ARMC on 10 July 2020.
(3) Resigned as Member of ARMC on 17 February 2021.
(4) Appointed as Member of ARMC on 16 July 2020 and subsequently redesignated as Chairman of ARMC on 17 February 2021.
(5) Appointed as Member of ARMC on 17 February 2021.
(6) Appointed as Member of ARMC on 17 February 2021

The minutes of each ARMC meeting was recorded and tabled to the ARMC for adoption at the following quarterly ARMC meeting and subsequently all the minutes of ARMC meetings and circular resolutions passed are presented to the Board for notation. The Chairman of the ARMC reported the Committee's recommendations to the Board for its consideration, approval and implementation as well as highlighted to the Board significant matters and resolutions deliberated by the ARMC at the Board meeting held immediately subsequent to the relevant ARMC meeting.

The Board, through its Nomination and Remuneration Committee, has reviewed the performance of the ARMC and the skills, experience and competencies possessed by the members of the ARMC through an annual ARMC effectiveness assessment. The Board is satisfied with the performance of the ARMC and its members where they have carried out their duties and responsibilities in accordance with the Terms of Reference of the ARMC.

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR

In accordance with the approved Terms of Reference of the ARMC, the ARMC carried out the following activities during FY 2021:

1. reviewed the quarterly financial performance and annual audited financial statements of the Group and the Company prior to submission to the Board for consideration and approval;

2. reviewed the quarterly financial performance of the Company against the approved budget where explanations, clarifications and corrective action taken for significant variances are reported by the Management to the ARMC;

3. reviewed the suitability, independence and objectivity of the external auditors in accordance with the Company's Policy on the Selection of External Auditors;

4. reviewed the re-appointment of external auditors to the Board after conducting an assessment of the performance, technical competency and audit independence of the external auditors as well as ensuring that the external auditors fulfil the criteria set out in the Company's Policy on the Selection of External Auditors and paragraph 15.21 of the Listing Requirements;

5. recommended the appointment of new external auditors to the Board after conducting an assessment of the performance, technical competency and audit independence of the various potential external auditors as well as ensuring that the external auditors fulfil the criteria set out in the Company's Policy on the Selection of External Auditors and paragraph 15.21 of the Listing Requirements;

6. reviewed and discussed with the external auditors the nature and scope of the audit plan and ensure that the audit plan is comprehensive;

7. reviewed the external auditors' report on the status of the audit for the financial year, management letter and management's response thereto;

8. considered the major findings arising from the statutory audit activities conducted by the external auditors and management's responses thereto;

9. reviewed the performance and effectiveness of the external auditors for the statutory audit services provided;

10. reviewed and recommended to the Board the non-audit services provided or to be provided by the external auditors in accordance with the Policy on the Selection of External Auditors;

11. reviewed the audit fees and non-audit fees payable to the external auditors based on the approved audit plan and non-audit services for the Group and the Company and recommended the same to the Board for approval;

12. conducted one (1) private meeting with the external auditors, without the presence of the CEO, Management and Head of IA, to give the external auditors the opportunity to raise any matters of concern and, arising therefrom, directed Management to take further action on such matters;

13. reviewed and approved the annual risk-based internal audit plan and scope of work for the Group and the Company to ensure adequacy of resources and competencies of the Group Internal Audit (the "GIA") to carry out the internal audit on all significant businesses and support functions based on identification and evaluation of the respective risks and control environment;

14. reviewed the internal audit reports comprising audit findings, recommendations and management responses for the Group and the Company prepared by the Head of IA;

15. reviewed the reports prepared by the Head of IA relating to the follow-up audits on all major areas of concern and recurring issues and risk areas to assess the extent to which the Management has made progress in implementing the agreed action plans arising from the prior internal audit reviews;

16. reviewed the independence of the Head of IA;

17. reviewed the transactions with related parties and/or involving conflicts of interest entered by the Group;

18. reviewed the Group and the Company's risk profiles and action plans taken by the Management to control and mitigate the risks on a quarterly basis;

19. reviewed the Group's risk management and internal controls system and practices for the identification and management of risks established by the Management and be reasonably assured that the same is operating adequately and effectively;

20. reviewed and evaluated risk considerations in relation to major business investment and/or divestment proposals, corporate exercises and adequacy of action plans taken by the Management to mitigate risks identified;

21. received assurance from the CEO and the CFO that the Group's risk management and internal controls system is operating adequately and effectively, in all material aspects;

22. reviewed the annual Corporate Governance Overview Statement, Corporate Governance Report, Statement on Risk Management and Internal Control and ARMC Report to be published in the Annual Report;

23. tabled the approved Minutes of the ARMC meetings to the Board for notation on a quarterly basis; and

24. reported to the Board on significant matters and resolutions deliberated by the ARMC.

Audit and Risk Management Committee Report

INTERNAL AUDIT FUNCTION

The internal audit services for FY 2021 were provided by the GIA for the Company and its subsidiaries (“Group”). The GIA, led by the Head of IA, is independent of management and operations. All the internal auditors carried out their functions according to the standards set by recognised professional bodies.

The GIA provides independent and objective assessment on the adequacy and effectiveness of the governance, risk management and internal control processes within the Group. Through GIA, the Group undertakes regular and systematic reviews of the risk management and internal controls system so as to provide reasonable assurance that such internal controls system continues to operate adequately and effectively in the Group.

The GIA reports directly to the ARMC to ensure impartiality and independence. The ARMC reviews the risk based internal audit plans and scope of work for the year for the Group and the Company as well as the performance of the GIA in undertaking their internal audit function. The ARMC has direct communication channels with, and full access to, the GIA.

During the financial year under review, the GIA conducted various internal audit engagements in accordance with the approved risk-based internal audit plans that are consistent with the corporate goal of the Group. Details of the internal audit activities carried out by the GIA are as follows:

1. prepared and presented the risk-based audit plan, audit strategy, scope of work and resource requirements to the ARMC for deliberation and approval;

2. evaluated and appraised the soundness, adequacy and application of financial and other controls and promoting effective controls in the Group and the Company at reasonable cost;

3. ascertained the level of operational compliance with established policies, procedures and statutory requirements;

4. ascertained the extent to which the Group’s and the Company’s assets are accounted for, verification of their existence and safeguarding assets from losses;

5. appraised the reliability and usefulness of information developed within the Group and the Company for management;

6. identified and recommended opportunities for improvements to the existing system of internal control, operations and processes in the Group and the Company;

7. provided the Board, through the ARMC, reasonable assurance of the effectiveness of the Group’s risk management, internal control and governance processes;

8. conducted follow-up audits on all major areas of concern and recurring themes to enhance the governance, risk management and control processes within the Group and the Company; and

9. reviewed the annual Statement on Risk Management and Internal Control and the ARMC Report to be published in the Annual Report.

The total costs incurred by the Group for the internal audit function for FY 2021 was approximately RM150,223.

This report is made in accordance with the resolution of the Board dated 29 October 2021.

Material Contract involving Directors' and Major Shareholders' Interest
There was no material contract entered into by the Company and its subsidiaries ("Group") involving the interests of the Directors, chief executive who is not a director or major shareholders, either still subsisting at the end of the financial year ended 30 June 2021 or entered into since the end of the previous financial period.

Utilisation of Proceeds
The Company did not raise and did not have any balance of proceeds from any corporate proposal during the financial year ended 30 June 2021.

Audit & Non-Audit Fees
Audit and non-audit fees incurred by the Company and the Group during the financial year ended 30 June 2021 amounted to RM2,997,000 and RM46,000 respectively and is disclosed in Note 23 of the audited financial statements.

Statement of Directors' Responsibility

The Directors are required by the Companies Act 2016 ("the Act") to prepare the financial statements of Scomi Energy Services Bhd ("the Company") for each financial year which have been properly drawn up in accordance with the provisions of the Act, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the applicable Financial Reporting Standards in Malaysia.

The Directors are responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Company and its subsidiaries ("the Group") at the end of the financial year and of the results and cash flows of the Group for the financial year.

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group keeps accounting records, which disclose with reasonable accuracy the financial position of the Group, that will enable them to ensure the financial statements comply with the Act.

The Directors are also responsible for taking such steps as are reasonably open to them to preserve the interests of stakeholders, to safeguard the assets of the Group and to detect and prevent fraud and other irregularities.

Financial Statements

Directors' Report

for the year ended 30 June 2021

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2021.

Principal activities

The principal activities of the Company are investment holding and provision of management services to its subsidiaries and an associate whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

Results

	Group RM'000	Company RM'000
Loss for the year attributable to:		
Owners of the Company	(214,160)	(74,534)
Non-controlling interests	(1,225)	-
	(215,385)	(74,534)

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividend

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

Consolidation of subsidiaries with different financial year end

The following subsidiaries of the Company continue to have or to adopt a financial year which does not coincide with the Company in relation to the financial year ended 30 June 2021, subject to the following conditions:-

(i) approval by the Companies Commission of Malaysia pursuant to Section 247(7) of the Companies Act 2016; and
(ii) the Company is to ensure compliance with Sections 252 and 253 of the Companies Act 2016 and the approved accounting standards pertaining to the preparation of consolidated financial statements.

Subsidiaries of the Company affected by the above are as follows:

(a) Scomi Oiltools (RUS) LLC
(b) KMC Oiltools India Pvt. Ltd.
(c) WASCO Oil Services Company Nigeria Limited
(d) Scomi Oiltools (Thailand) Ltd

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Amirul Azhar bin Baharom
Stephen Fredrick Bracker
Ruziah binti Mohd Amin
Wong Mun Keong
Aminodin bin Ismail (Appointed on 15 July 2020)
YM Raja Ahmad Murad bin Raja Bahrin (Appointed on 16 February 2021)
Dato' Sri Meer Sadik bin Habib Mohamed (Resigned on 10 July 2020)
Dato' Mohd Zakhir Siddiqy bin Sidek (Resigned on 14 July 2020)
Ravinder Singh Grewal A/L Sarbjit S (Resigned on 5 February 2021)
Dato' Jamelah binti Jamaluddin (Resigned on 8 February 2021)

List of Directors of Subsidiaries

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries who served during the financial year until the date of this report is disclosed in the Appendix to the financial statements.

Directors' interests in shares

None of the Directors holding office at 30 June 2021 had any interest in the shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 33 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' remuneration

The details of the directors' remuneration paid or payable to the directors' of the Company during the financial year are disclosed in Note 34 to the financial statements.

Issue of shares and debentures

During the year, there were no changes in the issued and paid-up share capital of the Company and there were no issues of debentures by the Company.

Treasury shares

Details of the treasury shares are as set out in Note 16 to the financial statements.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Significant events during the financial year

Details of the significant events during the financial year are disclosed in Note 35 to the financial statements.

Subsequent events after the reporting period

Details of the subsequent events after the reporting period are disclosed in Note 36 to the financial statements.

Indemnity and insurance costs

During the financial year, the total amount of insurance effected and insurance costs incurred for Directors and officers of the Company on group basis are RM50 million and RM145,000 respectively.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate allowance had been made for impairment losses on receivables, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would require the further writing off of bad debts or the additional allowance for impairment losses on receivables in the financial statements Group and of the Company, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the year of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than the recognition of an impairment loss on goodwill, discontinuance of the marine services and disposal of a subsidiary as disclosed in Notes 25 and 28 to the financial statements respectively.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Auditors

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 23 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

………………………………………………………….
Amirul Azhar bin Baharom
Director

………………………………………………………….
Stephen Fredrick Bracker
Director

Petaling Jaya

Date: 29 October 2021

Statements of Financial Position

as at 30 June 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets					
Property, plant and equipment	3	43,317	258,778	1,033	6,380
Right-of-use assets	4	5,995	14,289	-	-
Investments in subsidiaries	7	-	-	146,883	223,453
Investments in associates	9	9,911	9,689	7,439	7,439
Deferred tax assets	10	369	1,199	-	-
Trade and other receivables	11	5,829	14,759	-	-
		65,421	298,714	155,355	237,272
Current assets					
Trade and other receivables	11	82,741	129,480	5,460	21,531
Inventories	12	43,255	72,277	-	-
Current tax assets		10,903	14,032	-	-
Cash and cash equivalents	13	58,482	48,537	775	50
		195,381	264,326	6,235	21,581
Assets held for sale	14	67,451	-	6,000	-
		262,832	264,326	12,235	21,581
Total assets		328,253	563,040	167,590	258,853

The accompanying notes form an integral part of the financial statements.

Statements of Financial Position

as at 30 June 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Equity					
Share capital	15	445,535	445,535	445,535	445,535
Treasury shares	16	(51)	(51)	(51)	(51)
Reserves	17	(465,105)	(247,757)	(287,009)	(212,475)
Equity attributable to owners of the Company		(19,621)	197,727	158,475	233,009
Non-controlling interests		33,204	34,429	-	-
Total equity		13,583	232,156	158,475	233,009
Non-current liabilities					
Lease liabilities		1,033	6,031	-	-
Provisions	19	3,153	7,011	-	-
Trade and other payables	20	1,108	1,074	-	-
Deferred tax liabilities	10	2,717	3,729	-	-
		8,011	17,845	-	-
Current liabilities					
Loans and borrowings	18	131,710	124,644	-	-
Lease liabilities		3,905	7,633	-	-
Provisions	19	12,749	-	-	-
Trade and other payables	20	125,826	158,293	8,760	25,579
Current tax liabilities		18,459	22,469	355	265
		292,649	313,039	9,115	25,844
Liabilities of disposal group classified as held for sale	14	14,010	-	-	-
Total liabilities		314,670	330,884	9,115	25,844
Total equity and liabilities		328,253	563,040	167,590	258,853

The accompanying notes form an integral part of the financial statements.

Statements of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Continuing operations					
Revenue	21	239,662	326,987	5,210	-
Cost of sales/services		(218,745)	(270,197)	-	-
Gross profit		20,917	56,790	5,210	-
Selling and distribution expenses		(21,504)	(29,070)	-	-
Administrative expenses		(41,193)	(32,348)	6,503	(5,439)
Net loss on impairment of financial instruments		(1,633)	(13,016)	-	(78,630)
Other expenses		(7,254)	(149,921)	(85,892)	(124,810)
Results from operating activities		(50,667)	(167,565)	(74,179)	(208,879)
Finance costs	22	(10,050)	(14,358)	-	-
Finance income		-	660	-	-
Net finance costs		(10,050)	(13,698)	-	-
Share of profit of equity-accounted associates, net of tax		222	842	-	-
Loss before tax	23	(60,495)	(180,421)	(74,179)	(208,879)
Tax expense	24	(5,434)	(9,834)	(355)	(265)
Loss for the year from continuing operations		(65,929)	(190,255)	(74,534)	(209,144)
Discontinued operations					
(Loss)/Profit for the year from discontinued operations, net of tax	25	(149,456)	3,960	-	-
Loss for the year		(215,385)	(186,295)	(74,534)	(209,144)

The accompanying notes form an integral part of the financial statements.

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Other comprehensive (expenses)/income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(3,188)	(19,629)	-	-
Retirement benefits		-	84	-	-
Other comprehensive expenses for the year, net of tax	26	(3,188)	(19,545)	-	-
Total comprehensive expenses for the year		(218,573)	(205,840)	(74,534)	(209,144)
(Loss)/Profit attributable to:-					
Owners of the Company:					
- continuing operations		(64,704)	(191,463)	(74,534)	(209,144)
- discontinued operations		(149,456)	3,960	-	-
		(214,160)	(187,503)	(74,534)	(209,144)
Non-controlling interests:					
- continuing operations		(1,225)	1,208	-	-
- discontinued operations		-	-	-	-
		(1,225)	1,208	-	-
Loss for the year		(215,385)	(186,295)	(74,534)	(209,144)
Total comprehensive (expenses)/income attributable to:-					
Owners of the Company:					
- continuing operations		(67,892)	(211,008)	(74,534)	(209,144)
- discontinued operations		(149,456)	3,960	-	-
		(217,348)	(207,048)	(74,534)	(209,144)
Non-controlling interests:					
- continuing operations		(1,225)	1,208	-	-
- discontinued operations		-	-	-	-
		(1,225)	1,208	-	-
Total comprehensive expenses for the year		(218,573)	(205,840)	(74,534)	(209,144)
Basic (loss)/earnings per ordinary share (sen):	27				
- continuing operations		(13.82)	(40.88)		
- discontinued operations		(31.91)	0.85		

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity
for the year ended 30 June 2021

Group	Note	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Distributable (Accumulated losses)/ Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		/----Attributable to owners of the Company----						
		/----Non-distributable----/						
At 1 July 2019		1,005,535	(51)	(527,259)	(73,450)	404,775	33,221	437,996
Foreign currency translation differences for foreign operations		-	-	(19,629)	-	(19,629)	-	(19,629)
Retirement benefits		-	-	-	84	84	-	84
Total other comprehensive (expenses)/income for the year	26	-	-	(19,629)	84	(19,545)	-	(19,545)
(Loss)/Profit for the year		-	-	-	(187,503)	(187,503)	1,208	(186,295)
Total comprehensive (expenses)/income for the year		-	-	(19,629)	(187,419)	(207,048)	1,208	(205,840)
Contributions by and distributions to owners of the Company:								
Capital reduction	15	(560,000)	-	-	560,000	-	-	-
Total transactions with owners of the Company		(560,000)	-	-	560,000	-	-	-
At 30 June 2020/1 July 2020		445,535	(51)	(546,888)	299,131	197,727	34,429	232,156
Foreign currency translation differences for foreign operations		-	-	(3,188)	-	(3,188)	-	(3,188)
Retirement benefits		-	-	-	-	-	-	-
Total other comprehensive expenses for the year	26	-	-	(3,188)	-	(3,188)	-	(3,188)
Loss for the year		-	-	-	(214,160)	(214,160)	(1,225)	(215,385)
Total comprehensive expenses for the year		-	-	(3,188)	(214,160)	(217,348)	(1,225)	(218,573)
At 30 June 2021		445,535	(51)	(550,076)	84,971	(19,621)	33,204	13,583

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity

for the year ended 30 June 2021

Company	Note	/---------Non-distributable----------/ Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 July 2019		1,005,535	(51)	26,881	(590,212)	442,153
Loss and total comprehensive expenses for the year		-	-	-	(209,144)	(209,144)
Contributions by and distributions to owners of the Company:						
Capital reduction	15	(560,000)	-	-	560,000	-
Total transactions with owners of the Company		(560,000)	-	-	560,000	-
At 30 June 2020/1 July 2020		445,535	(51)	26,881	(239,356)	233,009
Loss and total comprehensive expenses for the year		-	-	-	(74,534)	(74,534)
Total transactions with owners of the Company		-	-	-	(74,534)	(74,534)
At 30 June 2021		445,535	(51)	26,881	(313,890)	158,475

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

for the year ended 30 June 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash flows from/(for) operating activities					
(Loss)/Profit before tax					
- continuing operations		(60,495)	(180,421)	(74,179)	(208,879)
- discontinued operations		(149,341)	6,643	-	-
Adjustments for:					
Write-down of inventories	12	8,501	6,272	-	-
Amortisation of intangible assets		-	219	-	-
Depreciation of:					
- Property, plant and equipment	3	46,436	51,554	107	80
- Right-of-use assets	4	6,186	8,723	-	-
(Gain)/Loss on disposal of property, plant and equipment		(505)	694	-	-
Gain on disposal of subsidiary		(2,614)	-	-	-
Impairment loss on:		-			
- Amount due from former holding company		-	11,833	-	11,630
- Amount due from subsidiaries		-	-	-	67,864
- Amount due from related parties		-	-	-	311
- Amount due from associates		-	4,281	-	236
- Intangible assets		-	100,334	-	-
- Assets held for sales	14	115,074	-	-	-
- Investments in subsidiaries	7	-	-	73,926	127,320
- Investments in joint ventures	8	1,220	1,161	-	-
- Property, plant and equipment	3	21,022	1,320	300	-
- Receivables		951	10,001	-	-
Net unrealised loss/(gain) on foreign exchange		7,921	(9,909)	1,936	(2,484)
Property, plant and equipment written off	3	4,920	-	-	-
Right-of-use assets written off	4	104	-	-	-
Reversal of impairment losses on:					
- Amount due from subsidiaries		-	-	-	(1,064)
- Amount due from joint ventures		-	-	-	(347)
- Receivables		(37)	(8,818)	-	-
Reversal of write-down of inventories	12	(557)	(164)	-	-
Provision for litigation		12,749	-	-	-
Provision for retirement benefits		96	273	-	-
Balance carried forward		11,631	3,996	2,090	(5,333)

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

for the year ended 30 June 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash flows from/(for) operating activities (continued)					
Balance brought forward		11,631	3,996	2,090	(5,333)
Share of gain of equity-accounted associates, net of tax		(222)	(842)	-	-
Finance costs		10,050	15,594	-	-
Finance income		-	(660)	-	-
Operating profit/(loss) before changes in working capital		21,459	18,088	2,090	(5,333)
Changes in working capital:					
Inventories		15,618	13,347	-	-
Trade and other receivables		33,300	60,841	78	345
Trade and other payables		(23,568)	(43,666)	(2,332)	301
Amount due from/(to):					
- former holding company		-	13,463	-	-
- subsidiaries		-	-	(389)	(16,749)
- related parties		-	(3,202)	-	16,849
- joint ventures		(41)	(1,207)	(41)	211
- associates		(235)	4,118	-	(231)
Cash generated from/(for) operations		46,533	61,782	(594)	(4,607)
Tax paid		(10,096)	(11,482)	(265)	-
Retirement benefits paid		(736)	(1,841)	-	-
Interest received		-	660	-	-
Net cash from/(for) operating activities		35,701	49,119	(859)	(4,607)
Cash flows for/(from) investing activities					
Investment in joint ventures		-	18	-	-
Advances to joint ventures		(1,220)	-	-	-
Acquisition of property, plant and equipment	3	(4,420)	(8,607)	(1,060)	-
Proceeds from disposal of a subsidiary		961	-	-	-
Proceeds from disposal of property, plant and equipment		2,042	6,521	-	-
Proceeds from disposal of right-of-use assets		1,485	-	-	-
Repayment of capital contribution		-	-	2,644	-
Uplift of pledged fixed deposits		307	23,566	-	-
Net cash (for)/from investing activities		(845)	21,498	1,584	-

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

for the year ended 30 June 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash flows for financing activities					
Net drawndown/(repayment) of bank borrowings		10,840	(52,300)	-	-
Interest paid on bank borrowings		(10,050)	(9,864)	-	-
Payment of lease liabilities		(9,670)	(7,989)	-	-
Net cash for financing activities		(8,880)	(70,153)	-	-
Net increase/(decrease) in cash and cash equivalents		25,976	464	725	(4,607)
Effect of exchange rate		(4,776)	5,891	-	157
Cash and cash equivalents reclassified as held for sales		(10,948)	-	-	-
Cash and cash equivalents at 1 July		45,023	38,668	50	4,500
Cash and cash equivalents at 30 June	(i)	55,275	45,023	775	50

The accompanying notes form an integral part of the financial statements.

Note to statements of cash flows

(i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	13	55,275	45,023	775	50
Short-term deposits	13	3,207	3,514	-	-
		58,482	48,537	775	50
Less: Pledged deposits and bank balances	13	(3,207)	(3,514)	-	-
		55,275	45,023	775	50

The accompanying notes form an integral part of the financial statements.

Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	At 1.7.2019 RM'000	Net changes from financing cash flows RM'000	Acquisition of new leases RM'000	Effect movements in exchange rates RM'000	Other changes RM'000	At 30.6.2020/ 1.7.2020 RM'000	Net changes from financing cash flows RM'000	Acquisition of new leases RM'000	Reclassified to liabilities held for sale RM'000	Effect movements in exchange rates RM'000	Other changes RM'000	At 30.6.2021 RM'000
Loans and borrowing	185,806	(62,164)	-	(2,997)	3,999	124,644	1,887	-	-	(3,774)	8,953	131,710
Lease liabilities	15,962	(7,989)	5,287	404	-	13,664	(10,767)	1,581	(165)	(472)	1,097	4,938
Total liabilities from financing activities	201,768	(70,153)	5,287	(2,593)	3,999	138,308	(8,880)	1,581	(165)	(4,246)	10,050	136,648

The accompanying notes form an integral part of the financial statements.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
No. 1-1, Block C-1
Jalan PJU 1/41 Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan

Registered office
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Malaysia

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associates and joint ventures.

The principal activities of the Company are investment holding and provision of management services to its subsidiaries and an associate whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

In the previous financial year, the Company was a subsidiary of Scomi Group Bhd ("SGB"), a public limited liability company incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Seucrities Berhad, and regarded by the Directors as the Company's holding company in the prior financial year. On 26 February 2020, SGB lost control of the Company and the details are disclosed below.

On 17 July 2019, Tan Sri Nik Awang @ Wan Azmi bin Wan Hamzah ("TSWA") and Gelombang Global Sdn. Bhd. ("GGSB") provided a loan to SGB secured by 870.5 million shares, representing 36% equity stake of the Company held by SGB. On 26 February 2020, pursuant to the TSWA Stakeholder Agreement and GGSB Stakeholder Agreement, SGB had failed to repay the loan within the stipulated timeline and the 870.5 million shares were transferred to TSWA and GGSB. Consequentially, SGB lost control of the Company upon the transfer of 36% secured shares of the Company.

These financial statements were authorised for issue by the Board of Directors on 29 October 2021.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

(i) During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendment to MFRS 16: Covid-19-Related Rent Concessions

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

(ii) The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 17 Insurance Contracts	1 January 2023

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

(ii) The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year (continued):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

(b) Basis of measurement

The financial statements of the Group and the Company have been prepared on the historical cost basis other than as disclosed in Note 2 and on going concern based on the assumptions that the debt restructuring and regularisation plan of the Group will be successfully implemented as follows:

(i) The Group and the Company incurred net losses of RM215.4 million and RM74.5 million, respectively for the financial year ended 30 June 2021 and as at that date, the current liabilities of the Group and the Company exceeded their current assets by RM97.3 million and RM2.9 million, respectively.

(ii) In the previous financial year, the Company had been classified as an affected listed issuer pursuant to Paragraph 2.1 (e) of Practice Note 17 ("PN17") under the Main Market Listing Requirements of Bursa Malaysia. The PN17 criteria was triggered as a result of:

- a material uncertainty related to going concern that had been included in auditors' report for the audit of the Group financial statements for the financial period ended 30 June 2019 and the shareholders' equity of the Group as of 30 June 2019 on a consolidated basis is 50% or less of share capital (excluding treasury shares) of the Group; and

1. Basis of preparation (continued)

(b) Basis of measurement (continued)

(ii) The Company had been classified as an affected listed issuer pursuant to Paragraph 2.1 (e) of Practice Note 17 ("PN17") under the Main Market Listing Requirements of Bursa Malaysia. The PN17 criteria was triggered as a result of: (continued)

- the "Disclaimer of Opinion" in auditors' report for the audit of the Group financial statements for the financial year ended 30 June 2020.

(iii) On 13 December 2019, the Company announced that the KMCOB Capital Berhad ("KMCOB") had defaulted in redeeming or repaying the guaranteed serial bonds ("the bonds") issued amounting to RM55 million due on 14 December 2019.

The Group requested for a remedial period from the bondholders to extend the redemption of the bond to 28 February 2020 which was approved by the bondholders on 21 January 2020. On 10 February 2020, the Group requested for another extension of time from the bondholders as the Group was not able to get the financing required to redeem the bonds. However, the bondholders rejected the Group's request for a second extension.

On 12 March 2020, the Company announced that the facility agent under the guaranteed serial bonds had declared an event of default on KMCOB for the total outstanding bonds of RM80.4 million. The event of default also resulted in cross defaults on the Group's other credit facilities. The guarantor of the guaranteed serial bonds and other secured lenders are entitled to the enforcement of various securities granted by the Group in accordance with the financial guarantee insurance agreement and the other credit facility agreements.

On 2 April 2020, the Group applied for a Judicial Management Order ("JMO") pursuant to Sections 404, 405, 406 and 407 of the Companies Act 2016 ("CA 2016") and Rule 8 of the Companies (Corporate Rescue Mechanism) Rules 2018 with the High Court of Malaya at Shah Alam ("the Court") on the Company and its subsidiaries such as Scomi Oiltools Sdn. Bhd. ("SOSB"), Scomi KMC Sdn. Bhd. ("SKMC") and KMCOB (collectively, the "affected subsidiaries") with the objective of restructuring their debts and rehabilitating the Group's business. The application for the JMO immediately put into effect a moratorium for the period commencing with the application of the JMO 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 and affected subsidiaries.

On 14 August 2020, the Court granted the JMO applications filed by the affected subsidiaries. The Court also allowed the withdrawal of the Company's application for its JMO. The JM application was withdrawn by the Company as it would accord greater flexibility to the Company to implement a group-wide restructuring of the Group's debts and rehabilitating the Group's businesses while continuing to access the capital markets.

1. Basis of preparation (continued)

(b) Basis of measurement (continued)

(iii) Following the JMO approval by the Court for the affected subsidiaries, the Judicial Manager was appointed to work on a debt restructuring plan. The Judicial Manager is required to present a statement of proposal (hereinafter referred to as "debt restructuring plan") within 60 days or such longer period as the Court may allow upon securing the JMO, to all creditors for the respective affected subsidiaries.

The debt restructuring plan will require the approval of at least 75% of the total value for each class of creditors whose claims have been accepted by the Judicial Manager and the debt restructuring plan may be approved with modifications subject to the consent of the Judicial Manager. Once the debt restructuring plan is approved by the creditors, the Judicial Manager shall report the result of the meeting to the Court and execute the approved debt restructuring plan accordingly.

On 6 August 2021, the Judicial Manager made an application to the Court that:

- the JMO be discharged;
- Datuk Duar Tuan Kiat vacate office as Judicial Manager on the date of Order;
- The sums payable in respect of the debts or liabilities incurred (to the best of the Judicial Manager's knowledge and subject to verification), and the remuneration and expenses that will continue to be incurred by the Judicial Manager, shall be charged on and paid out of the property of the Company and the affected subsidiaries in priority to all other debts, except those debts subject to which subsection 415(2) of the Companies Act 2016 applies; and
- Effective the date of Order, the Judicial Manager be released from any liability in respect of any act or omission done by the Judicial Manager in the management of the Company and the affected subsidiaries.

The Judicial Manager applied to the Court several times for the extension of time of 60 days to finalise the debt restructuring plan and the Court approved all the application for the extension of time. The extension of time granted during the financial year up to 12 August 2021.

On 12 August 2021, the Court approved the application except for the sum payable in respect of the debts or liabilities incurred, and the remuneration and expenses that will continue to be incurred by the Judicial Manager whereby the Court has set the next hearing date on 24 August 2021 to determine the said sum payable. The hearing confirmed that certain amounts to be paid by SOSB and SKMC as preferred unsecured creditors after secured lenders charged assets and loans have been settled.

On 1 September 2021, the Company announced that Deloitte Corporate Solutions Sdn Bhd has been appointed as the Receiver and Manager by OCBC Bank (Malaysia) Berhad ("Security Agent") over the assets and undertakings of SOSB under the powers contained in the Debentures dated 18 November 2013.

1. Basis of preparation (continued)

(b) Basis of measurement (continued)

(iv) On 5 October 2020, an independent financial advisor was appointed by the Company to advise the Group on the group-wide restructuring to strengthen the financial position of the Group.

(v) On 26 August 2021, the Group entered into a conditional shares purchase agreement with PT Surya Indah Muara Pantai to dispose 490,597,000 shares in PT Rig Tenders Indonesia, Tbk ("PTRT") representing 80.54% equity interest in PTRT for a cash consideration of USD9.5 million (approximately RM40.0 million) and approved via Extraordinary General Meeting held on 20 October 2021.

(vi) On 21 October 2021, a principal adviser was appointed by the Company and the Company submitted an application for extension of time up to 30 April 2022 to submit its regularisation plan to Bursa Securities. The Group together with the independent financial advisor and the principal adviser are in the midst of formulating a regularisation plan to address the financial condition of the Group.

The circumstances highlighted above indicate material uncertainties that may cast significant doubt over the abilities of the Group and of the Company to continue as a going concern and therefore, the Group and the Company may be unable to realise their assets and discharge their liabilities in the ordinary course of business.

The Group believes that the debt restructuring and regularisation plan when formulated and successfully implemented, will enable the Group and the Company to generate sufficient cash flows to meet their financial obligations. The Board of Directors are of the opinion that the Group and the Company will be able to continue in operational existence for the foreseeable future and to realise their assets and settle their liabilities in the ordinary course of business. Accordingly the preparation of the financial statements on a going concern basis is highly dependent on the approval and successful implementation of the debt restructuring and regularisation plan, and continuing support from the lenders and the creditors of the Group and of the Company.

(c) Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

1. Basis of preparation (continued)

(d) Critical accounting estimates and judgements

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(i) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 3 to the financial statements.

(ii) Impairment of receivables

In respect of impairment of financial assets, MFRS 9 requires the Group and the Company to make assumptions about changes in economic conditions relatively far into the future for assets maturing in the medium term and longer term. The Group and Company have applied the excepted credit loss ("ECL") model in accordance with the requirements of MFRS 9 in assessing impairment of receivables. The carrying amount of receivables as at the reporting date are disclosed in Note 11 to the financial statements.

1. Basis of preparation (continued)

(d) Critical accounting estimates and judgements (continued)

(iii) Impairment of property, plant and equipment

The Group determines whether an item of its property, plant and equipment is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 3 to the financial statements.

(iv) Impairment of investments in subsidiaries, associates and joint ventures

The Group and the Company assess the impairment of investments in subsidiaries, associates and joint ventures when there is indicator of impairment.

The recoverable amounts of investment in subsidiaries, associates and joint ventures were determined based on the value-in-use and involves significant judgements and assumptions. The carrying amounts of investments in subsidiaries, associates and joint ventures are disclosed in Notes 7, 8 and 9 to the financial statements.

(v) Write-down of inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 12 to the financial statements.

1. Basis of preparation (continued)

(d) Critical accounting estimates and judgements (continued)

(vi) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amounts of the current tax assets and current tax liabilities as at the reporting date are as below:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current tax assets	10,903	14,032	-	-
Current tax liabilities	18,459	22,469	355	265

(vii) Litigations

The Group operates across many countries and is required to comply with all applicable laws and regulations of the countries in which the Group operates. Significant judgement is required to determine the likelihood of the obligation and the estimation of amounts to be recognised in respect of legal matters, subject to uncertain future events. The legal cases may extend over several years and the amount or timing may differ from current assumptions.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee’s return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(i) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests’ proportionate share of the fair value of the acquiree’s identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Non-controlling interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(iii) Acquisitions from entities under common controls

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain or loss is recognised directly in equity.

(iv) Changes in ownership interests in subsidiaries without change of control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in the equity of the Group.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vi) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(b) Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

2. Significant accounting policies (continued)

(c) Foreign currency

(i) Foreign currency transactions and balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(ii) Foreign operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in associates and joint ventures that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in associates and joint ventures that includes a foreign operation while retaining significant influence and joint control, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when the settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

2. Significant accounting policies (continued)

(d) Financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt instruments

(a) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

2. Significant accounting policies (continued)

(d) Financial instruments (continued)

(i) Financial assets (continued)

Debt instruments (continued)

(b) Fair value through other comprehensive income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(c) Fair value through profit or loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

2. Significant accounting policies (continued)

(d) Financial instruments (continued)

(ii) Financial liabilities

(a) Financial liabilities at fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value (excluding interest expense) of these financial liabilities are recognised in profit or loss.

(b) Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(iii) Equity instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(a) Ordinary shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(b) Treasury shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

2. Significant accounting policies (continued)

(d) Financial instruments (continued)

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(v) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

2. Significant accounting policies (continued)

(e) Investments in subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

(f) Investments in associates

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 December 2021. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's investment in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the associate is the carrying amount of the investment in the associate determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

2. Significant accounting policies (continued)

(g) Property, plant and equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Freehold buildings	50 years
Marine vessels	25 years
Rental equipment	3 - 12 years
Non-rental equipment	3 - 12 years
Motor vehicles	3 - 7 years
Renovation, fittings and office equipment	3 - 10 years

Capital work-in-progress included in property and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

2. Significant accounting policies (continued)

(h) Investment properties

Investment properties are properties which are owned or right-of-use asset held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are within 20 years to 50 years

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

(i) Research and development expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if, an entity can demonstrate all of the following:-

(a) its ability to measure reliably the expenditure attributable to the asset under development;
(b) the product or process is technically and commercially feasible;
(c) its future economic benefits are probable;
(d) its intention to complete and the ability to use or sell the developed asset; and
(e) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

2. Significant accounting policies (continued)

(i) Research and development expenditure (continued)

The development expenditure is amortised on a straight-line method over a period of 7 years (2020: 8 years) when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

The amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

(j) Leases

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

2. Significant accounting policies (continued)

(j) Leases (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(m) Non-current assets held for sale and discontinued operation

Non-current assets (or disposal group comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets (or the disposal group) are remeasured in accordance with the Group's accounting policies. Upon classification as held for sale, the non-current assets (or non-current assets of the disposal group) are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss. In addition, equity accounting of equity-accounted associates and joint ventures ceases once classified as held for sale or distribution.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

2. Significant accounting policies (continued)

(n) Impairment

(i) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

2. Significant accounting policies (continued)

(n) Impairment (Continued)

(ii) Impairment of non-financial assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

2. Significant accounting policies (continued)

(p) Employee benefits

(i) Short-term benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(iii) Defined benefit plans

The Group makes contributions to the Company's retirement benefit plan, a funded defined benefit plan. In addition, the Group also provides for a post-retirement medical plan for certain employees, which is unfunded

The liability or asset recognised in the statements of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets.

The present value of the defined benefit obligation is calculated using the projected unit credit method by independent actuaries annually, determined by discounting the estimated future benefits that employees have earned in the current and prior periods, using market yields of private corporate debt securities which have currency and terms to maturity approximating the terms of the related obligation.

The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual reporting period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. The net interest expense or income is recognised in profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and will not be reclassified to profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss.

The Group recognises gains or losses on the settlement of a defined benefit plan when the settlement occurs.

2. Significant accounting policies (continued)

(q) Income taxes

(i) Current tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(iv) Deferred tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

2. Significant accounting policies (continued)

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(s) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(t) Earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

2. Significant accounting policies (continued)

(v) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(w) Contingent assets

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When its inflow of economic benefit is virtually certain, then the related asset is recognised in the statement of financial position.

2. Significant accounting policies (continued)

(x) Revenue from contracts with customers

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(y) Other operating income

Interest income

Interest income is recognised on an accrual basis using the effective interest method.

3. Property, plant and equipment

Group	Freehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Marine vessels RM'000	Rental equipment RM'000	Non-rental equipment RM'000	Motor vehicles RM'000	Renovation, fittings, and office equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Cost										
At 1 July 2019, *as previously reported*	4,900	3,407	14,700	867,974	477,779	15,836	8,192	47,518	5,300	1,445,606
Adjustment on initial application of MFRS 16	-	-	(14,700)	-	-	-	-	-	-	(14,700)
At 1 July 2019, *as restated*	4,900	3,407	-	867,974	477,779	15,836	8,192	47,518	5,300	1,430,906
Additions	-	-	-	1,930	1,497	614	122	404	4,040	8,607
Disposals	-	-	-	-	(59,247)	-	(193)	(219)	-	(59,659)
Reclassification	-	-	-	5,760	-	-	-	-	(5,760)	-
Effect of movements in exchange rates	-	65	-	31,686	15,146	1,514	(243)	887	162	49,217
At 30 June 2020/ 1 July 2020	4,900	3,472	-	907,350	435,175	17,964	7,878	48,590	3,742	1,429,071
Additions	-	-	-	-	2,395	210	400	1,415	-	4,420
Disposals	-	-	-	-	(33,677)	(3,958)	(1,582)	-	-	(39,217)
Disposal of a subsidiary	-	(1,841)	-	-	(1,554)	-	-	(1,126)	-	(4,521)
Write off	-	-	-	-	(39,194)	(306)	(313)	(2,275)	-	(42,088)
Classified as held for sale	(4,900)	(1,543)	-	(904,901)	-	-	(1,102)	(3,845)	(3,742)	(920,033)
Effect of movements in exchange rates	-	(88)	-	(2,449)	(2,436)	(1,579)	729	(1,581)	-	(7,404)
At 30 June 2021	-	-	-	-	360,709	12,331	6,010	41,178	-	420,228

3. Property, plant and equipment (continued)

Group	Freehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Marine vessels RM'000	Rental equipment RM'000	Non-rental equipment RM'000	Motor vehicles RM'000	Renovation, fittings, and office equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment losses										
At 30 June 2020/1 July 2020	-	1,832	13,862	676,675	390,427	14,466	5,549	43,805	-	1,146,616
Adjustment on initial application of MFRS 16	-	-	(13,862)	-	-	-	-	-	-	(13,862)
At 1 July 2019, *as restated*	-	1,832	-	676,675	390,427	14,466	5,549	43,805	-	1,132,754
Accumulated depreciation	-	1,832	-	584,631	388,545	14,466	5,549	43,805	-	1,038,828
Accumulated impairment losses	-	-	-	92,044	1,882	-	-	-	-	93,926
	-	1,832	-	676,675	390,427	14,466	5,549	43,805	-	1,132,754
Depreciations for the year	-	80	-	29,804	19,622	595	698	755	-	51,554
Impairment losses	-	-	-	-	1,320	-	-	-	-	1,320
Disposals	-	-	-	-	(52,159)	-	(193)	(92)	-	(52,444)
Effect of movements in exchange rates	-	65	-	25,131	10,217	676	(86)	1,106	-	37,109
At 30 June 2020/1 July 2020										
Accumulated depreciation	-	1,977	-	639,566	366,225	15,737	5,968	45,574	-	1,075,047
Accumulated impairment losses	-	-	-	92,044	3,202	-	-	-	-	95,246
	-	1,977	-	731,610	369,427	15,737	5,968	45,574	-	1,170,293

3. Property, plant and equipment (continued)

Group	Freehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Marine vessels RM'000	Rental equipment RM'000	Non-rental equipment RM'000	Motor vehicles RM'000	Renovation, fittings, and office equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment losses (continued)										
At 30 June 2020/1 July 2020										
Accumulated depreciation	-	1,977	-	639,566	366,225	15,737	5,968	45,574	-	1,075,047
Accumulated impairment losses	-	-	-	92,044	3,202	-	-	-	-	95,246
	-	1,977	-	731,610	369,427	15,737	5,968	45,574	-	1,170,293
Depreciations for the year	-	80	-	30,499	14,291	491	631	444	-	46,436
Impairment losses	-	300	-	14,109	6,601	12	-	-	-	21,022
Disposals	-	-	-	-	(31,167)	(3,517)	(1,516)	(1,480)	-	(37,680)
Disposal of a subsidiary	-	(1,841)	-	-	(948)	-	-	-	-	(2,789)
Written off	-	-	-	-	(34,403)	(280)	(301)	(2,184)	-	(37,168)
Classified as held for sale	-	(443)	-	(776,218)	-	-	(1,101)	(3,587)	-	(781,349)
Effect of movements in exchange rates	-	(73)	-	-	63	(563)	(81)	(1,200)	-	(1,854)
At 30 June 2021										
Accumulated depreciation	-	-	-	-	314,061	11,868	3,600	37,567	-	367,096
Accumulated impairment losses	-	-	-	-	9,803	12	-	-	-	9,815
	-	-	-	-	323,864	11,880	3,600	37,567	-	376,911

3. Property, plant and equipment (continued)

Group Carrying amount	Freehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Marine vessels RM'000	Rental equipment RM'000	Non-rental equipment RM'000	Motor vehicles RM'000	Renovation, fittings, and office equipment RM'000	Capital work-in-progress RM'000	Total RM'000
At 1 July 2019	4,900	1,575	838	191,299	87,352	1,370	2,643	3,713	5,300	298,990
At 30 June 2020/1July 2020	4,900	1,495	-	175,740	65,748	2,227	1,910	3,016	3,742	258,778
At 30 June 2021	-	-	-	-	36,845	451	2,410	3,611	-	43,317

3. Property, plant and equipment (continued)

Company	Note	Freehold land RM'000	Freehold building RM'000	Renovation and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost						
At 1 July 2019		-	-	1,095	200	1,295
Transfer from investment property	6	4,900	1,600	-	-	6,500
At 30 June 2020/1 July 2020		4,900	1,600	1,095	200	7,795
Addition		-	-	1,060	-	1,060
Written off		-	-	(428)	-	(428)
Classified as asset held for sale		(4,900)	(1,600)	-	-	(6,500)
At 30 June 2021		-	-	1,727	200	1,927
Accumulated depreciation						
At 1 July 2019		-	-	1,095	200	1,295
Transfer from investment property	6	-	40	-	-	40
Depreciations for the year		-	80	-	-	80
At 30 June 2020/1 July 2020		-	120	1,095	200	1,415
Depreciations for the year		-	80	27	-	107
Impairment losses		-	300	-	-	300
Classified as asset held for sale		-	(500)	-	-	(500)
Written off		-	-	(428)	-	(428)
At 30 June 2021		-	-	694	200	894
Carrying amount						
At 1 July 2019		-	-	-	-	-
At 30 June 2020/1 July 2020		4,900	1,480	-	-	6,380
At 30 June 2021		-	-	1,033	-	1,033

3. Property, plant and equipment (continued)

Rental equipment

The Group has carried out a review of the recoverable amount of its rental equipment as the subsidiaries have been persistently making losses. An impairment loss of RM6,601,000 (2020 – RM1,320,000) representing the full write-down of the rental equipment to the recoverable amount was recognised in "Other Expenses" line item of the consolidation statements of profit or loss and other comprehensive income.

4. Right-of-use assets

Group	Land RM'000	Leasehold Buildings RM'000	Plant and equipment RM'000	Total RM'000
At 1 July 2019	371	14,329	1,621	16,321
Addition	-	5,287	-	5,287
Transfer from property, plant and equipment	-	838	-	838
Depreciation	(136)	(7,918)	(669)	(8,723)
Effect of movements in exchange rates	17	501	48	566
At 30 June 2020/1 July 2020	252	13,037	1,000	14,289
Additions	-	1,008	573	1,581
Depreciation	(25)	(4,746)	(1,415)	(6,186)
Disposals	-	(1,269)	(216)	(1,485)
Written off	-	(104)	-	(104)
Classified as assets held for sale	-	(186)	-	(186)
Effect of movements in exchange rates	(7)	(3,057)	1,150	(1,914)
At 30 June 2021	220	4,683	1,092	5,995

4. Right-of-use assets (continued)

The Group leases a number of warehouse and factory facilities that run between one year and three years, with an option to renew the leases after that date.

4.1 Extension options

Some leases of the warehouse and factory facilities contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

4.2 Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rates of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

5. Intangible assets

Group	Note	Goodwill RM'000	Patents and other intangible assets RM'000	*Capitalised development costs* Drilling waste equipment RM'000	Total RM'000
Cost					
At 1 July 2019		399,864	1,183	12,258	413,305
Effect of movements in exchange rates		210	43	445	698
At 30 June 2020/30 June 2021		400,074	1,226	12,703	414,003
Accumulated amortisation and impairment losses					
At 1 July 2019					
Accumulated amortisation		-	1,183	5,363	6,546
Accumulated impairment losses		300,361	-	2,867	303,228
		300,361	1,183	8,230	309,774
Amortisation for the year	(a)	-	-	219	219
Impairment losses	(b)	96,554	-	3,780	100,334
Effect of movements in exchange rates		3,159	43	474	3,676
At 30 June 2020/30 June 2021					
Accumulated amortisation		-	1,226	6,056	7,282
Accumulated impairment losses		400,074	-	6,647	406,721
		400,074	1,226	12,703	414,003
Carrying amounts					
At 1 July 2019		99,503	-	4,028	103,531
At 30 June 2020/1 July 2020		-	-	-	-
At 30 June 2021		-	-	-	-

5. Intangible assets (continued)

(a) Amortisation

The amortisation of patents, other intangible assets and capitalised development costs is allocated to the cost of inventory and is recognised in cost of sales as inventory is sold.

(b) Impairment losses

(i) Impairment testing for cash-generating units containing goodwill

Goodwill allocated to Drilling Services

In the previous financial year, the cash-generating units with the allocated u goodwill was reviewed for impairment using the value-in-use calculations. The value-in-use calculations used pre-tax cash flow projections for each countries based on financial budgets approved by the Board covering a five-year period. Based on the impairment testing and management's assessment, a full impairment of RM96,554,000 had been recognised in the previous financial year.

The key assumptions used in the value-in-use calculations in the previous financial year were as follows:

	2020 %
Discount rates	10.0 - 22.0
Terminal growth rate	0.0
Revenue growth rates	0.0

The projections over these years were based on an approved business plan and reflect the expectation of revenue, margin and operating costs based on past experience and current assessment of market condition, expectations of market and industry in the future. The discount rates used are pre-tax and reflect specific risk relating to individual country in which the Group operates. The terminal growth rate is based on long term growth rates relating to the individual country.

(ii) Impairment losses on capitalised development costs

In the previous financial year, the Group had reviewed the carrying amount of the capitalised development costs due to the prolonged low and volatile crude oil prices which indirectly has impacted on the carrying amount of the capitalised development costs. Based on the management's assessment, the Group recognised an impairment loss of RM3,780,000 in the previous financial year.

6. Investment properties

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Freehold land and buildings				
At cost				
At 1 July 2020/2019	2,890	2,890	-	6,500
Transfer to property, plant and equipment	(2,890)	-	-	(6,500)
At 30 June	-	2,890	-	-
Accumulated depreciation				
At 1 July 2020/2019	2,435	2,435	-	40
Transfer to property, plant and equipment	(2,435)	-	-	(40)
At 30 June	-	2,435	-	-
Accumulated impairment losses				
At 1 July/30 June	455	455	-	-
Carrying amount				
At 1 July 2019	-	-	-	6,460
At 30 June 2021/2020	-	-	-	-

In the previous financial year, a property had been transferred from investment properties to property, plant and equipment as the property was no longer held for capital appreciation or rental income.

7. Investments in subsidiaries

	Note	Company 2021 RM'000	Company 2020 RM'000
Unquoted shares, at cost		11,016	11,016
Deemed investment - capital contribution		1,452,239	1,454,883
		1,463,255	1,465,899
Less: Accumulated impairment losses	(a)	(1,316,372)	(1,242,446)
		146,883	223,453

(a) Impairment losses of investments in subsidiaries

Due to the presence of impairment indicator during the financial year resulting from downturn in operations of subsidiaries, the Company has undertaken an impairment assessment on investments in subsidiaries.

During the financial year, the Company has carried out a review of the recoverable amounts of its investments in certain subsidiaries that had been persistently making loss. A total impairment losses of RM73,926,000 (2020: RM 127,320,000), representing the write-down of the investments to their recoverable amounts, was recognised in "Other Expenses" line item at the profit or loss and other comprehensive income.

7. Investments in subsidiaries (continued)

(a) Impairment losses of investments in subsidiaries (continued)

The recoverable amounts were determined based on their value in use approach and the pre-tax discount rates used were 12% (ranging from 10% to 20%).These investments in subsidiaries are belonged to the Group's "Marine Services" reportable segment.

(b) Details of the significant subsidiaries are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2021 %	2020 %
Significant subsidiaries				
Scomi Oilfield Limited#	Malaysia/ Bermuda	Investment holding	100	100
Scomi Marine Services Pte. Ltd.#	Singapore	Investment holding	100	100
Scomi KMC Sdn. Bhd. (including 4% held by Scomi Oiltools Sdn. Bhd.)^	Malaysia	Provision of oilfield equipment, supplies and services	52	52
Significant subsidiaries of Scomi Oilfield Limited				
Scomi Oiltools Sdn. Bhd.^@	Malaysia	Sale of wide range of specialised chemicals, provision of rental equipment and support services to the oil and gas industry	100	100

7. Investments in subsidiaries (continued)

(b) Details of the significant subsidiaries are as follows (continued):

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2021 %	2020 %
Significant subsidiaries of Scomi Oilfield Limited (continued)				
Scomi Oiltools (Cayman) Ltd.*	United Arab Emirates & Saudi Arabia/ Cayman Islands	Provision of oilfield equipment, supplies and services	100	100
Scomi Oiltools (Africa) Limited	Congo & Nigeria/ Cayman Islands	Investment holding and provision of oilfield equipment, supplies and services	100	100
Scomi Oiltools (Thailand) Ltd.	Thailand	Provision of oilfield equipment, supplies and services	100	100
KMCOB Capital Berhad^	Malaysia	Undertake the issuance of private debt securities in such classes, series, form or denomination and to secure the redemption thereof and the utilisation of proceeds from such issuance and to undertake any refinancing exercise in respect of such private debt securities	100	100
Scomi Oiltools Oman LLC*	Oman	Supply of goods and specialised services principally to the oil and gas industry	51	51

7. Investments in subsidiaries (continued)

(b) Details of the significant subsidiaries are as follows (continued):

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2021 %	2020 %
Significant subsidiaries of Scomi Oilfield Limited (continued)				
Scomi Oiltools Pty. Ltd.	Australia	Provision of oilfield equipment, supplies and services	100	100
Scomi Oiltools Ltd. – Pakistan branch*	Pakistan	Provision of oilfield equipment, supplies and services	100	100
Scomi Oiltools (S) Pte. Ltd.#	Singapore	Investment holding	100	100
Significant subsidiary of Scomi Marine Services Pte. Ltd.				
PT Rig Tenders Indonesia, Tbk*+	Indonesia	Engaged in activities that involve chartering of vessels and accommodation work barges to offshore oil gas companies and coal transportation services	80.54	80.54
Significant subsidiary of Scomi Oiltools (Africa) Limited				
WASCO Oil Services Company Nigeria Limited	Nigeria	Provision of oilfield equipment, supplies and services	100	100

7. Investments in subsidiaries (continued)

(b) Details of the significant subsidiaries are as follows (continued):

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2021 %	2020 %
Significant subsidiaries of Scomi Oiltools (S) Pte. Ltd.				
KMC Oiltools India Pvt. Ltd.*	India	Provision of oilfield equipment, supplies and services	100	100
PT Scomi Oiltools*	Indonesia	Provision of oilfield equipment, supplies and services	100	100
Scomi Oiltools (RUS) LLC*	Russia	Provision of oilfield equipment, supplies and services	100	100
Significant subsidiary of PT Rig Tenders Indonesia, Tbk				
Grundtvig Marine Pte. Ltd.#	Singapore	Investment holding	80.54	80.54
Significant subsidiary of Grundtvig Marine Pte. Ltd.				
PT Batuah Abadi Lines*	Indonesia	Ship owning and chartering	76.51	76.51

* These subsidiaries were audited by member firms of Crowe Global of which Crowe Malaysia PLT is a member.
\+ Listed on the Indonesian Stock Exchange.
\# These subsidiaries were audited by other firms of chartered accountants.
^ These subsidiaries were under JMO from 14 August 2020 to 12 August 2021. In addition, the auditors' report on the financial statements of these subsidiaries contain a disclaimer opinion.
@ Receiver and Manager has appointed over the assets and undertaking of the subsidiary on 1 September 2021.

7. Investments in subsidiaries (continued)

(b) During the current financial year, Scomi Oilfield Limited, a wholly owned subsidiary of the Company has disposed of its 99.99% equity interests in Scomi Oiltools Egypt S.A.E. The details of the disposal are disclosed in Note 28 to the financial statements.

(c) Non-controlling interests in subsidiaries

	Effective Equity Interest 2021 %	2020 %
Scomi Oiltools Oman LLC ("SOOL")	49	49
Scomi KMC Sdn Bhd	48	48
PT Rig Tenders Indonesia, Tbk ("PTRT")	19.46	19.46

The Group's subsidiaries that have material non-controlling interests ("NCI") are SOOL and PTRT, and their aggregated results with other subsidiaries with immaterial NCI are as follows:

	Subsidiaries with material NCI RM'000	Other subsidiary with immaterial NCI RM'000	Total RM'000
2021			
Carrying amount of NCI	35,057	(1,853)	33,204
(Loss)/Profit allocated to NCI	(1,505)	280	(1,225)
2020			
Carrying amount of NCI	34,429	-	34,429
Profit/(Loss) allocated to NCI	2,998	(1,790)	1,208

7. Investments in subsidiaries (continued)

(c) Non-controlling interests in subsidiaries (continued)

Summarised financial information of subsidiaries with material NCI before intra-group elimination

	SOOL	
	2021 RM'000	**2020 RM'000**
As at 30 June		
Non-current assets	8,924	12,062
Current assets	37,387	31,817
Non-current liabilities	-	9
Current liabilities	(21,199)	(21,852)
Net assets	25,112	22,036
Year ended 30 June		
Revenue	22,779	24,246
Profit for the year	4,885	4,550
Total comprehensive income	4,885	4,550
Cash flows from operating activities	2,532	6,019
Cash flows for investing activities	(66)	(10,098)
Cash flows from financing activities	305	14,198
Net increase in cash and cash equivalents	2,771	10,119

	PTRT	
	2021 RM'000	**2020 RM'000**
As at 30 June		
Non-current assets	142,246	172,684
Current assets	35,747	34,064
Non-current liabilities	(2,984)	(3,108)
Current liabilities	(12,059)	(15,461)
Net assets	162,950	188,179
Year ended 30 June		
Revenue	70,493	96,333
(Loss)/Profit for the year	(20,181)	3,960
Total comprehensive (expenses)/income	(20,181)	3,960
Cash flows from operating activities	23,040	31,084
Cash flows (for)/from investing activities	(22,813)	1,854
Cash flows for financing activities	-	(38,259)
Net increase/(decrease) in cash and cash equivalents	227	(5,321)

8. Investments in joint ventures

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Unquoted shares, at cost - outside Malaysia		1,730	3,398	2,042	2,042
Deemed investment - capital contribution	(a)	17,979	34,920	15,053	15,053
Deemed investment - financial guarantee liabilities		-	329	329	329
Share of post-acquisition reserves		(17,551)	(29,802)	-	-
Accumulated impairment losses	(b)	(2,158)	(8,845)	(17,424)	(17,424)
		-	-	-	-

(a) Deemed investment - capital contribution

The deemed investment - capital contribution relates to advances provided to certain joint ventures that are contractually not receivable.

(b) Impairment review of investments in joint ventures

Due to presence of impairment indicator during the financial year resulting from downturn in operations of a joint venture, the Group has recognised a full impairment of RM1,220,000 (2020: RM1,161,000).

8. Investments in joint ventures (continued)

(c) Details of the joint ventures are as follows:

Name of entity	Principal place of business/ Country of incorporation	Nature of the relationship	Effective ownership interest and voting interest 2021 %	2020 %
Held by the Company				
Transenergy Shipping Pte. Ltd.@	Malaysia	Dormant	-	50
Transenergy Shipping Management Sdn. Bhd.@	Malaysia	Dormant	-	50
Held by PTRT				
Rig Tenders Offshore Pte. Ltd.*^	Singapore	Chartering of ships to the Group	-	70
Held by Scomi Oilfield Limited				
Vibratherm Limited	England and Wales	Dormant	50	50
Held by Scomi Oiltools Sdn. Bhd.				
Scomi Platinum Sdn. Bhd.	Malaysia	Dormant	50	50
Global Oilfield Products Sdn. Bhd.	Malaysia	Provide oilfield supplies to the Group	25	25
Scomi Oiltools Gulf W.L.L.	Kuwait	Provide oilfield equipment, supplies and services to the Group	25	25
Held by Scomi D&P Sdn. Bhd.				
Ophir Production Sdn. Bhd.	Malaysia	Dormant	30	30

8. Investments in joint ventures (continued)

(c) Details of the joint ventures are as follows (continued):

* The companies with ownership of more than half of the equity shareholdings but were treated as joint ventures pursuant to the contractual rights and obligations of the respective joint venture party.

@ Disposed during the current financial year.

^ Under member's voluntarily wound-up.

Summarised financial information of joint ventures

	2021 RM'000	2020 RM'000
Revenue	-	127
Loss for the year	(41)	(1,516)
Group's share of results for the year	-	-

	2021 RM'000	2020 RM'000
Total assets	686	10,352
Total liabilities	(55,880)	(17,541)
Net liabilities	(55,194)	(7,189)
Group's share of net assets	-	-

Unrecognised share of losses and net liabilities

The Group has not recognised losses and net liabilities related to the joint ventures, totalling RM12,000 and RM17,000 (2020: RM691,000 and RM4,904,000), respectively in the current financial year since the Group has no obligation in respect of these losses and liabilities.

9. Investments in associates

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Unquoted shares, at cost					
- outside Malaysia		16,857	26,675	16,857	16,857
Share of post-acquisition reserves		2,843	(1,086)	-	-
Less: Accumulated impairment losses	(a)	(9,789)	(15,900)	(9,418)	(9,418)
		9,911	9,689	7,439	7,439

(a) Details of the associates are as follows:

Name of entity	Principal place of business/ Country of incorporation	Nature of the relationship	Effective ownership interest and voting interest 2021 %	Effective ownership interest and voting interest 2020 %
Held by the Company				
Southern Petroleum Transportation Joint Stock Company*	Vietnam	Provide oil tankers services to the Group	13.84	13.84
Emerald Logistics Sdn. Bhd.	Malaysia	Dormant	49	49
Held by the Scomi Oilfield Limited				
Midgard Oilfield Services Ltd.@	Turkmenistan /Cayman Islands	Provide oilfield equipment, supplies and services to the Group	-	49

* Entity with ownership of less than 20% of the equity shareholding but treated as associate as the Group is able to exercise significant influence over the entity.

@ Disposed during the financial year.

9. Investments in associates (continued)

(a) Details of the associates are as follows (continued):

Summarised financial information of associates

Group 2021	**Southern Petroleum Transportation Joint Stock Company RM'000**	**Other immaterial associates RM'000**	**Total RM'000**
Summarised financial information As at 30 June 2021			
Non-current assets	116,767		
Current assets	25,175		
Non-current liabilities	(17,935)		
Current liabilities	(45,597)		
Net assets	78,410		
Financial year ended 30 June 2021			
Profit from continuing operations	1,607		
Other comprehensive income	-		
Total comprehensive income	1,607		
Included in the total comprehensive income is:			
Revenue	154,389		
Reconciliation of net assets to carrying amount as at 30 June 2021			
Group's share of net assets	10,852	8,517	19,369
Foreign exchange difference	331	-	331
Accumulated impairment losses	(1,272)	(8,517)	(9,789)
Carrying amount in the statement of financial position	9,911	-	9,911
Group's share of results for the financial year ended 30 June 2021			
Group's share of profit or loss from continuing operations	222	-	222
Group's share of other comprehensive income	-	-	-
Group's share of total comprehensive income	222	-	222

9. Investments in associates (continued)

(a) Details of the associates are as follows (continued):

Summarised financial information of associates (continued)

Group 2020	Southern Petroleum Transportation Joint Stock Company RM'000	Other immaterial associates RM'000	Total RM'000
Summarised financial information			
As at 30 June 2020			
Non-current assets	130,950		
Current assets	25,715		
Non-current liabilities	(27,649)		
Current liabilities	(49,815)		
Net assets	79,201		
Financial year ended 30 June 2020			
Profit from continuing operations	6,083		
Other comprehensive income	-		
Total comprehensive income	6,083		
Included in the total comprehensive income is:			
Revenue	156,475		
Reconciliation of net assets to carrying amount as at 30 June 2020			
Group's share of net assets	10,961	14,628	25,589
Accumulated impairment losses	(1,272)	(14,628)	(15,900)
Carrying amount in the statement of financial position	9,689	-	9,689
Group's share of results for the financial year ended 30 June 2020			
Group's share of profit or loss from continuing operations	842	-	842
Group's share of other comprehensive income	-	-	-
Group's share of total comprehensive income	842	-	842

Unrecognised share of losses

The Group had not recognised losses related to Midgard Oilfield Services Ltd., totalling RM4,879,000 in the previous financial year since the Group had no obligation in respect of these losses.

10. Deferred tax assets/(liabilities)

(a) Recognised deferred tax assets/(liabilities)

Group	Assets 2021 RM'000	Assets 2020 RM'000	Liabilities 2021 RM'000	Liabilities 2020 RM'000	Net 2021 RM'000	Net 2020 RM'000
Property, plant and equipment	-	-	(166)	(170)	(166)	(170)
Deductible/(Taxable) temporary differences	369	1,199	(2,551)	(3,559)	(2,182)	(2,360)
Net tax assets/(liabilities)	369	1,199	(2,717)	(3,729)	(2,348)	(2,530)

(b) Movement in temporary differences during the year

Group	At 1.7.2019 RM'000	Recognised in profit or loss RM'000	Effect of movements in exchange rates RM'000	At 30.6.2020/ 1.7.2020 RM'000	Recognised in profit or loss RM'000	Effect of movements in exchange rates RM'000	At 30.6.2021 RM'000
Property, plant and equipment	(694)	796	(272)	(170)	-	4	(166)
(Taxable)/Deductible temporary differences	(3,263)	(1,939)	2,842	(2,360)	(314)	492	(2,182)
	(3,957)	(1,143)	2,570	(2,530)	(314)	496	(2,348)

10. Deferred tax assets/(liabilities) (continued)

(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deductible temporary differences	62,834	62,834	-	-
Accerelated capital allowances	-	-	(334)	23
Unabsorbed capital allowances	28,957	9,883	-	413
Unutilised tax losses	48,476	45,063	7,849	19,630
Others	-	-	1,936	-
	140,267	117,780	9,451	20,066

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which certain subsidiaries within the Group and the Company can utilise the benefits therefrom.

Pursuant to Finance Bill 2018, the unutilised tax losses of the Company and its subsidiaries in Malaysia can be carried forward up to 7 consecutive years of assessment.

The unutilised tax losses of the Group amounting to RM48,476,000 (2020: RM45,063,000), and the Company amounting to RM7,849,000 (2020: RM19,630,000) will expire in financial year 2026 - 2028 (2020: 2026 - 2027).

11. Trade and other receivables

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Non-current					
Other receivables	11.1	5,829	14,759	-	-
Current					
Trade receivables		84,416	136,980	-	-
Less: Allowance for impairment losses		(29,218)	(37,256)	-	-
	11.2	55,198	99,724	-	-
Other receivables	11.1	18,837	14,327	44	122
Deposits		5,760	8,132	-	-
Prepayments		2,946	7,297	-	-
		27,543	29,756	44	122
Amount due from:					
- subsidiaries	11.3	-	-	5,416	21,409
		82,741	129,480	5,460	21,531
		88,570	144,239	5,460	21,531

11.1 Included in other receivables are Value-Added-Tax ("VAT") recoverable amounting to RM5,829,000 (2020: RM14,726,000).

11.2 Credit terms for trade receivables range from 30 to 90 days (2020: 30 to 90 days).

11.3 Amount due from subsidiaries are unsecured, interest-free and repayable on demand. The Company has recognised an impairment of RM 24,433,000 (2020: RM68,411,000) in the current financial year.

12. Inventories

	Group 2021 RM'000	Group 2020 RM'000
At cost:		
Raw materials	1,584	2,267
Finished goods	17,746	41,528
Consumables	23,925	28,482
	43,255	72,277
Recognised in profit or loss:		
Inventories recognised as cost of sales	72,803	69,724
Write-down of inventories	8,501	6,272
Reversal of write-down of inventories	(557)	(164)

The write-down and reversal of write-down of inventories are included in cost of sales.

13. Cash and cash equivalents

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	55,275	45,023	775	50
Short-term deposits	3,207	3,514	-	-
Cash and cash equivalents in the statements of financial position	58,482	48,537	775	50
Pledged deposits and bank balances	(3,207)	(3,514)	-	-
Cash and cash equivalents in the statements of cash flows	55,275	45,023	775	50

The effective interest rates for short-term deposits of the Group at the end of the reporting period range from 2.40% to 5.40% (2020: 2.40% to 5.40%) per annum.

14. Disposal group and assets classified as held for sale

On 26 August 2021, the Group entered into a conditional shares purchase agreement with PT Surya Indah Muara Pantai to dispose 490,597,000 shares in PTRT representing 80.54% equity interest in PTRT for a cash consideration of USD9.5 million (approximately RM40.0 million).

At the end of the current reporting period, the assets and liabilities of PTRT and its subsidiaries have been presented in the consolidated statement of financial position as "Assets held for sale" and "Liabilities of disposal group classified as held for sale", and its results have also been presented separately on the consolidated statement of profit or loss and other comprehensive income as "(Loss)/Profit after taxation from discontinued operations". The disposal is expected to be completed by fourth quarter of 2021.

The assets and liabilities of the disposal group are as follows:-

	Group 2021 RM'000
Assets	
Property, plant and equipment	21,368
Right-of-use assets	186
Other receivables	4,958
Inventories	4,240
Trade receivables	13,213
Other receivables and prepayment	1,074
Current tax assets	4,742
Cash and bank balances	10,948
Asset held for sales	722
Assets of disposal group classified as held for sales	61,451

	Group 2021 RM'000
Liabilities	
Provision for retirement benefits	2,892
Trade payables	6,028
Other payables and accruals	3,455
Intercompany payables	212
Lease liabilities	165
Current tax liabilities	1,258
Liabilities of disposal group classified as held for sales	14,010

The carrying amount of the non-current asset is measured at the lower of its carrying amount and fair value less costs to sell. As such, an impairment loss of RM115,074,000 is recognised in profit or loss as disclosed in Note 23 to the financial statements.

14. Disposal group and assets classified as held for sale (continued)

	Group and Company 2021 RM'000
Carrying amount	6,000

In the current financial year, the Group and the Company had executed a Sale and Purchase agreement to dispose off a freehold land and building at a total consideration of RM6,000,000.

The carrying amount of the asset held for sale is measured at the lower of its carrying amount and fair value less costs to sell. The loss on remeasurement to fair value less costs to sell of RM300,000 is recognised in profit or loss as disclosed in Note 23 to the financial statements.

15. Share capital

	Group and Company			
	2021		2020	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
At 1 July	445,535	468,355	1,005,535	2,341,775
Capital reduction	-	-	(560,000)	-
Share consolidation	-	-	-	(1,873,420)
At 30 June	445,535	468,355	445,535	468,355

a) The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

b) In the previous financial year, the Group and the Company undertook a share capital reduction exercise to reduce its share capital from RM1,005,535,000 to RM445,535,000 which was completed on 14 February 2020. The corresponding credit of RM560,000,000 arising from such capital reduction was utilised to set-off against the accumulated losses of the Group and of the Company respectively.

Following that, the Group and the Company undertook a share consolidation exercise by the consolidation of existing shares of 2,341,775,435 units into 468,355,087 units on the basis of 5 existing shares into 1 share pursuant to Section 116 of the Companies Act 2016 which was completed on 28 February 2020.

16. Treasury shares

	Group and Company			
	2021		2020	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
At 1July	51	31	51	154
Share consolidation	-	-	-	(123)
At 30 June	51	31	51	31

None of the treasury shares repurchased has been sold as at 30 June 2021.

At the end of the financial year, 30,820 (2020: 30,820) ordinary shares are held as treasury shares at a carrying amount of RM51,000 (2020: RM51,000) and the number of outstanding shares in issue after setting off treasury shares is 468,324,267 shares (2020: 468,324,267 shares).

17. Reserves

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Translation reserve	(a)	(133,634)	(130,446)	-	-
Merger reserve	(b)	(443,323)	(443,323)	-	-
Capital reserve	(c)	26,881	26,881	26,881	26,881
Retained earnings/ (Accumulated losses)		84,971	299,131	(313,890)	(239,356)
		(465,105)	(247,757)	(287,009)	(212,475)

(a) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

(b) Merger reserve

The merger reserve arose from the acquisition of the entire shareholdings of Scomi Group Bhd, the former holding company, in Scomi Oilfield Limited, Scomi Sosma Sdn. Bhd. and Scomi KMC Sdn. Bhd. by the Company pursuant to the corporate exercise carried out by the former holding company in 2013.

(c) Capital reserve

The capital reserve arose from the capital reduction exercise and repayment to shareholders of the Company completed in 2012.

18. Loans and borrowings

	Note	Group 2021 RM'000	Group 2020 RM'000
Current			
Bank loans – secured	(b)	2,477	2,551
Loan – unsecured	(a)	90,132	82,609
Revolving credits – secured	(b)	39,101	39,484
		131,710	124,644

(a) Loan

In the previous financial year, the Group defaulted on the repayment of the bonds which consequently triggered cross defaults on the other credit facilities. As a result, the bonds and other credit facilities are immediately due and repayable.

Danajamin Nasional Berhad ("Danajamin") as the guarantor of the bonds, was responsible to repay the defaulted bonds' pursuant to the claim made by the bondholders. Consequently, the bonds have been converted into a loan from Danajamin. Danajamin and the other secured lenders are entitled to the enforcement of various securities granted by the Group in accordance with the financial guarantee insurance agreement and other credit facility agreements. The Group had then applied for Judicial Management Order ("JMO") with the High Court of Malaya at Shah Alam on 2 April 2020 with the objective of restructuring its debts and rehabilitating the Group's business. The JMO be discharged on 12 August 2021.

The loan is supported and secured by:

(i) Corporate Guarantees from the Company and certain subsidiaries of the Company;

(ii) Pledge of shares of certain subsidiaries of the Company;

(iii) Assignment of contract proceeds; and

(iv) Fixed and floating charge over all present and future assets of certain subsidiaries of the Company.

18. Loans and borrowings (continued)

(b) Bank loans and revolving credits

The bank loans and revolving credits are supported and secured by:

(i) Assignment and charge of relevant short-term deposits and bank balances of the Group;

(ii) Assignment of contract proceeds;

(iii) Corporate Guarantees from certain subsidiaries of the Company; and

(iv) Fixed and floating charge over all present and future assets of certain subsidiaries of the Company.

(c) RM300 million Guaranteed Serial Bonds ("the Bonds")

In the prior financial period, there was a breach in the bonds covenant where the Group was unable to maintain the Group EBITDA to Group gross debt ratio of not less than 0.30 times. However, the Group obtained a waiver from Danajamin for this non-compliance.

Besides, there was an additional covenant which requires the Group to progressively build up the principal redemption in debt payment account for repayment of the bonds of RM55 million due on 14 December 2019. By 30 June 2019, the Group was required to have built up principal redemption in debt payment account of RM51.5 million. However, at 30 June 2019, the total principal redemption build up in the debt payment account was RM18.6 million and there was a shortfall of RM32.9 million. The Group has obtained a waiver from the bond guarantor on 28 June 2019 to fulfill the redemption build up amount by 30 November 2019.

The bonds and financial guarantee insurance facility were supported and secured by:

(i) Corporate Guarantees from the Company and certain subsidiaries of the Company;

(ii) Pledge of shares of certain subsidiaries of the Company;

(iii) Assignment of contract proceeds; and

(iv) Fixed and floating charge over all present and future assets of certain subsidiaries of the Company.

The Group defaulted on the repayment of the bonds during the year. As a result, the entire bonds balance became due and repayable immediately.

19. Provisions

Non-current liabilities

(a) Provision for retirement benefits

The Group operates an unfunded defined benefit plan for qualifying employees and vessel crews of its subsidiaries in Indonesia. Under the plan, the employees and vessel crews are entitled to retirement benefits as defined in Indonesian Labour Laws and government regulations regarding maritime.

The amounts recognised in the statement of financial position are determined as follows:

	Group	
	2021 RM'000	2020 RM'000
Present value of unfunded obligations	3,153	7,011

Movement in net defined benefit liability

The following table shows a reconciliation from the opening balance to the closing balance for net defined benefit liability and its components:

	Group	
	2021 RM'000	2020 RM'000
Balance at 1 July	7,011	8,401
Included in profit or loss		
Current service costs	(342)	761
Past service credit	186	(765)
Interest cost	194	277
Actuarial gains	58	(84)
Effect of movement of exchange rate	(326)	262
	(230)	451
Included in other comprehensive income		
- Financial assumption	-	-
- Experience adjustment	-	-
	-	-
Other		
Benefits paid	(3,628)	(1,841)
Balance at 30 June	3,153	7,011

19. Provisions (continued)

The principal actuarial assumptions used were as follows:

	Group 2021	Group 2020
Discount rates (per annum) (%)	7.0	8.0
Expected rates of salary increase (per annum) (%)	0.0 – 8.0	0.0 – 8.0
Normal retirement age (years)	56	56

The most recent actuarial valuation was carried out as at 13 September 2021 by independent professional actuaries using the projected unit credit method.

Current liabilities

(b) Provision for litigations

	Group 2021 RM'000	Group 2020 RM'000
At 1 July	-	-
Provision made during the financial year	12,749	-
At 30 June	12,749	-

The provision is mainly in respect of the ongoing litigation claim.

20. Trade and other payables

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Non-current					
Other payables		1,108	1,074	-	-
Current					
Trade payables	(a)	73,049	78,131	-	-
Other payables		10,095	12,297	1,640	1,691
Accruals	(b)	42,682	67,589	866	1,211
		52,777	79,886	2,506	2,902
Amount due to:					
- subsidiaries	(c)	-	-	6,254	22,636
- joint ventures	(c)	-	41	-	41
- associate	(c)	-	235	-	-
		-	276	6,254	22,677
		125,826	158,293	8,760	25,579
		126,934	159,367	8,760	25,579

(a) Credit terms granted by suppliers to the Group range from cash terms to 90 days (2020: cash terms to 90 days).

(b) Included in accruals are Value-Added-Tax ("VAT") payable amounting to RM 2,950,000 (2020: RM8,198,000) and unwinding cost arising from the close out of the Cross Currency Interest Rate Swaps ("CCIRS") contracts amounting to RM NIL (2020: RM10,072,000).

The unwinding cost is supported and secured as disclosed in Note 18(b) and (c) to the financial statements.

(c) The amounts due to subsidiaries, joint ventures and associate are unsecured, interest-free and repayable on demand.

21. Revenue

	2021 RM'000	2020 RM'000
Group		
Continuing operations		
Revenue from contracts with customers	196,266	239,429
Other revenue		
Rental income	43,396	87,558
Total revenue	239,662	326,987
Company		
Continuing operations		
Management fee income	5,210	-

21. Revenue (continued)

21.1 Disaggregation of revenue

Group	2021 RM'000	2020 RM'000
Continuing operations		
Primary geographical markets		
Malaysia	38,055	31,942
Russia	83,101	79,987
West Africa	16,167	57,019
Indonesia	13,796	29,409
Middle East	35,751	41,475
Other countries	52,792	87,155
	239,662	326,987
Major products and services lines		
Drilling fluids services	25,373	11,095
Sales of drilling related chemicals and supplies	94,100	85,916
Drilling waste management services	69,227	51,564
Sales of drilling waste equipment related supplies and accessories	7,392	75,795
Others	174	39
	196,266	224,409

21. Revenue (continued)

21.1 Disaggregation of revenue (continued)

Group	2021 RM'000	2020 RM'000
Continuing operations		
Timing and recognition		
At a point in time	196,266	224,409
Revenue from contracts with customers	196,266	224,409
Other revenue	43,396	102,578
Total revenue	239,662	326,987

21. Revenue (continued)

21.1 Disaggregation of revenue (continued)

Company	2021 RM'000	2020 RM'000
Primary geographical market		
Malaysia	5,210	-
Timing and recognition		
At a point in time	5,210	-
Revenue from contracts with customers	5,210	-

21. Revenue (continued)

21.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognised revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Drilling fluids services	Revenue is recognised when the services are performed and accepted by the customers at their premises.	Credit period of 30 – 90 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Sales of drilling related chemicals and supplies	Revenue is recognised when the goods are delivered and accepted by the customers at their premises.	Credit period of 30 – 90 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Drilling waste management services	Revenue is recognised when the services are performed and accepted by the customers at their premises.	Credit period of 30 – 90 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Sales of drilling waste equipment related supplies and accessories	Revenue is recognised when the goods are delivered and accepted by the customers at their premises.	Credit period of 30 – 90 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Transportation of coal services	Revenue is recognised when the delivery reaches the customers premises.	Credit period of 30 – 90 days from invoice date.	Not applicable.	Not applicable.	Not applicable.

22. Finance costs

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Continuing operations				
Interest expense on:				
- Loan	7,244	2,024	-	-
- Bank loans and other	1,709	9,248	-	-
- Lease liabilities	1,097	1,442	-	-
	10,050	12,714	-	-
Amortisation of bonds arrangement costs	-	1,644	-	-
	10,050	14,358	-	-

23. Loss before tax

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Continuing operations				
Loss before tax is stated after charging/(crediting):				
Auditors' remuneration:				
- Audit fees	2,997	2,870	130	120
- Non-audit fees:				
- *auditors of the Company*	46	38	-	6
Material expenses/(income)				
Amortisation of intangible assets	-	219	-	-
Bad debts written off	1,068	6,992	-	-
Depreciation:				
- Property, plant and equipment	15,929	21,699	107	80
- Right-of-use assets	6,186	8,723	-	-
Impairment loss on:				
- Amount due from former holding company	-	11,833	-	11,630
- Amount due from subsidiary	-	-	24,433	67,864
- Amount due from related parties	-	-	-	311
- Amount due from associate	-	4,281	-	236
- Asset held for sale	115,074	-	-	-
- Receivables	951	5,969	-	-
- Intangible assets	-	100,334	-	-
- Investments in subsidiary	-	-	73,926	127,320
- Investments in joint ventures	1,220	1,161	-	-
- Property, plant and equipment	21,022	1,320	300	-

23. Loss before tax (continued)

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Continuing operations				
Material expenses/(income) (continued)				
Reversal of impairment loss on:				
- Amount due from subsidiary	-	-	-	(1,064)
- Amount due from joint venture	-	-	-	(347)
Write-down of inventories	8,501	6,272	-	-
Right-of-use assets written off	104	-	-	-
Loss on disposal of property, plant and equipment	21,023	719	-	-
Net realised (gain)/loss on foreign exchange	(336)	(8,913)	22	(109)
Net unrealised loss/(gain) on foreign exchange	7,216	(9,909)	1,936	(2,484)
Wages, salaries and others	83,904	130,091	-	1,949
Termination benefits	239	534	-	-
Contribution to state plans	3,504	4,934	-	265
Other employee benefits	9,819	5,867	-	251
Property, plant and equipment written off	4,920	-	-	-
Rental of premises	3,150	3,242	-	11
Rental of equipment	5,177	11,989	-	-
Interest expenses	10,050	-	-	-
Gain on disposal on subsidiary	(2,614)	-	-	-
Interest income from deposit placed with licensed banks	-	(660)	-	-
Reversal of impairment loss of receivables	(37)	(8,646)	-	-
Reversal of write-down of inventories	(557)	(164)	-	-
Expenses arising from leases				
Expenses relating to short-term leases	-	1,809	-	-
Expenses relating to leases of low-value assets	-	4,921	-	-
Net loss on impairment of financial instruments				
Financial assets at amortised cost	(1,633)	(13,016)	(24,433)	(78,630)

24. Tax expense

Recognised in profit or loss

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Continuing operations				
Current tax expense				
Foreign income tax	5,306	10,804	-	-
Under provision in prior year	442	173	355	265
Total current tax expense	5,748	10,977	355	265
Deferred tax expense				
Origination and reversal of temporary differences	(190)	(1,135)	-	-
Over provision in prior year	(124)	(8)	-	-
Total deferred tax recognised in profit or loss	(314)	(1,143)	-	-
Total income tax expense	5,434	9,834	355	265
Reconciliation of tax expense				
Continuing operations				
Loss before tax	(60,495)	(180,421)	(74,179)	(208,879)
Tax calculated at the Malaysian tax rate of 24% (2020: 24%)	(14,519)	(43,301)	(17,803)	(50,131)
Tax effects of:				
- different tax rates in other countries	6,403	19,920	-	-
- expenses not deductible for tax purposes	10,021	38,614	20,350	30,575
- income not subject to tax	(2,185)	(5,757)	-	-
- deferred tax assets not recognised	5,396	193	-	19,556
Utilisation of deferred tax assets not in previous year	-	-	2,547	-
Deferred tax – over provision in prior year	(124)	(8)	-	-
Current tax – under provision in prior year	442	173	355	265
	5,434	9,834	355	265

25. (Loss)/Profit after taxation from discontinued operations

As disclosed in Note 14 to the financial statements, the Group is in the process of disposing of its marine services business which is expected to be completed by next financial year.

An analysis of the results of the discontinued operations is as follows:-

	Group	
	2021	**2020**
	RM'000	**RM'000**
Revenue	69,132	96,333
Cost of sales	(81,439)	(75,921)
Gross/(loss) profit	(12,307)	20,412
Administration expenses	(9,182)	(10,486)
Other expenses	(12,778)	(2,047)
Results (for)/from operating activities	(34,267)	7,879
Finance costs	-	(1,236)
(Loss)/Profit before tax	(34,267)	6,643
Taxation	(115)	(2,683)
(Loss)/Profit after tax from discontinued operations	(34,382)	3,960
Loss of re-measurement of assets	(115,074)	-
Attributable to:		
Owners of the Company	(149,456)	3,960
Non-controlling interests	-	-
	(149,456)	3,960

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

	Group	
	2021	**2020**
	RM'000	**RM'000**
After charging:		
Auditor's remuneration – statutory audit	260	320
Depreciation of property, plant and equipment	30,507	29,855
Personnel expenses (including key management personnel):		
- Expenses related to defined benefit plans	37	-
Wages, salaries and others	17,779	-
Rental of equipment	350	-
Unrealised loss on foreign exchange	705	4,032
Realised loss on foreign exchange	-	143
And crediting:		
Gain on disposal of property, plant and equipment	(8)	(25)
Reversal of impairment losses on receivables	-	(172)

25. (Loss)/Profit after taxation from discontinued operations (continued)

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

	Group	
	2021	**2020**
	RM'000	**RM'000**
Current tax expense	(115)	(2,683)
Deferred tax expense	-	-
	(115)	(2,683)

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

	Group	
	2021	**2020**
	RM'000	**RM'000**
Net cash generated from operating activities	22,735	31,648
Net cash generated (for)/from investing activities	(22,509)	1,887
Net cash used in financing activities	-	(38,953)
	226	(5,418)

26. Other comprehensive expenses

Group		**2021**			**2020**	
	Before tax RM'000	**Tax (expense)/ benefit RM'000**	**Net of tax RM'000**	**Before tax RM'000**	**Tax (expense)/ benefit RM'000**	**Net of tax RM'000**
Items that are or may be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations	(3,188)	-	(3,188)	(19,629)	-	(19,629)
Remeasurement of defined benefit liability	-	-	-	84	-	84
	(3,188)	-	(3,188)	(19,545)	-	(19,545)

27. Loss per ordinary share

Basic (loss)/earnings per ordinary share

The calculation of basic (loss)/earnings per ordinary share at 30 June 2021 was based on the (loss)/profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, as follows:

	Group	
	2021	**2020**
Continued operations		
Loss attributable to owners of the Company (RM'000)	(64,704)	(191,463)
Weighted average number of ordinary shares outstanding ('000)	468,324	468,324
Basic loss per ordinary share (sen)	(13.82)	(40.88)
Discontinued operations		
(Loss)/Profit attributable to owners of the Company (RM'000)	(149,456)	3,960
Weighted average number of ordinary shares outstanding ('000)	468,324	468,324
Basic (loss)/earnings per ordinary share (sen)	(31.91)	0.85

Diluted (loss)/earnings per ordinary share is not presented as there were no dilutive potential ordinary shares as at the end of the reporting period.

28. Disposal of subsidiary

On 29 June 2020, Scomi Oiltools (Cayman) Ltd (a wholly owned indirect subsidiary of Scomi Energy Services Berhad; a wholly owned direct subsidiary of Scomi Oilfileds Limited) had entered into share sales agreement in relation to the disposal of it 99.99% equity interest in SOE for a total consideration of USD650,000.

The financial effects of the disposal at the date of disposal are summarised below:

	Group **2021** RM'000
Property, plant and equipment	1,732
Inventory	1,220
Trade receivables	1,530
Other receivables, deposits and prepayment	680
Fixed deposits	585
Cash and bank balances	8
Trade payables	(614)
Other payables and accruals	(6,201)
Carrying amount of net liabilities	(1,060)
Consideration received	(1,554)
	(2,614)

There were no disposals of subsidiary in the previous financial year.

29. Operating segments

The Group has determined the operating segments based on reports reviewed by the Chief Operating Decision Maker ("CODM") i.e. the Group's Chief Executive Officer which are used for allocating resources and assessing performance of the operating segments.

The Chief Operating Decision Maker considers the business from the industry perspective and the services rendered. The following reportable segments have been identified:

(i) Drilling Services - supply of drilling waste equipment, supply of a wide range of specialised chemicals and provision of services.

(ii) Marine Services - provision of transportation of bulk aggregates for the coal industry and other shipping related services.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Unallocated costs represent corporate expenses. Segment assets consist of property, plant and equipment, intangible assets, inventories, receivables and cash and bank balances.

Capital expenditure comprises additions to property, plant and equipment.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total assets is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment liabilities.

29. Operating segments (continued)

Group 2021	Drilling Services RM'000	Marine Services (Discontinued) RM'000	Total RM'000
Segment revenue			
External sales	239,662	69,132	308,794
Segment loss	(28,330)	(118,833)	(147,163)
Included in the measure of the segment loss are:			
Impairment of receivables	(951)	-	(951)
Impairment of property, plant and equipment	(14,421)	-	(14,421)
Impairment of asset held for sale	(115,074)	-	(115,074)
(Loss)/Gain on disposal of property, plant and equipment	(21,023)	8	(21,015)
Share of gain of equity-accounted associates, net of tax	222	-	222
Property, plant and equipment written off	(4,920)	-	(4,920)
Reversal of write-down of inventories	557	-	557
Reversal of impairment loss of receivables	37	-	37
Write-down of inventories	(11,231)	-	(11,206)
Net unrealised loss on foreign exchange	(7,921)	-	(7,921)
Not included in the measure of segment (loss)/profit but provided to CODM			
Depreciation	(22,115)	(30,507)	(52,622)
Finance costs	(10,050)	-	(10,050)
Tax expense	(5,434)	(115)	(5,549)
Segment assets	206,894	111,079	317,973
Included in the measure of segment assets are:			
Investments in associates	9,911	-	9,911
Unallocated asset:			
Deferred tax assets			369
Consolidated total assets			328,253
Additions to non-current assets other than financial instruments and deferred tax assets			10,188

29. Operating segments (continued)

Group 2020	Drilling Services RM'000	Marine Services (Discontinued) RM'000	Total RM'000
Segment revenue			
External sales	326,987	96,333	423,320
Segment (loss)/profit	(136,082)	37,734	(98,348)
Included in the measure of the segment loss are:			
Impairment of receivables	(5,969)	-	(5,969)
Impairment of amount due from former holding company	(11,833)	-	(11,833)
Impairment of amount due from associates	(4,281)	-	(4,281)
Impairment of intangible asset	(100,334)	-	(100,334)
Impairment of investment in joint venture	(1,161)	-	(1,161)
Net unrealised loss on foreign exchange	(9,099)	(4,032)	(13,131)
Reversal of impairment loss of receivables	8,646	172	8,818
Impairment of property, plant and equipment	(1,320)	-	(1,320)
Loss on disposal of property, plant and equipment	(719)	25	(694)
Write-down of inventories	(6,272)	-	(6,272)
Reversal of write-down of inventories	164		
Share of gain of equity-accounted associates, net of tax	842	-	842
Not included in the measure of segment (loss)/profit but provided to CODM			
Depreciation and amortisation	(30,641)	(29,855)	(60,496)
Finance costs	(14,358)	(1,236)	(15,594)
Finance income	660	-	660
Tax expense	(9,834)	(2,683)	(12,517)
Segment assets	315,454	236,698	552,152
Included in the measure of segment assets are:			
Investments in associates	9,689	-	9,689
Unallocated asset:			
Deferred tax assets			1,199
Consolidated total assets			563,040
Additions to non-current assets other than financial instruments and deferred tax assets			15,130

29. Operating segments (continued)

Reconciliations of reportable segment of profit or loss

	Group	
	2021 RM'000	2020 RM'000
Profit or loss		
Total profit or loss for reportable segments	(209,835)	(173,778)
Depreciation and amortisation	52,622	60,496
Finance costs	10,050	15,594
Finance income	-	(660)
Consolidated loss before tax	(147,163)	(98,348)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segments assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investments in joint ventures and associates) and deferred tax assets.

	Total revenue		Total non-current assets	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysia	38,055	31,942	5,993	14,338
Russia	83,101	79,987	6,389	8,852
West Africa	-	57,019	-	15,089
Middle East	-	65,722	-	26,753
Nigeria	15,062	-	1,083	-
Pakistan	7,438	-	5,364	-
Oman	22,339	-	8,824	-
Indonesia	82,928	125,742	6,177	187,725
India	14,900	22,758	1,821	2,140
Other countries	44,971	40,150	13,661	18,170
	308,794	423,320	49,312	273,067

Revenue is disclosed based on the location of the drilling services, sales of drilling related chemicals and supplies, drilling waste management services, sales of drilling waste related supplies and accessories and transportation of coal services. Total non-current assets are determined based on where the assets are located.

29. Operating segments (continued)

The following are the major customers with revenue equal or more than 10% of the Group's total revenue:

	Revenue 2021 RM'000	Revenue 2020 RM'000	Segment
Customer A	-	53,559	Marine services
Customer B	61,980	63,200	Drilling services
	61,980	116,759	

Revenue for 2 (2020: 2) major customers constitutes 26.8% (2020: 27.6%) of total consolidated revenue.

30. Financial instruments

(a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC").

Group 2021	Carrying amount RM'000	AC RM'000
Financial assets		
Trade and other receivables*	74,035	74,035
Cash and bank balances	58,482	58,482
	132,517	132,517
Financial liabilities		
Loans and borrowings	(131,710)	(131,710)
Trade and other payables#	(123,984)	(123,984)
	(255,694)	(255,694)
Company		
2021		
Financial assets		
Trade and other receivables*	5,460	5,460
Cash and bank balances	775	775
	6,235	6,235
Financial liabilities		
Trade and other payables#	(8,762)	(8,762)

* Excluding prepayments, deposits and GST/VAT receivables
# Excluding GST/VAT payables

30. Financial instruments (continued)

(a) Categories of financial instruments (continued)

The table below provides an analysis of financial instruments categorised as amortised cost ("AC") (continued).

Group 2020	**Carrying amount RM'000**	**AC RM'000**
Financial assets		
Trade and other receivables*	122,216	122,216
Cash and bank balances	48,537	48,537
	170,753	170,753
Financial liabilities		
Loans and borrowings	(124,644)	(124,644)
Trade and other payables#	(151,169)	(151,169)
	(275,813)	(275,813)
Company 2020		
Financial assets		
Trade and other receivables*	21,531	21,531
Cash and bank balances	50	50
	21,581	21,581
Financial liabilities		
Trade and other payables#	(25,579)	(25,579)

* Excluding prepayments, deposits and GST/VAT receivables
\# Excluding GST/VAT payables

30. Financial instruments (continued)

(b) Net losses and gains arising from financial instruments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net gains/(losses) on:				
Financial assets at amortised cost	(1,982)	(12,777)	-	(78,630)
Financial liabilities at amortised cost	(17,635)	4,464	(1,958)	2,593
	(19,617)	(8,313)	(1,958)	(76,037)

(c) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

(d) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, balances and short-term deposits and amount due from the former holding company and related parties.

The Company's exposure to credit risk arises principally from advances to subsidiaries and unsecured financial guarantees given to banks for credit facilities granted to certain subsidiaries.

There are no significant changes as compared to prior periods.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At each reporting date, the Group or the Company assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to prior periods.

30. Financial instruments (continued)

(d) Credit risk (continued)

Receivables (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

Concentration of credit risk

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group	
	2021	**2020**
	RM'000	**RM'000**
Malaysia	3,353	11,099
Asia	10,952	47,101
Middle East and Africa	18,241	41,469
Others	22,652	55
	55,198	99,724

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 90 to 120 days. The Group's debt recovery process is as follows:

a) Above 180 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales management team; and

b) Above 365 days past due, the Group will evaluate options of commencing legal proceeding against the customer.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

30. Financial instruments (continued)

(d) Credit risk (continued)

Receivables (continued)

Recognition and measurement of impairment losses (continued)

Loss rates are calculated using a ‘roll rate’ method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experience over the past 2 to 3 years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group’s view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables which are grouped together as they are expected to have similar risk nature.

Group	**Gross carrying amount RM’000**	**Loss allowance RM’000**	**Net balance RM’000**
2021			
Current (not past due)	44,840	(559)	44,281
1 to 30 days past due	5,078	(118)	4,960
31 to 60 days past due	4,130	(71)	4,059
61 to 90 days past due	1,774	(176)	1,598
	55,822	(924)	54,899
Credit impaired			
More than 90 days past due	28,594	(28,294)	300
	84,416	(29,218)	55,198
2020			
Current (not past due)	65,651	(2,707)	62,944
1 to 30 days past due	11,532	(432)	11,100
31 to 60 days past due	7,644	(828)	6,816
61 to 90 days past due	5,106	(1,360)	3,746
	89,933	(5,327)	84,606
Credit impaired			
More than 90 days past due	47,047	(31,929)	15,118
	136,980	(37,256)	99,724

30. Financial instruments (continued)

(d) Credit risk (continued)

Receivables (continued)

Recognition and measurement of impairment losses (continued)

The movements in the allowance for impairment losses of trade receivables during the financial year are shown below:

Group	Credit impaired RM'000
Balance at 1 July 2019	44,758
Amounts written off	(6,992)
Net remeasurement of loss allowance	(1,183)
Currency translation differences	673
Balance at 30 June 2020/1 July 2020	37,256
Amounts written off	(1,068)
Net remeasurement of loss allowance	(5,396)
Currency translation differences	(1,574)
Balance at 30 June 2021	29,218

Cash and bank balances

The cash and bank balances are held with licensed banks. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These licensed banks have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides financial guarantees to Danajamin, as guarantor of the bonds, in respect of bonds issued by a subsidiary. The Company monitors on an ongoing basis of the repayments made by the subsidiary. The subsidiary defaulted on the repayment of the bonds during the previous financial year. Consequently, the bonds have been converted into a loan from Danajamin in the previous financial year.

30. Financial instruments (continued)

(d) Credit risk (continued)

Financial guarantees (continued)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM90,132,000 (2020: RM82,609,000) representing the outstanding loans as at the end of the reporting period.

The details of the defaults on the loans and borrowings are disclosed in Note 18.

Inter-company advances

Risk management objectives, policies and processes for managing the risk

The Group and the Company provided unsecured advances to former holding company, related parties and subsidiaries. The Group and the Company monitor the ability of the former holding company, related parties and subsidiaries to repay the advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Advances provided are not secured by any collateral or supported by any other credit enhancements.

30. Financial instruments (continued)

(d) Credit risk (continued)

Inter-company advances (continued)

Recognition and measurement of impairment losses

Generally, the Group and the Company consider advances to former holding company, related parties and subsidiaries to have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when the former holding company, related parties and subsidiaries' financial positions deteriorate significantly. As the Group and the Company are able to determine the timing of payments of former holding company, related parties and subsidiaries' advances when they are payable, the Group and the Company consider the advances to be in default when the former holding company, related parties and subsidiaries are not able to pay when demanded. The Group and the Company consider the former holding company, related parties and subsidiaries' advances to be credit impaired when:

- The former holding company, related parties and subsidiaries are unlikely to repay their advances to the Company in full; or

- The former holding company, related parties and subsidiaries are continuously loss making and are having a deficit shareholders' fund.

The Group and the Company determine the probability of default for these advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for the former holding company, related parties and subsidiaries' advances as at 30 June 2021.

Group	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
2020			
Low credit risk	-	-	-
Credit impaired	45,605	(45,605)	-
	45,605	(45,605)	-

30. Financial instruments (continued)

(d) Credit risk (continued)

Inter-company advances (continued)

Recognition and measurement of impairment losses (continued)

Company	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
2021			
Low credit risk	5,416	-	5,416
Credit impaired	22,947	(22,947)	-
	28,363	(22,947)	5,416
2020			
Low credit risk	21,409	-	21,409
Credit impaired	92,970	(92,970)	-
	114,379	(92,970)	21,409

The movements in the allowance for impairment in respect of the former holding company, related parties and subsidiaries' advances during the year are as follows:

	Credit impaired Group RM'000	Credit impaired Company RM'000
Balance at 1 July 2019	(33,772)	(14,340)
Net remeasurement of loss allowance	(11,833)	(78,630)
Balance at 30 June 2020/1 July 2020	(45,605)	(92,970)
Net remeasurement of loss allowance	45,605	70,023
Balance at 30 June 2021	-	(22,947)

The significant increase in net measurement of loss allowance of the Company is primarily due to the amounts due from former holding company, related parties and subsidiaries' which are not recoverable as the former holding company, related parties and certain subsidiaries are continuously loss making and having a deficit shareholders' fund.

(e) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and bank balances and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when fall due, other than as disclosed in Note 1(b).

30. Financial instruments (continued)

(e) Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments.

Group 2021	**Carrying amount RM'000**	**Contractual interest rate/ coupon**	**Contractual cash flows RM'000**	**Under 1 year RM'000**	**1 - 2 years RM'000**	**2 - 5 years RM'000**
Non-derivative financial liabilities						
Loan - unsecured	90,132	4.90% - 9.00%	90,132	90,132	-	-
Bank loan – secured	2,477	1.71% - 2.75%	2,477	2,477	-	-
Revolving credits - secured	39,101	1.80% - 2.75%	41,251	41,251	-	-
Lease liabilities	4,938		4,938	4,938		
Trade and other payables	123,984		123,984	123,984	-	-
	260,632		262,782	262,782	-	-
Company						
Non-derivative financial liabilities						
Trade and other payables	8,762		8,762	8,762	-	-
Financial guarantee	-		100,205	100,205	-	-
	8,762		108,967	108,967	-	-

30. Financial instruments (continued)

(e) Liquidity risk (continued)

Maturity analysis (continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (continued).

	Carrying amount RM'000	Contractual interest rate/ coupon	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
Group						
2020						
Non-derivative financial liabilities						
Bank loans – secured	2,551	1.71% - 2.00%	2,551	2,551	-	-
Loan – unsecured	82,609	4.90% - 9.00%	84,551	84,551	-	-
Revolving credits - secured	39,484	1.80% - 2.75%	41,655	41,655	-	-
Lease liabilities	13,664	3.25% - 14.92%	14,960	8,629	5,903	428
Trade and other payables	151,169	-	151,169	150,095	1,074	-
	289,477		294,886	287,481	6,977	428
Company						
Non-derivative financial liabilities						
Trade and other payables	25,579	-	25,579	25,579	-	-
Financial guarantee	-	-	82,609	82,609	-	-
	25,579		108,188	108,188	-	-

30. Financial instruments (continued)

(f) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

(i) Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currency giving rise to this risk is primarily *U.S. Dollar* ("*USD*").

Risk management objectives, policies and processes for managing the risk

The Group does not have a fixed policy to hedge its sales, purchases and borrowings via forward contracts. These exposures are managed primarily by using natural hedges that arise from offsetting assets and liabilities that are denominated in foreign currencies wherever possible and close monitoring of the currency exposures by management.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period are as follows:

	Denominated in USD	
	2021	**2020**
Group	**RM'000**	**RM'000**
Balances recognised in the statement of financial position		
Cash and bank balances	52	37
Trade and other receivables	78	110
Loans and borrowings	(132)	(83)
Trade and other payables	(235)	(254)
Net exposure	(237)	(190)

Currency risk sensitivity analysis

A 5% (2020: 5%) strengthening of the RM against the USD at the end of the reporting period would have (decreased)/increased post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

30. Financial instruments (continued)

(f) Market risk (continued)

(i) Currency risk (continued)

Currency risk sensitivity analysis (continued)

Group	(Decrease)/Increase Equity/Profit or loss 2021 RM'000	2020 RM'000
USD against RM		
- strengthened	(12)	(10)
- weakened	12	10

A 5% (2020: 5%) weakening of the RM against the USD at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

(ii) Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group manages its interest rate exposure by obtaining financing at competitive rates, which is a mix of fixed and floating interest rates instruments.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	Group 2021 RM'000	2020 RM'000
Fixed rate instruments		
Financial assets	3,207	3,514
Financial liabilities	(90,132)	(82,609)
	(86,925)	(79,095)
Floating rate instruments		
Financial liabilities	(41,578)	(42,035)

30. Financial instruments (continued)

(f) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair values through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have (decreased)/increased equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss	
Group	**100 bp Increase RM'000**	**100 bp Decrease RM'000**
2021		
Floating rate instruments	(416)	416
2020		
Floating rate instruments	(420)	420

(g) Fair value information

The carrying amounts of cash and bank balances, short-term receivables and payables and short-term borrowings approximate their fair values due to the relatively short-term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

31. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern.

The debt-to-equity ratios at 30 June 2021 and 30 June 2020 were as follows:

		Group	
		2021	2020
	Note	RM'000	RM'000
Loans and borrowings	18	131,710	124,644
Less: Cash and bank balances	13	(58,482)	(48,537)
Net debt		73,228	76,107
Total equity		13,583	232,156
Debt-to-equity ratio		5.39	0.33

During the previous financial year, the Group defaulted on the repayment of the bonds which consequently triggered cross defaults on the other bank loans and the details are disclosed in Note 18.

There was no change in the Group's approach to capital management during the financial year.

32. Capital and other commitments

	Group	
	2021	2020
	RM'000	RM'000
Capital expenditure commitments		
Property, plant and equipment		
Not contracted for	28,411	31,852

33. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes certain members of senior management of the Group.

The Group has related party relationship with its significant investor and its group of companies, subsidiaries, associates, joint ventures and key management personnel.

Significant related party transactions

Related party transactions have been entered into the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the transactions below are shown in Notes 11 and 20.

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
A. Former holding company				
Rental income for office	-	48	-	48
Support services recharge	-	835	-	835
Interest	-	2,051	-	2,051
B. Associates				
Recharge of expense paid on behalf of	-	131	37	131
C. Subsidiary				
Management fee	-	-	5,210	-

33. Related parties (continued)

Significant related party transactions (continued)

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
D. Key management personnel				
Salaries and short-term employee benefits	1,152	2,836	1,001	630
Defined contribution plan	162	185	139	76
Termination benefits	-	107	-	-
	1,314	3,128	1,140	706

Key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

34. Directors' remuneration

The aggregate amount of emoluments received/receivable by Directors of the Company during the financial year is as follows:

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Non-executive Directors				
Fees	311[1]	465	311[1]	428
Allowances	95[2]	166	95[2]	151
	406	631	406	579
Executive Director				
Salaries and short-term employee benefits	377	46	377	-
Defined contribution plan	45	5	45	-
	422	51	422	-
	828	682	828	579

(1) The proposed annual Directors' fees are subject to the shareholders' approval at the forthcoming Annual General Meeting ("AGM") of the Company and of the respective subsidiary.

(2) Meeting allowance and transport allowance for the financial year from 1 July 2020 to 30 June 2021 was approved by the shareholders at previous AGMs of the Company.

There is no benefit-in-kind provided to the Directors of the Company as at the end of the reporting date.

35. Significant events during the financial year

(i) On 14 August 2020, the Court granted the Judicial Management Order ("JMO") applications filed by the Company and its subsidiaries namely, KMCOB Capital Berhad, Scomi Oiltools Sdn. Bhd. and Scomi KMC Sdn. Bhd. (collectively, the "affected subsidiaries"). The Court allowed the application to withdraw the Company's application for JMO. The JMO application was withdrawn by the Company as it would accord greater flexibility to the Company to implement a group-wide restructuring of the Group's debts and rehabilitating the Group's businesses while continuing to access the capital markets.

The JMO application was a proactive measure by the Company to:
- allow some time to restructure their debts which are currently due and maximise the return to lenders and creditors of the Company and the affected subsidiaries;
- allow the Company and the affected subsidiaries to continue to operate and deliver its ongoing contracts and tenders across the world, thereby, preserving the business and provide opportunity to generate returns and cashflows to meet its loan and borrowings and trade payables obligations; and
- secure the expertise of an independent professional to assist the Company and the affected subsidiaries with the rehabilitation of their debts and assist them to better realise their assets.

Following the JMO approved by the Court, the Judicial Manager commenced working on a debt restructuring plan on 17 August 2020. The Judicial Manager is required to present a statement of proposal (hereinafter referred to as "debt restructuring plan") within 60 days or such longer period as the Court may allow upon securing the JMO, to all creditors for the respective affected subsidiaries.

The Judicial Manager applied to the Court several times for the extension of time of 60 days to finalise the debt restructuring plan and the Court approved all the application for the extension of time. The extension of time granted during the financial year up to 12 August 2021.

(ii) On 9 November 2020, MarineCo Limited, a jointly controlled entity of the Company, had been placed under members' voluntary winding-up pursuant to Section 131(1) of the Labuan Companies Act 1990.

(iii) On 26 November 2020, the High Court of Shah Alam has granted order regarding to the Writ of Summons claim sum of RM54,525,036.49 being outstanding sum due and owing by Scomi Group Bhd ("SGB") to the Company and SGB has been ordered to pay the sum of owing together with interest at a rate of 5% on the judgement sum from 18 June 2020.

On 11 December 2020, the Company has received a notice of appeal filed by SGB to appeal to the Court of Appeal against the decision of the High Court of Shah Alam.

36. Subsequent events after the financial year end

(i) On 6 August 2021, the Judicial Manager made an application to the Court that:

- the JMO, as set out in Note 35(i), be discharged;
- Datuk Duar Tuan Kiat vacate office as Judicial Manager on the date of Order;
- The sums payable in respect of the debts or liabilities incurred (to the best of the Judicial Manager's knowledge and subject to verification), and the remuneration and expenses that will continue to be incurred by the Judicial Manager, shall be charged on and paid out of the property of the Company and the affected subsidiaries in priority to all other debts, except those debts subject to which subsection 415(2) of the Companies Act 2016 applies; and
- Effective the date of Order, the Judicial Manager be released from any liability in respect of any act or omission done by the Judicial Manager in the management of the Company and the affected subsidiaries.

On 12 August 2021, the Court approved the application except for the sum payable in respect of the debts or liabilities incurred, and the remuneration and expenses that will continue to be incurred by the Judicial Manager whereby the Court has set the next hearing date on 24 August 2021 to determine the said sum payable. The hearing confirmed that certain amounts to be paid by SOSB and SKMC as preferred unsecured creditors after secured lenders charged assets and loans have been settled.

(ii) On 26 August 2021, the Group entered into a conditional shares purchase agreement with PT Surya Indah Muara Pantai to dispose 490,597,000 shares in PT Rig Tenders Indonesia, Tbk ("PTRT") representing 80.54% equity interest in PTRT for a cash consideration of USD9.5 million (approximately RM40.0 million).

(iii) On 1 September 2021, the Company announced that Deloitte Corporate Solutions Sdn Bhd has been appointed as the Receiver and Manager by OCBC Bank (Malaysia) Berhad ("Security Agent") over the assets and undertakings of Scomi Oiltools Sdn Bhd, an indirect wholly owned subsidiary of the Company, under the powers contained in the Debentures dated 18 November 2013.

(iv) On 21 September 2021, a wholly owned subsidiary, PT Scomi Oiltools "PTSO" received tax court result NO PUT-011272.15/2018/PP/MXIVA year 2021, PUT-000837.15/2019/PP/MXIVA Year 2021 and PUT-011271.13/2018/PP/MXIVA Year 2021 on the corporate tax litigation case related to corporate income tax and income tax article 26. The result of the verbal verdict was that the judge maintained all corrections and rejected the appeal submitted by the Company. As a next step, the management stated that the Company will submit a judicial review after receiving the official verdict letter regarding the rejection of the appeal.

37. Basis For Disclaimer Of Opinion On The Financial Statements For The Financial Year Ended 30 June 2020

The extracts of disclaimer opinion in the financial statements for the financial year ended 30 June 2020 is as follows:

The Group has defaulted on the repayment of the guaranteed serial bonds of RM80.4 million on 12 March 2020. The event of default also resulted in cross defaults on the Group's other credit facilities. As a result, the guarantor of the guaranteed serial bonds and other secured lenders are entitled to the enforcement of various securities granted by the Group and the Company in accordance with the financial guarantee insurance agreement and the other credit facility agreements.

On 14 August 2020, the Group secured the Judicial Management Order ("JMO") from the High Court on its subsidiaries namely, Scomi Oiltools Sdn. Bhd., Scomi KMC Sdn. Bhd. and KMCOB Capital Berhad (collectively, the "affected subsidiaries") with the objective of restructuring their debts and rehabilitating the Group's business while continuing to access the capital markets. The JMO also immediately put into effect a moratorium period during which no resolution shall be passed, or order shall be made for the winding-up of the affected subsidiaries.

Following the JMO approval by the Court, the Judicial Manager was appointed to work on a debt restructuring plan which is required to be presented within 60 days or such longer period as the Court may allow upon securing the JMO, to all creditors for the respective affected subsidiaries for their approval.

Prior to the expiry of the initial deadline of 13 October 2020, the Judicial Manager applied to the Court for the extension of another 60 days to finalise the debt restructuring plan. On 8 October 2020, the Court approved the application for the extension up to 13 December 2020.

Concurrently, an independent financial advisor was appointed by the Company to advise the Group on the group-wide restructuring to strengthen the financial position of the Group. The Group together with the independent financial advisor are in the midst of formulating a regularisation plan to address the financial condition of the Group.

The financial statements have been prepared on the historical cost basis and on the assumption that the Group and the Company will continue to be going concerns. However, the preparation of the financial statements on a going concern basis is highly dependent on the approval and successful implementation of the aforesaid debt restructuring plan and regularisation plan.

At the date of this report, the debt restructuring plan is still being formulated and the regularisation plan is at a preliminary stage of formulation. There are material uncertainties as to whether these plans would be approved and be successfully implemented. If these are not successfully implemented, the Group and the Company may be unable to realise their assets and discharge their liabilities in the ordinary 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 as the Group and Company may be unable to continue as going concerns.

Statement by Directors

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 60 to 157 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2021 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Amirul Azhar bin Baharom
Director

....

Stephen Fredrick Bracker
Director

Petaling Jaya

Date: 29 October 2021

Statutory Declaration

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Benjamin Leong Wye Hoong**, MIA Membership Number: 33781, being the officer primarily responsible for the financial management of Scomi Energy Services Bhd, do solemnly and sincerely declare that the financial statements set out on pages 60 to 157 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Benjamin Leong Wye Hoong, NRIC No: 710820-10-5219, at Kuala Lumpur in the Federal Territory on 29 October 2021

………………………………………………
Benjamin Leong Wye Hoong

Before me:

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Scomi Energy Services Bhd., which comprise the statements of financial position as at 30 June 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 60 to 157.

We do not express an opinion on the accompanying financial statements of the Group and of 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

1. Going Concern

As disclosed in Note 1(b) to the financial statements, the financial statements of the Group and the Company have been prepared on the assumption that the Group and the Company will continue as going concerns. The application of the going concern basis is on the assumption that the Group and the Company will be able to realise their assets and settle their liabilities in the normal course of business.

The following events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group and the Company's ability to continue as going concerns:

Basis for Disclaimer of Opinion (Cont'd)

1. Going Concern (Cont'd)

(a) On 31 October 2019, the directors of the Company announced that the Company had triggered the prescribed criteria under Paragraph 2.1(e) of Practice Note 17 ("PN17") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), as a material uncertainty related to going concern was highlighted in the previous independent auditors' report for the financial period ended 30 June 2019 and the shareholders' equity of the Group as of 30 June 2019 was 50% or less of its share capital (excluding treasury shares).

(b) On 26 March 2020, Bursa Securities announced that in view of the on-going Movement Control Order imposed arising from the Covid-19 pandemic, PN17 companies whose made the first announcement in year 2019 will be allowed to submit their regularisation plan within 24 months instead of 12 months from the date of the First Announcement. The Company has extension until 30 October 2021 to submit its regularisation plan. On 21 October 2021, the Company submitted an application for extension of time up to 30 April 2022 to submit its regularisation plan to Bursa Securities.

(c) During the financial year ended 30 June 2021, the Group and the Company incurred net losses of RM214.1 million and RM74.5 million respectively, and as of that date, the Group's and the Company's current liabilities exceeded their current assets by RM97.3 million and RM2.9 million respectively, and the Group recorded a deficit in its total equity of RM19.6 million.

(d) One of the subsidiary, KMCOB Capital Berhad ("KMCOB"), has defaulted on the repayment of the guaranteed serial bonds of RM80.4 million on 12 March 2020. The event of default also resulted in cross defaults on the Group's other credit facilities. As a result, the guarantors of the guaranteed serial bonds and other secured lenders are entitled to the enforcement of various securities granted by the Group and the Company in accordance with the financial guarantee insurance agreement and the other credit facility agreements. The total borrowings of the Group amounted to approximately RM131.7 million as at 30 June 2021.

On 14 August 2020, the Group secured the Judicial Management Order ("JMO") from the High Court on its subsidiaries namely Scomi Oiltools Sdn. Bhd. ("SOSB"), Scomi KMC Sdn. Bhd. ("SKMC") and KMCOB (collectively, the "affected subsidiaries") with the objective of restructuring their debts and rehabilitating the Group's business while continuing to access the capital markets.

Basis for Disclaimer of Opinion (Cont'd)

1. Going Concern (Cont'd)

Following the Court's approval on the JMO, the Judicial Manager was appointed to work on a debt restructuring plan, which is required to be presented within 60 days or such longer period as the Court may allow, to all creditors for the affected subsidiaries for their approval.

The Judicial Manager applied to the Court several times for the extension of time to finalise the debt restructuring plan and the Court has approved all the applications. The final extension of time granted by the Court was up to 12 August 2021.

On 6 August 2021, the Judicial Manager made an application to the Court that:

- the JMO be discharged;
- Judicial Manager vacate office on the date of Order;
- The sums payable in respect of the debts or liabilities incurred (to the best of the Judicial Manager's knowledge and subject to verification), and the remuneration and expenses that will continue to be incurred by the Judicial Manager, shall be charged on and paid out of the property of the Company and the affected subsidiaries in priority to all other debts, except those debts subject to which subsection 415(2) of the Companies Act 2016 applies; and
- Effective the date of Order, the Judicial Manager be released from any liability in respect of any act or omission done by the Judicial Manager in the management of the Company and the affected subsidiaries.

On 12 August 2021, the Court approved the application except for the sum payable in respect of the debts or liabilities incurred, and the remuneration and expenses that will continue to be incurred by the Judicial Manager whereby the Court has set the next hearing date on 24 August 2021 to determine the said sum payable. The hearing confirmed that certain amounts to be paid by SOSB and SKMC as preferred unsecured creditors after secured lenders charged assets and loans have been settled.

On 1 September 2021, a financial institution has appointed a Receiver and Manager over the assets and undertakings of SOSB under the powers contained in the Debenture dated 18 November 2013.

Basis for Disclaimer of Opinion (Cont'd)

1. Going Concern (Cont'd)

(d) On 5 October 2020, an independent financial advisor was appointed by the Company to advise the Group on the group-wide restructuring to strengthen the financial position of the Group. On 21 October 2021, a principal adviser was appointed by the Company and the Company submitted an application for extension of time up to 30 April 2022 to submit its regularisation plan to Bursa Securities. The Group together with the independent financial advisor and the principal adviser are in the midst of formulating a regularisation plan to address the financial condition of the Group.

The financial statements have been prepared on the historical cost basis and on the assumption that the Group and the Company will continue to be going concerns. However, the preparation of the financial statements on a going concern basis is highly dependent on the approval and successful implementation of the aforesaid debt restructuring plan and regularisation plan.

As at the date of this report, the debt restructuring plan and regularisation plan are still being formulated. There are material uncertainties as to whether these plans would be approved and be successfully implemented. If these are not successfully implemented, the Group and the Company may be unable to realise their assets and discharge their liabilities in the ordinary course of business. Accordingly, the financial statements may require adjustments relating to the recoverability and classification of recorded assets as well as additional amounts of liabilities and classification of liabilities. This indicates that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as going concerns.

2. Bank confirmations

As at the date of our report, we have not received bank confirmation replies for certain borrowings amounting to RM17.0 million and RM17.1 million as at 30 June 2021 and 30 June 2020 respectively. We were unable to satisfy ourselves by alternative means concerning the completeness and existence of these borrowings. As a result, we were unable to determine whether any adjustments might have been found necessary in the financial statements.

Basis for Disclaimer of Opinion (Cont'd)

3. Unverified trade payables

Included in a subsidiary's trade payables, a total amount of unverified trade payables was RM21.8 million and RM15.7 million as at 30 June 2021 and 30 June 2020 respectively. We were unable to satisfy ourselves by alternative means concerning the completeness and existence of these balances.

In view of this, we were unable to obtain sufficient appropriate audit evidence about whether the opening balances of these trade payables contain any material misstatements that affect the current period's financial statements. In addition, we were unable to conclude that the carrying amounts of these trade payables as at 30 June 2021 are fairly stated in the financial statements.

4. Foreign exchange reserve

We were unable to obtain sufficient appropriate audit evidence to determine whether the foreign exchange reserve of the Group amounting to approximately RM133.6 million and RM130.4 million are fairly stated as at 30 June 2021 and 30 June 2020 respectively.

5. Non-controlling interests

We were unable to obtain sufficient appropriate audit evidence to determine whether the non-controlling interests of the Group amounting to approximately RM33.2 million and RM34.4 million are fairly stated as at 30 June 2021 and 30 June 2020 respectively.

Basis for Disclaimer of Opinion (Cont'd)

6. Unverified material financial areas of two subsidiaries

We were unable to obtain sufficient appropriate audit evidence on material financial areas to the Group for two of the subsidiaries namely, Scomi Oiltools Thailand Ltd. ("SOTL") and Scomi Equipment Inc. ("SEI") as at 30 June 2021 and 30 June 2020.

The SOTL's material financial areas to the Group as at 30 June 2021 and 30 June 2020 are summarised as follows:-

	30 June 2021 RM'000	30 June 2020 RM'000
Property, plant and equipment	-	6,729
Trade and other receivables	996	3,904
Inventories	-	5,766
Trade and other payables	5,310	7,050
Revenue	3,896	-
Cost of sales	6,131	-
Operating expenses	14,563	-

The SEI's material financial areas to the Group as at 30 June 2021 and 30 June 2020 are summarised as follows:-

	30 June 2021 RM'000	30 June 2020 RM'000
Trade and other payables	4,356	3,994
Revenue	2,936	-
Cost of sales	4,164	-
Operating expenses	2,062	-

In view of this, we were unable to obtain sufficient appropriate audit evidence whether the opening balances as stated above contain any material misstatements that affect the current year's financial statements. In addition, we were unable to conclude that the carrying amounts of the balances and transactions as stated above are fairly stated in the current year's financial statements.

Basis for Disclaimer of Opinion (Cont'd)

7. Intercompany balances

We were unable to obtain sufficient appropriate audit evidence to unreconciled variances amounting to approximately RM3.3 million on intercompany balances. As a result, we were unable to determine any adjustment might have been necessary in the financial statements.

Other Matters

The financial statements of the Group and of the Company for the preceding financial year were audited by another firm of auditors whose report dated 30 October 2020, expressed a Disclaimer of Opinion on the financial statements as disclosed in Note 37 to the financial statements.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group's and of the Company's financial statements in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, and to issue an auditors' report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that:

(a) the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

(b) the accounting and other records for the matter as described in the *Basis for Disclaimer of Opinion* section have not been properly kept in accordance with the provision of the Act.

(c) we have not obtained all the information and explanations that we required.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Ngiam Mia Teck
03000/07/2022 J
Chartered Accountant

Kuala Lumpur
29 October 2021

DIRECTORS OF SUBSIDIARY COMPANIES OF THE COMPANY

The list of directors who served on the boards of the subsidiary companies of the Company during the financial year until the date of the Directors' Report is set out below.

Name of Subsidiary Company	Name of Directors
Scomi Oilfield Limited	Aminuddin Yusof Lana Benjamin Leong Wye Hoong Amirul Azhar bin Baharom
Scomi Oiltools Sdn. Bhd.	Raja Hisham Muddin Bin R Mohd Iskandar
Scomi Oiltools Pty. Ltd.	Mas Johan Harris Amirul Azhar bin Baharom Benjamin Leong Wye Hoong
KMCOB Capital Berhad	Shah Hakim @ Shahzanim bin Zain Amirul Azhar bin Baharom Benjamin Leong Wye Hoong
Scomi Oiltools (Cayman) Ltd.	Benjamin Leong Wye Hoong Amirul Azhar bin Baharom
Scomi KMC Sdn. Bhd.	Shyawalludien bin Mahmad
Scomi Equipment Inc. (Texas, USA)	Stephen Fredrick Bracker Nicholas Harold Doust
Scomi Oiltools (Thailand) Ltd.	Ramesh Veetikat Ramachandran Montri Bunprasit
Scomi Oiltools Oman LLC	<u>Authorised Managers</u> Sultan "Obaid Said Al Ghaithi Ramesh Veetikat Ramachandran Norasazly bin Mohd Taha Muhammad Farook Grant Porter Rashad Muhammad Alzubair Alzubair Al Rabi'a Lacheheb

DIRECTORS OF SUBSIDIARY COMPANIES OF THE COMPANY (CONTINUED)

The list of directors who served on the boards of the subsidiary companies of the Company during the financial year until the date of the Directors' Report is set out below (continued)

Name of Subsidiary Company	Name of Directors
Scomi Oiltools Ltd. – Pakistan branch	Ramesh Veetikat Ramachandran Hilmy Zaini bin Zainal Fransiscus Huberto Plaggenburg Kevin Willem Pierre Plaggenburg Pascal Guy Auguste Ibanez
PT Scomi Oiltools	<u>Commissioner</u> Amirul Azhar bin Baharom <u>Directors</u> Mastura binti Mansor Rizal Ichwansyah
Scomi Oiltools (S) Pte. Ltd. (Singapore)	Benjamin Leong Wye Hoong Tan Hoon Gee
Scomi Oiltools (Africa) Limited	Amirul Azhar bin Baharom Benjamin Leong Wye Hoong
KMC Oiltools India Pvt. Ltd.	Rana Mitra Amirul Azhar bin Baharom Benjamin Leong Wye Hoong
Wasco Oil Service Company Nigeria Limited	Chief Samuel Odu Ezediaro Ramesh Veetikat Ramachandran Benjamin Leong Wye Hoong
Scomi Oiltools (RUS) LLC	Benjamin Leong Wye Hoong Amirul Azhar bin Baharom
Trans Advantage Sdn. Bhd.	Benjamin Leong Wye Hoong
Scomi Sosma Sdn. Bhd.	Amirul Azhar bin Baharom Benjamin Leong Wye Hoong
Scomi Marine Services Pte. Ltd.	Tan Hoon Gee Benjamin Leong Wye Hoong Mastura binti Mansor

DIRECTORS OF SUBSIDIARY COMPANIES OF THE COMPANY (CONTINUED)

The list of directors who served on the boards of the subsidiary companies of the Company during the financial year until the date of the Directors' Report is set out below (continued)

Name of Subsidiary Company	Name of Directors
PT Rig Tenders Indonesia Tbk	Commissioners Harianto Taruna Wong Mun Keong Amirul Azhar bin Baharom Directors Mastura binti Mansor Doddy Irawan Benjamin Leong Wye Hoong
Grundtvig Marine Pte. Ltd.	Mastura Binti Mansor Tan Hoon Gee Benjamin Leong Wye Hoong
PT Batuah Abadi Lines	Commissioner Mastura binti Mansor Director Abdul Hadi
Scomi D&P Sdn. Bhd.	Amirul Azhar bin Baharom Benjamin Leong Wye Hoong
Scomi Argentina Sociedad Anonima (Argentina)	Juan Aguero Julio Cesar Pulisich
KMC Oiltools BV (Netherlands)	Stephen Fredrick Bracker Orangefield (Netherlands) B.V.

Analysis of Shareholdings
as at 13 October 2021

Issued Shares of the Company

Total Number of Issued Shares	:	468,324,267 ordinary shares (excluding 30,820 ordinary shares purchased by the Company under share buy-back scheme and retained as treasury shares)
Class of shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share
No. of shareholders	:	5,570
Percentage of Shareholdings	:	The percentage of shareholdings are computed net of the Company's treasury shares

Distribution of Shareholdings

Size of Shareholdings	Shareholders		Shareholding	
	No. of holders	%	No. of shares held	%
Less than 100	306	5.49	9011	0.00
100 to 1,000	1,893	33.99	1,075,951	0.23
1001 to 10,000	2,179	39.12	9,109,981	1.95
10,001 to 100,000	968	17.38	34,220,085	7.31
100,001 to less than 5% of issued shares	220	3.95	141,510,699	30.22
5% and above of issued shares	4	0.07	282,398,540	60.30
Total	**5,570**	**100.00**	**468,324,267**	**100.00**

Shareholdings of Substantial Shareholders

Name of substantial shareholders	Direct shareholding		Deemed interested shareholding	
	No. of shares	%	No. of shares	%
Tan Sri Nik Awang @ Wan Azmi bin Wan Hamzah	84,810,810	18.11	-	-
Gelombang Global Sdn. Bhd.	59,792,792	12.77	-	-
Scomi Group Bhd	137,794,958(1)	29.43	70,000(2)	0.01
United Flagship Sdn. Bhd.	-	-	59,792,792(3)	12.77
Dato' Mohd Zakhir Siddqy bin Sidek	-	-	59,792,792(4)	12.77

Notes:
(1) Includes 57,208,320 shares held through Maybank Nominees (Tempatan) Sdn Bhd
(2) Deemed interested by virtue of Section 8(4) of the Companies Act 2016 through its shareholding in Scomi Energy Sdn. Bhd, which in turn is interested in the Company.
(3) Deemed interested by virtue of Section 8(4) of the Companies Act 2016 through its shareholding in Gelombang Global Sdn. Bhd.
(4) Deemed interested by virtue of Section 8(4) of the Companies Act 2016 through his shareholding in United Flagship Sdn. Bhd, the holding company of Gelombang Global Sdn. Bhd.

Shareholdings of Directors
(As Per the Register of Directors' Shareholdings)

Directors	Direct Interest		Indirect Interest	
	No. of shares	%	No. of shares	%
Stephen Fredrick Bracker	-	-	-	-
Ruziah binti Mohd Amin	-	-	-	-
YM Raja Ahmad Murad bin Raja Bahrin	-	-	-	-
Wong Mun Keong	-	-	-	-
Aminodin bin Ismail	-	-	-	-
Amirul Azhar bin Baharom	-	-	-	-

Analysis of Shareholdings
as at 13 October 2021

List of Top Thirty (30) Largest Shareholders
(Without Aggregating Securities From Different Securities Account Belong To The Same Person)

No	Name of shareholders	No. of shares	Percentage %
1.	Tan Sri Nik Awang @ Wan Azmi bin Wan Hamzah	84,810,810	18.11
2.	Scomi Group Bhd	80,586,618	17.21
3.	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB for Gelombang Global Sdn. Bhd. (PB)	59,792,792	12.77
4.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Scomi Group Bhd	57,208,320	12.22
5.	UOB Kay Hian Nominees (Asing) Sdn. Bhd. Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	19,843,400	4.24
6.	Ramly bin Abdullah	18,381,400	3.92
7.	Dato' Sri Meer Sadik bin Habib Mohamed	8,556,799	1.83
8.	Yee Kim Ee	6,470,000	1.38
9.	Yee Kim Ee	3,700,000	0.79
10.	Ambank (M) Berhad Pledged securities account for Ali bin Abdul Kadir (Smart)	3,500,000	0.75
11.	Guoline (Singapore) Pte Ltd	3,333,080	0.71
12.	Darabif Sdn. Bhd.	3,000,000	0.64
13.	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB for Wan Hazreek Putra Hussain Yusuf (PB)	2,965,000	0.63
14.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Tan Yap Yean (6000335)	2,909,680	0.62
15.	Maybank Nominees (Tempatan) Sdn. Bhd. Chua Eng Ho Wa'a @ Chua Eng Wah	2,886,400	0.62
16.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Tan Tze Aw (7000019)	1,760,000	0.38
17.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Hee Yuen Sang (MY2105)	1,460,000	0.31
18.	Teo Chin Siong	1,395,000	0.30
19.	Chee Suan Lye	1,304,000	0.28
20.	Cartaban Nominees (Asing) Sdn. Bhd. Exempt AN for RBC Investor Services Trust (Clients Account)	1,200,000	0.26
21.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Hee Yuen Sang	1,185,200	0.25
22.	Julian James Armstrong	1,120,020	0.24
23.	Hew Pei-Li	1,100,000	0.23
24.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Tan Tze Aw	1,000,000	0.21
25.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	946,660	0.20
26.	SJ Sec Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Francis Ho Ik Sing (SMT)	916,260	0.20
27.	Public Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Suganthan a/l Ganesan (E-KUG)	846,700	0.18
28.	Hemant Hiralal Kothari	811,900	0.17
29.	Lee Ming Yian	809,500	0.17
30.	Low Chu Mooi	800,000	0.17
Total		**374,599,539**	**79.99**

List of Properties

No	Registered Owner	Description/ Location address	Existing use	Tenure of land: Freehold or leasehold (years)/date of acquisition	Land/ Built Up area	Audited NBV as at 30.06.20 (RM '000)	Approximate age of building (FY2020)
1	P.T. Rig Tenders Indonesia, Tbk	Land Jl Belitung Darat No.88 Banjarmasin 70116	Land for the building as mentioned in item 2	Freehold 09.01.2003	Land area: 190 sq metres Built-up area: n/a	11.5	n/a
2	P.T. Rig Tenders Indonesia, Tbk	Office building Jl Belitung Darat No.88 Banjarmasin 70116	Office building	Freehold 06.05.1997	Land area: n/a Built-up area: 972 sq metres	-	26 years
3	Scomi Oiltools Sdn Bhd	Master: Land held under Geran 46494, Lot 42410 Pekan Cempaka, Daerah Petaling, Negeri Selangor, Malaysia (formerly known as PT 42410 H.S.(D) 135924 part of Geran 35997 Lot 102 Geran 40176 Lot 15386 and Geran 43061 Lot 15386, Mukim of Sungai Buloh Daerah Petaling, Negeri Selangor, Malaysia)	Five storey shop office	Freehold 31.10.1999	Built up area: 11,755 sq ft	-	24 years
4	Scomi Energy Services Bhd	Land and buliding: Geran 58840 Lot 64254 Mukim of Damansara District of Petaling Selangor Darul Ehsan	Office and warehouse	Freehold 23.12.2009	Land area: 1,575m^2 Building area: 1,795m^2	Land and building: 6,460	16 years

Corporate Directory

CORPORATE

Malaysia

Scomi Energy Services Bhd
No. 1-1, Block C1
Jalan PJU 1/41
Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Scomi Oiltools Sdn Bhd
No. 1-1, Block C1
Jalan PJU 1/41
Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

OPERATING LOCATIONS

Australia
Scomi Oiltools Pty Ltd
15 Boulder Road, Malaga
Perth, Western Australia 6090
Australia

India
KMC Oiltools India Pvt. Ltd
101, 1st Floor, Gundecha Solitaire
Off Western Express Highway
Borivali East, Mumbai 400 066
Maharashtra, India

Indonesia
PT Rigtenders Indonesia TBK
Tetrapak Bld. 1st floor,
Jl. Buncit Raya Kav. 100
South of Jakarta
Indonesia

PT Scomi Oiltools
Jl Mulawarman
RT05 No 12 Batakan
Balikpapan 76116
East Kalimantan
Indonesia

PT Batuah Abadi Lines
Jl. Belitung Darat No.88
Rt 19, Banjarmasin
South Kalimantan
Indonesia

Indonesia
PT Scomi Oiltools
Jl. Raya Duri Dumai KM 131
Duri, Pekanbaru
Sumatra 28884
Indonesia

Kuwait
Scomi Oiltools Gulf W.L.L
5th Floor, The Green Tower
Al Dabous Street
Block 7, Fahaheel
Kuwait
P.0 Box 45673 Safat

Malaysia
Scomi Oiltools Sdn Bhd (Kemaman)
Warehouse 24, Letterbox No.72
Kemaman Supply base
24007 Kemaman
Terengganu Darul Iman
Malaysia

Scomi Oiltools Sdn Bhd (Labuan)
Labuan Integrated Base
Lot 205331935, Jalan Kinabenua
Letter Box 82023
87030 Labuan Federal Territory
Labuan, Malaysia

Malaysia
Scomi Oiltools Sdn Bhd (Miri)
Lot 2164, 1st Floor Saberkas
Commercial Centre
Jalan Pujut-Lutong
98000 Miri, Sarawak
Malaysia

Myanmar
Scomi Oiltools (Thailand) Ltd
(Yangon Branch)
c/o: #Office Room, 2nd Floor
Avenue 64 Hotel, No-64 (G)
Kyitewine Pagoda Road
Mayangone Township
Yangon, Myanmar

Nigeria
Wasco Oil Service Company
Nigeria Ltd
No.9 Wharf Road, Before Onne
Police Station
Onne, Rivers State
Nigeria

Oman
Scomi Oiltools Oman LLC
Building 272, Way No 44803
Office No 1104 (2nd Floor)
P.O. Box 302, Postal Code 130
Azaiba
Oman

Corporate Directory

OPERATING LOCATIONS

Russia
Scomi Oiltools (Rus) LLC
rms. 14-29, off IV
Bld.1, 24/2 Sretenka Str.
107045 Moscow
Russia

Scomi Oiltools (Rus) LLC
Western Siberia Office
Bld.8, 5 Kuzovatkina Str.
628600 Nizhnevartovsk
Tyumen Region
Russia

Scomi Oiltools (Rus) LLC
Western Siberia Office
Quarter 04 Block 01
Yugozapadnaya Industrial District
628305 Nefteyugansk Town
Tyumen Region
Russia

Saudi Arabia
Scomi Oiltools (Cayman) Ltd
803, 8th Floor, Al Jarbou Tower
Custodian of the Two Holy Mosque Rd
Aqrabia P.O.Box 31151
Al Khobar 31952
Saudi Arabia

Thailand
Scomi Oiltools (Thailand) Ltd (Head Office)
No. 65/113, Chamnan Phenjati Building
12A Floor, Rama 9 Road
Kwaeng Huai Khwang
Khet Huai Khwang
Bangkok 10310
Thailand

Thailand
Scomi Oiltools (Thailand) Ltd (Lankrabue Branch)
163 Moo 6 Tumbol Lankrabue
Amphur Lankrabue
Kamphaengphet 62170
Thailand

Scomi Oiltools (Thailand) Ltd (Songkhla Branch)
424/9 Moo 2, Songkhla-Koh Yor Road
Amphur Muang
Songkhla 90100
Thailand

UAE
Scomi Oiltools (Cayman) Ltd
Mezzanine Floor M02, Liwa Tower
P.O Box 45333, Liwa Street
Abu Dhabi
United Arab Emirates

Scomi Oiltools (Cayman) Ltd
Oilfield Supply Centre, Building B-40
Jebel Ali Free Zone
P.O. Box 1779
Dubai
United Arab Emirates

USA
Scomi Equipment Inc
9421 FM 2920 BLDG 16M
Tomball, Texas 77375
USA

Vietnam
Scomi Oiltools (Thailand) Ltd (Vung Tau)
c/o: 9A, Pham Van Nghi
Thang Nhat Ward
Vung Tau City
S.R. Vietnam

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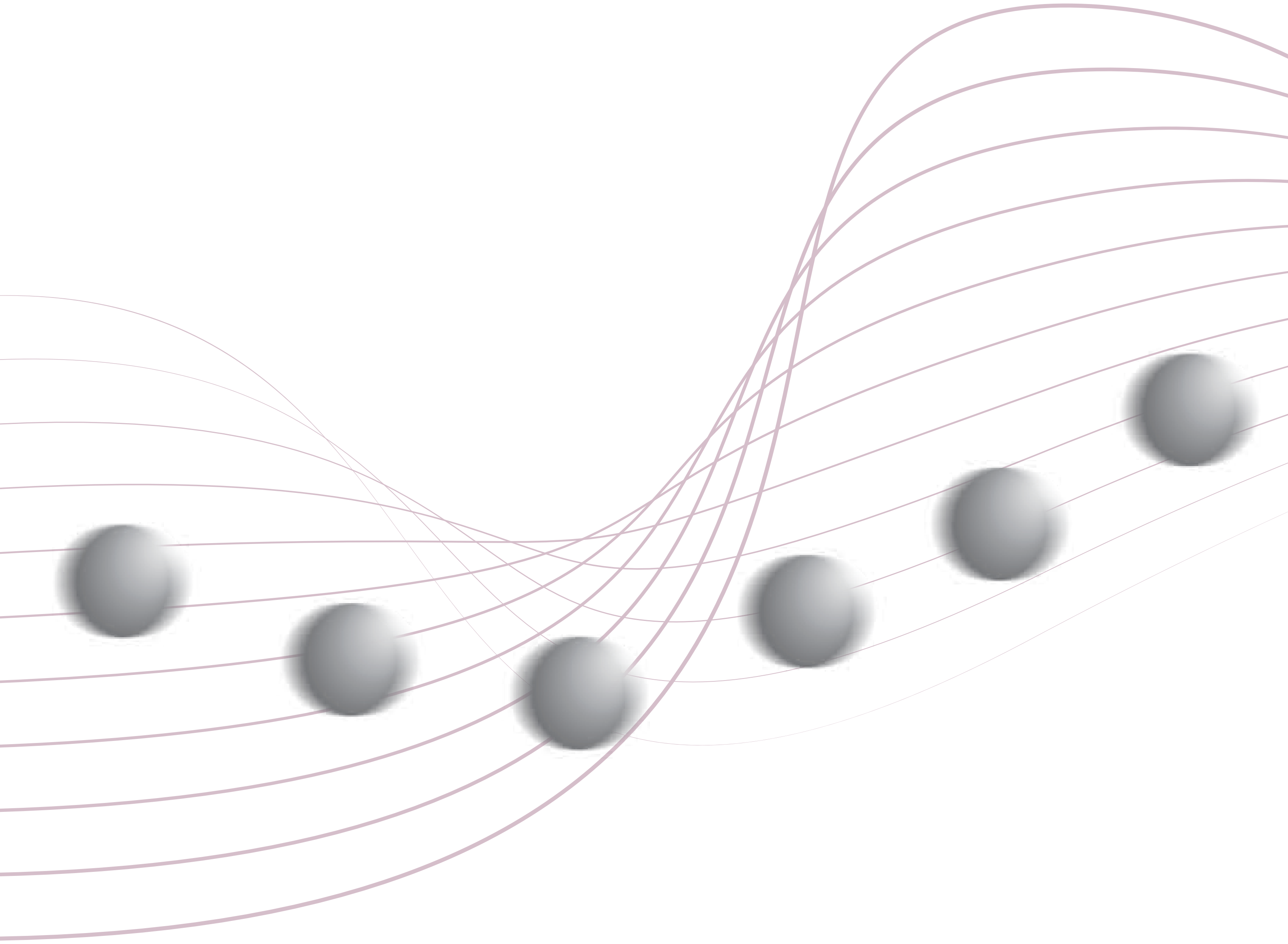

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