Scomi

SCOMI ENERGY SERVICES BHD

ANNUAL REPORT 2022

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KEY FINANCIAL INDICATORS

	2022 RM'000	2021* RM'000	2020 RM'000 (15 months)	2019 RM'000	2018 RM'000
Revenue	-	308,794	423,320	643,494	613,957
EBITDA@	(18,462)	(147,164)	19,078	65,465	(47,528)
Depreciation	16,510	52,622	(60,277)	(77,049)	(80,449)
Finance costs	-	(10,050)	(15,594)	(23,139)	(29,348)
Share of profit/(loss) in associated companies	429	222	842	(2,299)	-
Share of (loss)/profit from joint ventures	-	-	-	(3,866)	(36,663)
(Loss)/Profit before tax	(34,972)	(209,836)	(173,778)	(82,579)	(208,174)
Taxation	-	(5,549)	(12,517)	(20,883)	(17,744)
(Loss)/Profit after tax	(34,972)	(215,385)	(186,295)	(103,462)	(225,918)
Non-controlling interests	-	(1,225)	1,208	7,772	6,863
(Loss)/Profit after tax after non-controlling interests	-	(214,160)	(187,503)	(95,690)	(219,055)
Number of shares assumed in issue ('000)	468,324	468,324	468,324	2,341,621	2,341,621
Weighted average number of shares used to compute diluted earnings per share ('000)	468,324	468,324	468,324	2,341,621	2,341,621
Basic and diluted - Net EPS (sen)	(0.07)	(45.73)	(40.04)	(4.09)	(9.35)
Total assets	319,227	328,253	563,040	857,805	1,027,795
Net tangible assets/(liabilities)	(31,231)	(19,621)	197,727	301,244	389,147
Shareholders' Fund	(31,231)	(19,621)	197,727	404,775	495,712
Net assets/(liabilities) per share (sen)	(0.05)	(4.19)	42.22	17.28	21.2

@ 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

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

Ruziah binti Mohd Amin
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
YM Raja Ahmad Murad bin Raja Bahrin (Chairman)
Ruziah binti Mohd Amin
Wong Mun Keong

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 4670
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

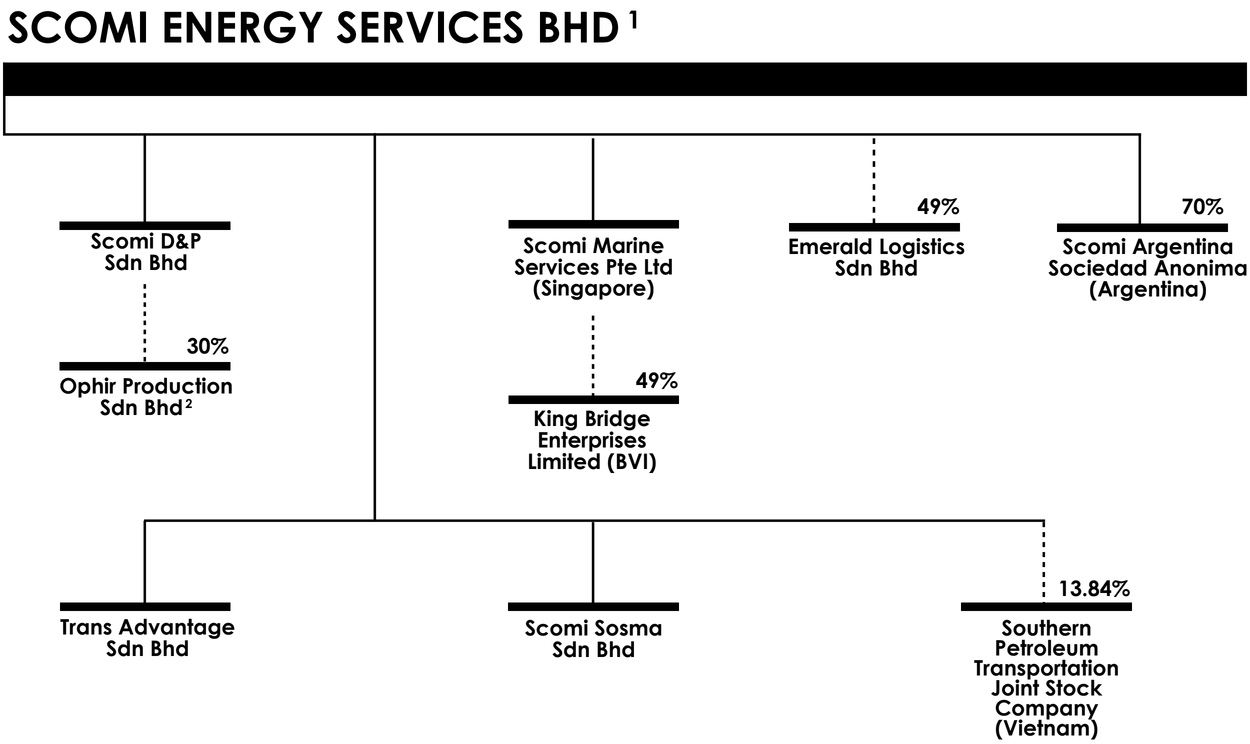
PRINCIPAL BANKERS

Malayan Banking Berhad
Lot C.01, Concourse Level
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

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

CIMB Bank Berhad
27 Jalan 52/2, Section 52
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

CORPORATE STRUCTURE AS AT 31 OCTOBER 2022**



Key:
1. Listed on the Bursa Malaysia Securities Berhad (Kuala Lumpur Stock Exchange).
2. Under Liquidation

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.

** Pursuant to the disposal by Scomi Energy Services Bhd of its 48% equity interest in Scomi KMC Sdn Bhd and 100% equity interest in Scomi Oilfield Limited (together with nine of its existing subsidiaries) to Cahya Mata Oiltools Sdn Bhd; and by Scomi Oiltools Sdn Bhd of its 4% equity interest (together with the entire 25,000,000 redeemable preference shares) in Scomi KMC Sdn Bhd, 25% interest in Scomi Oiltools Gulf W.L.L. and 25% equity interest in Continental Wire Cloth (Malaysia) Sdn Bhd to Oiltools International Sdn Bhd; and the disposal by Scomi Oilfield Limited of its 100% equity interest in nine companies to Falcon Residences Sdn Bhd.

BOARD OF DIRECTORS

YM Raja Ahmad Murad bin Raja Bahrin

Independent Non-Executive Chairman

YM Raja Murad, male, 62, 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. He was redesignated as the Independent Non-Executive Chairman on 1 April 2022. He is the Chairman of the Nomination and Remuneration Committee since 1 April 2022.

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

He has over 40 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 11 out of the 11 Board Meetings held in the financial year ended 30 June 2022.

Ruziah binti Mohd Amin

Independent Non-Executive Director

Cik Ruziah, female, 61, 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 11 out of the 11 Board Meetings held in the financial year ended 30 June 2022.

BOARD OF DIRECTORS

Wong Mun Keong

Non-Independent Non-Executive Director

Mr Wong Mun Keong, male, 61, a Malaysian, is a Non-Independent Non-Executive Director of the Company. He was appointed to the Board on 27 February 2020 and appointed as a member of the Nomination and Remuneration Committee on 1 April 2022.

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. He is currently the Chief Investment Officer and a Director of Rohas Tecnic Berhad. Mr Wong also sits on the Board of Directors of Syarikat Pengeluar Air Selangor Holdings Bhd.

He attended 11 out of the 11 Board Meetings held in the financial year ended 30 June 2022.

Aminodin bin Ismail

Non-Independent Non-Executive Director

Encik Aminodin, male, 55, 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 the 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 was 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 11 out of the 11 Board Meetings held in the financial year ended 30 June 2022.

BOARD OF DIRECTORS

Amirul Azhar bin Baharom

Executive Director

Encik Amirul, male, 48, 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 Azhar 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 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 10 out of the 11 Board Meetings held in the financial year ended 30 June 2022.

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 2022.*

KEY SENIOR MANAGEMENT

Amirul Azhar bin Baharom
Chief Executive Officer

Encik Amirul, male, 48, 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 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.

Tunku Azlan Bin Tunku Aziz
Chief Financial Officer

Tunku Azlan, male, 54, a Malaysian, is a Chartered Accountant with the Malaysia Institute of Accountants. He was appointed as the Chief Financial Officer of the Company on 14 October 2022.

Tunku Azlan qualified as an Association of Chartered Certified Accountants ("ACCA") in 1996.

He started his career in 1996 with Sincere Leasing Sdn Bhd and moved to Aseambankers (M) Berhad 1997. In 1999, he joined Pengurusan Danaharta Nasional Berhad until their cloure in December 2005. In January 2006, he was appointed as Group Chief Financial Officer and Company Secretary of ARK Resources Berhad ("ARB").

Pursuant to his resignation from ARB in December 2009, he was appointed as a Non-Independent Non-Executive Director and Audit Committee member of ARB in 2010. He resigned as ARB's Senior Independent Non-Executive Director in November 2018.

Thereafter, he joined Shapadu Energy & Engineering Sdn Bhd in January 2010 as Chief Financial Officer and in 2015, he was appointed as Chief Executive Officer of Shapadu Marine Sdn Bhd. Later in 2018, he assumed the post of Chief Executive Officer of Shapadu's Property Division until his resignation from the Shapadu Group in 2019.

He was thereon attached as an Executive Director with WMS Associates, a boutique auditing firm that specialises in insolvency works until July 2020 and subsequently joined Destini Berhad as a Senior Vice President until September 2021.

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 2022.*

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.

During the year under review, it had 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 key objective and strategies of the Group for the year under review revolved around debt restructuring for the SESB group and the regularisation plan to uplift the Company's PN17 status. Hence in line with this focus, SESB embarked on several corporate initiatives to address its debt obligations. The first amongst these initiatives was in the previous financial year whereby the Company applied for a Judicial Management Order ("JM Order") for three of its subsidiaries KMCOB Capital Berhad ("KMCOB"), Scomi Oiltools Sdn Bhd ("SOSB) and Scomi KMC Sdn Bhd ("SKMC"). The JM Order was awarded by the High Court of Malaya on 14 August 2020 and a Judicial Manager was appointed for oversight over the said subsidiaries. However, during the year under review, on 12 August 2021, the High Court of Malaya approved to discharge the JM Order and to vacate the position of the Judicial Manager.

Subsequently on 26 August 2021, SESB announced that it had entered into a conditional shares purchase agreement with PT Surya Indah Muara Pantai to dispose of its 80.54% equity interest in PT Rig Tenders Indonesia, Tbk ("PTRT") for a cash consideration of USD9.5 million. PTRT was the subsidiary operating the MS business. This disposal was deemed completed during the year under review, on 16 November 2021. The disposal of PTRT is the precursor in our debt restructuring with the cash proceeds being partially utilised to repay the Group's debt obligations.

On 17 March 2022, SESB announced the proposed disposal of its DS businesses involving the disposal by SESB of its 48% equity interest in SKMC and 100% equity interest in SOL (together with nine of its existing subsidiaries) to Cahya Mata Oiltools Sdn Bhd; and by SOSB of its 4% equity interest (together with the entire 25,000,000 redeemable preference shares) in SKMC, 25% interest in Scomi Oiltools Gulf W.L.L. and 25% equity interest in Continental Wire Cloth (Malaysia) Sdn Bhd, Dataran Prima Property and SOSB's inventories and equipment to Oiltools International Sdn Bhd for a total cash consideration of RM21,000,000. Further SOL also disposed its entire equity interest in nine companies where it was a shareholder to Falcon Residences Sdn Bhd for a nominal cash consideration of RM1.00. The proposed disposal was deemed completed outside of the year under review on 6 September 2022. This was the next step in debt restructuring with the cash proceeds being utilised to repay the debt obligations owing to secured lenders.

KNOWN TRENDS AND EVENTS

As the world is gradually moving on to an endemic phase following the global COVID-19 outbreak, the Group is operating under challenging environments amid gradual recovery from the impact of the COVID-19 pandemic as well as the geopolitical tensions in Ukraine causing high level of uncertainties.

The increase in global economic activities and reduction in COVID-19 infections has driven higher global energy consumption, which has improved oil prices. Despite the improving prospects of the Oil & Gas industry, the DS division's performance was constrained by the lack of capital and funding due to the ongoing financial condition of the Group during the year under review.

FINANCIAL HIGHLIGHTS

The current financial year ("FY22") performance against the previous financial year ("FY21") are summarised below together with key highlights during the financial year under review. The financial results for FY22 has treated the financial results of the DS division separately as discontinued operations following the proposed disposal of the DS division.

	Year ended 30-Jun-22 (RM'000)	Year ended 30-Jun-21 (RM'000)
Continuing operations		
Revenue	-	239,662
Cost of sales	-	(208,061)
Gross Profit	-	31,601
Gross Profit %	-	13%
Administration & Selling expenses	(8,096)	(64,880)
Other income/(expenses)	(27,305)	(17,938)
Result from operating activities	(35,401)	(51,217)
Finance Cost	-	(10,050)
Net Profit/(Loss) After Tax	(34,972)	(66,479)
Total Equity Attributable to owners of the Company	(31,231)	(20,171)
Borrowings	-	131,710
Net Debt/Equity Ratio	-	(43.63)
Earnings Per Share (sen)	(0.07)	(13.93)
Net Assets Per Share (sen)	(0.05)	(4.31)
Discontinued operations		
(Loss)/Profit after taxation from discontinued operations	(37,548)	(149,456)

As the Group has announced the proposed disposal of its remaining segment, the Drilling Services has been reclassified as Discontinued Operations in the third quarter of the year under review. As a result, the performance of Drilling Services is presented as a single line item, net of tax, in the consolidated statement of profit or loss. Following the change in classification, the Continuing Operations is now represented by the holding company and several dormant companies.

CAPITAL STRUCTURE AND SIGNIFICANT CHANGES TO ASSETS

Assets	30 June 2022 (RM'000)	30 June 2021 (RM'000)
Non-current	10,395	65,421
Current	25,393	195,381
Assets held for sale	283,439	67,451
Total Assets	319,227	328,253

For the FY22, the balance sheet has reflected the DS division as Assets and Liabilities held for sale. The non-current asset was lower than previous year due to the reclassification of DS 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 DS division reclassified as assets held for sale.

Equity & Liabilities Capital and Reserves Attributable to Owners of the Company	**30 June 2022** (RM'000)	**30 June 2021** (RM'000)
Share Capital	445,535	445,535
Total Equity Attributable to Owners of the Company	(31,231)	(20,171)
Total Equity	(21,473)	13,033
Non-Current Liabilities	2,912	8,011
Current Liabilities	15,455	293,199
Liabilities of disposal group classified as held for sale	322,333	14,010
Total Liabilities	340,700	315,220
Total Equity and Liabilities	319,227	328,253
Net Assets Per Share (sen)	(0.05)	(4.31)

Total Liabilities increased compared to the previous year due to the increase in liabilities associated with the DS division which was reclassified as liabilities of disposal group held for sale.

CASH FLOW, CASH AND BANK BALANCES

	30 June 2022 (RM'000)	**30 June 2021** (RM'000)
Net cash from operating activities	(10,918)	48,525
Net cash (used in)/from investing activities	36,625	(25,944)
Net cash used in financing activities	(25,505)	(8,421)
Net increase/(decrease) in cash and cash equivalents	202	14,160
Cash and bank balances	19,184	58,482
Cash and cash equivalents at the beginning of the period	55,275	45,023
Cash and cash equivalents at the end of the period	19,184	55,275

As the Group continues to restructure its debt obligations, our operations have been affected by ongoing funding constraints. The Group debt and working capital facilities have remained frozen pending the sale of its assets to repay our lenders. With challenges from external environments coupled with our continuing cash constraints, the financial performance of SESB has been negatively impacted.

Nevertheless, as the Group has completed the disposal of the DS business, and has remitted the total proceeds to the Security Agent and the Receiver & Manager of SOSB, the Group is in the midst of resolving its debt obligation with its secured lenders including the discharge of related securities and/or guarantees obtained from SESB group of companies. Henceforth, the company would be without borrowings and be in a better position to undertake a comprehensive regularisation plan to regularise its PN17 financial condition.

OPERATIONAL HIGHLIGHTS

With limited access to capital, the Company had to be cautiously selective in bidding and accepting contracts as availability of materials and equipment has been a concern. Due to financial constraints, the Group had operated with ageing equipment and without the availability of new assets to grow the business.

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 under review, manpower at the corporate office was further reduced. The lack of working capital facilities and cash flow constraints have impacted operations and consequently growth.

OUTLOOK & PROSPECTS IN FY2023

On 3 October 2022, the Company announced that it had entered into a Framework Agreement ("FA") with PJD Link Holdings Sdn Bhd ("PLHSB") and Noblemax Resources Sdn Bhd ("NRSB") and PJD Link (M) Sdn Bhd ("PJD Link" or "Target Company") for purposes of a proposed acquisition by SESB of 100.0% equity interest in the Target Company ("Proposed Acquisition"), which is intended to be undertaken as the Company's proposed regularisation plan or form part thereof. This FA is entered into primarily to consolidate the intentions of the parties involved with regards to the Proposed Acquisition and to negotiate the execution of an Acquisition Agreement with an indicative purchase consideration of RM922.00 million. The Target Company is principally involved in developing, designing, constructing, operating and managing highway construction projects.

The effects on the issued share capital, substantial shareholders' shareholdings, financial position in respect of the net assets and gearing ratio of SESB as well as earnings level of SESB cannot be determined at this juncture as the terms of the proposed regularisation plan which includes, amongst others, the extent of the proposed collaboration and/or fundraising exercise, all of which have yet to be agreed and finalised.

The Proposed Acquisition, should it be successfully agreed by all parties, will result in a significant change of the Company's business direction and hence will require, amongst others, shareholder approval at an extraordinary general meeting.

Any and all information with regards to the Proposed Acquisition and the regularisation plan of the Company will be announced in due course as material updates occur.

SUSTAINABILITY STATEMENT

OUR BUSINESS SUSTAINABILITY

Scomi Energy Services Bhd ("SESB", the "Company") has had to, during the year under review, re-think and re-strategise its business structure primarily due to the financial health of the organisation, dampened global financial outlook and therefore exigent business challenges.

SESB has through the years derived its revenue mainly from two operating segments namely, Drilling Services for the oil and gas industry; and Marine Services for the oil and gas as well as energy and logistics industries. However this year under review saw many changes occurring within the Company.

SUSTAINABILITY FRAMEWORK & SCOPE

SESB commenced the reporting of 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 due to the business and operational challenges the Company has been facing in the recent years it has had to shift towards a simplified sustainability focus.

In recent financial years, the Company has faced several setbacks of which the largest impact was from the volatility of the oil prices that has impacted the oil and gas industry globally. SESB was classified as a PN17 company during the previous financial year. This was due to cashflow constraints which resulted in defaults in repayment of its Guaranteed Serial Bonds of RM80.4 million. This further led to cross defaults across the group's credit facilities.

Thus, during the year under review, the Company's sustainability focus was centred on two main strategic thrusts which were settlement of its outstanding debts to its Secured Lenders and to develop a rehabilitation plan to address its PN17 status. Several initiatives were identified towards supporting these strategic thrusts amongst of which were :

- Application for Judicial Management Orders for several subsidiaries of the Company namely Scomi KMC Sdn Bhd ("SKMC"), Scomi Oiltools Sdn Bhd ("SOSB") 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 of assets to realise cash value.
- Engagement with secured lenders to reach an amicable settlement of the debts due
- Develop the regularisation plan for the SESB Group
- Engage with potential investors for SESB to start creating new revenue streams
- Continuous engagement with our secured lenders to support the ongoing business and to find an amicable solution on the settlement of the debts due.

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

- Court orders for the appointment of a Judicial Manager for the Affected Companies during the previous financial year were discharged and the position of Judicial Manager vacated on 12 August 2021.
- Disposed of its Marine Services business with the disposal of the Company's 80.54% equity interest in PT Rig Tenders Indonesia, Tbk ("PTRT") on 16 November 2021 for a cash consideration of USD9.5 million.
- Utilised the cash proceeds from the sale of PTRT to repay its debt obligations.

- Disposed of its Drilling Services businesses held under Scomi Oilfield Limited ("SOL"), SOSB and SKMC. The disposal was by SESB of its 48% equity interest in SKMC and 100% equity interest in SOL (together with nine of its existing subsidiaries) to Cahya Mata Oiltools Sdn Bhd; and by SOSB of its 4% equity interest (together with the entire 25,000,000 redeemable preference shares) in SKMC, 25% interest in Scomi Oiltools Gulf W.L.L. and 25% equity interest in Continental Wire Cloth (Malaysia) Sdn Bhd, Dataran Prima Property and SOSB inventories and equipment to Oiltools International Sdn Bhd for a total cash consideration of RM21,000,000. Further SOL also disposed of 100% of its equity interest in a further nine companies to Falcon Residences Sdn Bhd for a nominal cash consideration of RM1.00. The proposed disposal was deemed completed in the current year on 6 September 2022.
- Utilised the proceeds to settle the Company's debt obligations owing to Secured Lenders which was agreed through a Scheme of Arrangement under Sections 366, 368 and 369 of the Companies Act 2016.
- Obtained an Extension of Time from Bursa Securities until 30 November 2022 to submit a Regularisation Plan for the Company.

The disposals of business assets of the Company had also resulted in a company that does not have any revenue generating businesses within its fold. Hence to ensure sustainability of the Company is to secure revenue generating streams which would then directly contribute towards the Regularisation Plan. In line with this objective, SESB announced on 3 October 2022 that it had entered into a Framework Agreement ("FA") with PJD Link Holdings Sdn Bhd ("PLHSB") and Noblemax Resources Sdn Bhd ("NRSB") and PJD Link (M) Sdn Bhd ("PJD Link" or "Target Company") for purposes of the proposed acquisition by SESB of 100.0% equity interest in the Target Company ("Proposed Acquisition"), which is intended to be undertaken as the Company's proposed regularisation plan or form part thereof. The indicative purchase consideration for the Proposed Acquisition is at approximately RM922.0 million. Additionally, pursuant to the FA, it is envisaged that SESB will undertake the following corporate proposals to facilitate the Proposed Acquisition:

(a) Proposed consolidation of 10 existing SESB Shares into 1 new SESB Share ("Proposed Share Consolidation"), which is expected to take place before completion of the Proposed Acquisition; and

(b) Proposed public issue of 1,552,000,000 new SESB Shares, representing approximately 25.0% of the Company's enlarged share capital after the Proposed Share Consolidation and Proposed Acquisition, at an issue price to be determined after all requisite approvals have been obtained.

Pursuant to the FA, the Parties shall enter into a definitive and binding agreement for the Proposed Acquisition ("Acquisition Agreement") within 60 days following the date of the FA or such other date as the Parties may mutually agree upon.

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

As the Company moves forward, additional sustainability initiatives and actions will be introduced to enhance its business viability.

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 2022 in accordance with the key CG principles as set out in the Malaysian Code on Corporate Governance 2021 (the "Code").

This Statement is supported by the Company's CG Report 2022 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 2022 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 2022 budget, the results of the corresponding quarter of financial year ended 30 June 2021 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 meetings 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 via two-tier voting process to continue to act in office as Independent Director. In line with the practice 5.3 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[(1)]	-	C
YM Raja Ahmad Murad bin Raja Bahrin[(2)]	M	C
Independent Non-Executive Directors		
Cik Ruziah binti Mohd Amin	C	M

	Board Committees	
	ARMC	NRC
Non-Independent Non-Executive Directors		
Mr Wong Mun Keong[(3)]	-	M
Encik Aminodin bin Ismail[(4)]	M	-
Executive Director		
Encik Amirul Azhar bin Baharom	-	-

Notes:
C: Chairman
M: Member

(1) Retired as Independent Non-Executive Chairman and ceased as Member of the NRC on 22 March 2022.
(2) Redesignated as Independent Non-Executive Chairman and appointed as Chairman of the NRC on 1 April 2022.
(3) Appointed as Member of the NRC on 1 April 2022
(4) Resigned as Member of the NRC on 1 April 2022

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 2022, eleven (11) Board Meetings, six (6) ARMC Meetings and four (4) 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 2022 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[(1)]	8/8	-	3/3
YM Raja Ahmad Murad bin Raja Bahrin[(2)]	11/11	6/6	-
Independent Non-Executive Directors			
Cik Ruziah binti Mohd Amin	11/11	6/6	4/4
Non-Independent Non-Executive Directors			
Mr Wong Mun Keong[(3)]	11/11	-	-
Encik Aminodin bin Ismail[(4)]	11/11	6/6	4/4
Executive Director			
Encik Amirul Azhar bin Baharom	10/11	-	-

Notes:
(1) Retired as Independent Non-Executive Chairman and ceased as Member of the NRC on 22 March 2022.
(2) Redesignated as Independent Non-Executive Chairman and appointed as Chairman of the NRC on 1 April 2022.
(3) Appointed as Member of the NRC on 1 April 2022
(4) Resigned as Member of the NRC on 1 April 2022

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 made available online to each Director in advance of the 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 four (4) Non-Executive Directors with two (2) of them being independent. The Independent Directors make up 40% 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.

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@scomigroup.com

A brief description of the background of each Director is set out in 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 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 consists 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 2022:

- 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 Key Responsibility Areas ("KRA") for the new financial year; and
- evaluated the performance of the CEO and proposed remuneration for the CEO.

For the purpose of determining the eligibility of the Director to stand for re-election at the Twenty-Sixth Annual General Meeting, the Board through the NRC had assessed the retiring Directors, and considered the following:

(a) The Directors' performance and contribution;
(b) The Directors' skills, experience and strength in qualities; and
(c) The Directors' ability to act in the best interest of the Company in decision-making.

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 2022, 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 23 March 2022 until the next AGM of the Company ("Relevant Period").

The estimated benefits payable to the Directors for the Relevant Period was up to RM135,000. 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 2022. 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 2022.

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-Fifth AGM ("25th AGM") of the Company held on 22 March 2022 approved the payment of the said Directors' fees for the financial year ended 30 June 2021 and financial year ending 30 June 2022 and benefits for the Relevant Period.

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 2022, 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)]	45	45	11	11	56	56
YM Raja Ahmad Murad bin Raja Bahrin[(2)]	59	59	17	17	76	76
Cik Ruziah binti Mohd Amin	60	60	21	21	81	81
Mr Wong Mun Keong[(3)]	48	48	11	11	59	59
Encik Aminodin bin Ismail[(4)]	58	58	21	21	79	79
Encik Amirul Azhar bin Baharom	485	485	68	68	553	553

Notes:

(1) Retired as Independent Non-Executive Chairman and ceased as Member of the NRC on 22 March 2022.
(2) Redesignated as Independent Non-Executive Chairman and appointed as Chairman of the NRC on 1 April 2022.
(3) Appointed as Member of the NRC on 1 April 2022
(4) Resigned as Member of the NRC on 1 April 2022

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 six (6) times during the financial year ended 30 June 2022 in order to carry out their duties in accordance with their Terms of Reference. The CEO and Acting Chief Financial Officer ("ACFO") 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 2022 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 2022, 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.

Crowe Malaysia PLT was appointed as the external auditors of the Company and the Group since the financial year ended 30 June 2021.

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 2022 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 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 twenty one (21) days was given to the shareholders for the 25th AGM of the Company held on 22 March 2022, which is in line with the Act and the Listing Requirements of Bursa Securities. The Company will endeavour to issue notice twenty eight (28) days before the forthcoming Twenty-Sixth 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 25th 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 25th 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) will also share with the shareholders the Company's responses to questions submitted in advance of the AGM and any general meeting(s) inclusive of questions raised by the Minority Shareholder Watchdog Group, if any.

At the 25th AGM, all the Directors were present 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), including Chairman of all Board Committees, 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, which constitutes 20% of the Board.

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.

The Directors have attended the following trainings during the financial year ended 30 June 2022:

- Audit Oversight - Board's Conversation with Audit Committees
- Fraud Risk Management Workshop

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, etc.

This Statement is made in accordance with the resolution of the Board dated 31 October 2022.

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 2022 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 Head of Internal Audit department (the "HIA") 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 are 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 HIA which reports directly to the ARMC. The HIA 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 HIA's audit reports including the agreed corrective actions to be undertaken by the auditees. HIA monitors status of the agreed corrective actions submitted by auditees which will be assessed and verified by HIA 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 HIA 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.

SIGNIFICANT ELEMENTS OF INTERNAL CONTROL SYSTEM

The significant elements of the Group's internal control system and its mitigating measures are as follows:

Oversight of all significant risks

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.

In addition, the Group has in place the Code 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.

Legal and Regulatory risk

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.

The group has also implemented Section 56 of the Companies Act 2016 and the "Guideline for The Reporting Framework for Beneficial Ownership of Legal Persons" issued by Companies Commission of Malaysia to enable the Company to obtain Beneficial Owner information from its members and to record such information in its Register of Members.

Organisational risks

The group has in place 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.

In addition, 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.

As for Enterprise Resource Planning ("ERP"), the Group has utilised the SAP system throughout most of the business units.

Health, Safety and Environmental risk

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.

Security risk

In order to mitigate security risks inherent to IT network and information systems, our systems are secured and safeguarded with preventive measures such as system back-up recovery and antivirus, including assigning appropriate controls to IT access to avoid breach of confidential information.

Financial risk

The Group has continuously assessed the liquidity risk management processes to manage the Group's financial resources effectively whilst resolving its ongoing debt obligations.

Business risk

During each quarter, the Board monitors the implementation of the strategic business plan and assess the actual performance of the Group as well as provide guidance to the Management.

The Tender Committee has also been established 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.

Additionally, the Group has in place the 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.

Operational risk

A performance assessment is performed considering key result area, and evaluation by a selected committee which focuses on the key activities and responsibilities of the employees and teams.

As for internal processes, it has been documented 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.

Investment Risk

Prior to any investment, the Group will perform adequate due diligence and appraisal for deliberation by senior management and the Board.

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 Chief Financial Officer that the Group's Risk Management Framework and Internal Controls System is operating adequately and effectively in all material aspects.

This Statement is made in accordance with the resolution of the Board dated 31 October 2022.

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 2022 ("FY 2022").

The ARMC in FY 2022 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 2022, 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 2022, 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 six (6) ARMC meetings were held during FY 2022, which were on 8 September 2021, 27 October 2021, 29 November 2021, 24 February 2022, 26 May 2022 and 24 June 2022. 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 Acting Chief Financial Officer ("ACFO") and the Head of Internal Audit ("IA") 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 arose 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.

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

Name	ARMC	Designation	Attendance
Ruziah binti Mohd Amin	Chairman	Independent Non-Executive Director	6/6
Aminodin bin Ismail	Member	Non-Independent Non-Executive Director	6/6
YM Raja Ahmad Murad bin Raja Bahrin	Member	Independent Non-Executive Director	6/6

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 2022:

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/ACFO 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.

INTERNAL AUDIT FUNCTION

The internal audit services for FY 2022 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 2022 was approximately RM177,119.

This report is made in accordance with the resolution of the Board dated 31 October 2022.

ADDITIONAL INFORMATION

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 2022 or entered into since the end of the previous financial period.

Utilisation of Proceeds
The Company raised proceeds amounting to USD9.5 million or approximately RM39.6 million from the sale of its 80.54% equity interest in PT Rig Tenders Indonesia, Tbk to PT Surya Indah Muara Pantai during the financial year ended 30 June 2022. The utilisation of the proceeds is as indicated below :

Purpose	Proposed Utilisation RM'mil	Actual Utilisation RM'mil	Balance Unutilised RM'mil
Repayment of debt facilities	26.5	26.5	-
Working capital	11.5	5.5	6.0
Estimated expenses in relation to the Proposed Disposal	1.6	1.6	-
	39.6	33.6	6.0

Audit & Non-Audit Fees

The audit fees and non-audit fees paid or payable by the Company and the Group to the External Auditors for the financial year ended 30 June 2022 are as follows:

	2022	
	Group (RM '000)	**Company (RM '000)**
Audit fees	669	538
Non-audit fees	5	5
Total	**674**	**543**

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

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 2022.

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 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	(26,947)	(168,417)
Non-controlling interests	(10,601)	-
	(37,548)	(168,417)

Reserves and provisions

There were no material transfers to or from reserves or 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 2022, 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
Aminodin bin Ismail
Ruziah binti Mohd Amin
Wong Mun Keong
YM Raja Ahmad Murad bin Raja Bahrin
Stephen Fredrick Bracker (Retired on 31 March 2022)

List of Directors of Subsidiaries

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 2022 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 follows:-

	The Group RM'000	The Company RM'000
Fees	472	472
Salaries, bonuses and other benefits	645	645
Defined contribution plan	58	58
	1,175	1,175

Issue of shares and debentures

During the financial 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 any 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

The significant events occurring 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 indemnity coverage and insurance premium paid for the directors of the Company were RM50 million and RM171,000 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 and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent 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.

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 for the financial year are as follows:-

	The Group RM'000	The Company RM'000
Audit fees	669	538
Non-audit Fees	5	5
	674	543

Signed in accordance with a resolution of the Directors dated 31 October 2022:

....
Amirul Azhar bin Baharom
Director

....
YM Raja Ahmad Murad bin Raja Bahrin
Director

Petaling Jaya

Date: 31 October 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets					
Property, plant and equipment	3	55	43,317	55	1,033
Right-of-use assets	4	-	5,995	-	-
Investments in subsidiaries	7	-	-	13,505	146,883
Investments in associates	9	10,340	9,911	7,439	7,439
Deferred tax assets	10	-	369	-	-
Trade and other receivables	11	-	5,829	-	-
		10,395	65,421	20,999	155,355
Current assets					
Trade and other receivables	11	6,204	82,741	506	5,460
Inventories	12	-	43,255	-	-
Current tax assets		5	10,903	-	-
Cash and cash equivalents	13	19,184	58,482	19,160	775
		25,393	195,381	19,666	6,235
Assets held for sale	14	283,439	67,451	100	6,000
		308,832	262,832	19,766	12,235
Total assets		319,227	328,253	40,765	167,590

The notes on pages 58 to 162 are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2022

		Group		Company	
		2022	2021	2022	2021
	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	(476,715)	(465,105)	(455,426)	(287,009)
Equity attributable to owners of the Company		(31,231)	(19,621)	(9,942)	158,475
Non-controlling interests		9,758	33,204	-	-
Total equity		(21,473)	13,583	(9,942)	158,475
Non-current liabilities					
Lease liabilities		-	1,033	-	-
Provisions	19	-	3,153	-	-
Trade and other payables	20	-	1,108	-	-
Deferred tax liabilities	10	2,912	2,717	-	-
		2,912	8,011	-	-
Current liabilities					
Loans and borrowings	18	-	131,710	-	-
Lease liabilities		-	3,905	-	-
Provisions	19	-	12,749	-	-
Trade and other payables	20	15,454	125,826	50,707	8,760
Current tax liabilities		1	18,459	-	355
		15,455	292,649	50,707	9,115
Liabilities of disposal group classified as held for sale	14	322,333	14,010	-	-
Total liabilities		340,700	314,670	50,707	9,115
Total equity and liabilities		319,227	328,253	40,765	167,590

The notes on pages 58 to 162 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Continuing operations					
Revenue	21	-	-	-	5,210
Cost of sales/services		-	-	-	-
Gross profit		-	-	-	5,210
Selling and distribution expenses		-	-	-	-
Administrative expenses		(8,096)	(12,274)	(8,392)	(5,781)
Net loss on impairment of financial instruments		-	-	-	-
Other expenses		(27,305)	(86,127)	(159,957)	(73,608)
Results from operating activities		(35,401)	(98,401)	(168,349)	(74,179)
Finance costs	22	-	-	(68)	-
Finance income		-	-	-	-
Net finance costs		-	-	(68)	-
Share of profit of equity-accounted associates, net of tax		429	222	-	-
Loss before tax	23	(34,972)	(98,179)	(168,417)	(74,179)
Tax expense	24	-	(355)	-	(355)
Loss for the year from continuing operations		(34,972)	(98,534)	(168,417)	(74,534)
Discontinued operations					
Loss for the year from discontinued operations, net of tax	25	(2,576)	(116,851)	-	-
Loss for the year		(37,548)	(215,385)	(168,417)	(74,534)

The notes on pages 58 to 162 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Other comprehensive income/(expenses), net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		15,337	(3,188)	-	-
Retirement benefits		-	-	-	-
Other comprehensive income/(expenses) for the year, net of tax	26	15,337	(3,188)	-	-
Total comprehensive expenses for the year		(22,211)	(218,573)	(168,417)	(74,534)
Loss attributable to:-					
Owners of the Company:					
- continuing operations		(34,972)	(98,534)	(168,417)	(74,534)
- discontinued operations		8,025	(115,626)	-	-
		(26,947)	(214,160)	(168,417)	(74,534)
Non-controlling interests:					
- continuing operations		-	-	-	-
- discontinued operations		(10,601)	(1,225)	-	-
		(10,601)	(1,225)	-	-
Loss for the year		(37,548)	(215,385)	(168,417)	(74,534)
Total comprehensive expenses attributable to:-					
Owners of the Company:					
- continuing operations		-	(67,892)	(168,417)	(74,534)
- discontinued operations		(11,610)	(149,456)	-	-
		(11,610)	(217,348)	(168,417)	(74,534)
Non-controlling interests:					
- continuing operations		-	-	-	-
- discontinued operations		(10,601)	(1,225)	-	-
		(10,601)	(1,225)	-	-
Total comprehensive expenses for the year		(22,211)	(218,573)	(168,417)	(74,534)
Basic (loss)/earnings per ordinary share (sen):	27				
- continuing operations		(7.47)	(21.04)		
- discontinued operations		1.71	(24.69)		

The notes on pages 58 to 162 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

Group	Note	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Retained Earnings/ (Accumulated losses) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		/---------------------Attributable to owners of the Company--------------/						
		/---------Non-distributable--------/			Distributable			
At 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)
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/income for the year		-	-	(3,188)	(214,160)	(217,348)	(1,225)	(218,573)
At 30 June 2021/1 July 2021		445,535	(51)	(550,076)	84,971	(19,621)	33,204	13,583
Foreign currency translation differences for foreign operations		-	-	15,337	-	15,337	-	15,337
Total other comprehensive income for the year	26	-	-	15,337	-	15,337	-	15,337
Loss for the year		-	-	-	(26,947)	(26,947)	(10,601)	(37,548)
Total comprehensive expenses for the year		-	-	15,337	(26,947)	(11,610)	(10,601)	(22,211)
Disposal of subsidiaries		-	-	-	-	-	(12,845)	(12,845)
At 30 June 2022		445,535	(51)	(534,739)	58,024	(31,231)	9,758	(21,473)

The notes on pages 58 to 162 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

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 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 2021/1 July 2021		445,535	(51)	26,881	(313,890)	158,475
Loss and total comprehensive expenses for the year		-	-	-	(168,417)	(168,417)
Total transactions with owners of the Company		-	-	-	(168,417)	(168,417)
At 30 June 2022		445,535	(51)	26,881	(482,307)	(9,942)

The notes on pages 58 to 162 are an integral part of these financial statements.

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 30 JUNE 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows (for)/from operating Activities				
(Loss)/Profit before tax				
- continuing operations	(34,972)	(98,179)	(168,417)	(74,179)
- discontinued operations	10,983	(111,657)	-	-
Adjustments for:				
Write-down of inventories	110	8,501	-	-
Depreciation of:				
- Property, plant and equipment	10,913	46,436	123	107
- Right-of-use assets	5,597	6,186	171	-
Gain on disposal of property, plant and equipment	(51)	(505)	-	-
Loss/(Gain) on disposal of subsidiary	1,214	(2,614)	-	-
Gain on reassessment and modification of lease liabilities	(115)	-	-	-
Impairment loss on:				
- Asset held for sale	-	115,074	-	300
- Investments in subsidiaries	-	-	133,378	73,926
- Investments in joint ventures	-	1,220	-	-
- Property, plant and equipment	3,487	21,022	817	-
- Right-of-use assets	-	-	569	-
- Receivables	-	951	-	-
Net unrealised (gain)/loss on foreign exchange	(5,018)	7,921	(2,059)	1,936
Property, plant and equipment written off	782	4,920	-	-
Right-of-use assets written off	-	104	-	-
Reversal of impairment losses on:				
- Amount due from subsidiaries	-	-	(87,340)	-
- Receivables	(1,887)	(37)	-	-
Reversal of write-down of inventories	(8,957)	(557)	-	-
Bad debt written off	2,991	-	-	-
Written off on amount owing by subsidiaries	-	-	116,242	-
Waiver of debt from subsidiaries	-	-	(1,783)	-
Provision for litigation	1,732	12,749	-	-
Reversal of provision of litigation	(465)	-	-	-
Provision for retirement benefits	3,636	96	-	-
Balance carried forward	(10,020)	11,631	(8,299)	2,090

The notes on pages 58 to 162 are an integral part of these financial statements.

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 30 JUNE 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows (for)/from operating activities (continued)				
Balance brought forward	(10,020)	11,631	(8,299)	2,090
Share of gain of equity-accounted associates, net of tax	(429)	(222)	-	-
Finance costs	9,412	10,050	68	-
Finance income	(30)	-	(30)	-
Operating (loss)/profit before changes in working capital	(1,067)	21,459	(8,261)	2,090
Changes in working capital:				
Inventories	(582)	15,618	-	-
Trade and other receivables	(32,483)	33,300	(20,701)	78
Trade and other payables	41,028	(23,568)	42,542	(2,332)
Amount due from/(to):				
- subsidiaries	-	-	-	(389)
- joint ventures	-	(41)	-	(41)
- associates	-	(235)	-	-
Cash generated from/(for) operations	6,896	46,533	13,580	(594)
Tax paid	(17,781)	(10,096)	(355)	(265)
Retirement benefits paid	(63)	(736)	-	-
Interest received	30	-	30	-
Net cash (for)/from operating activities	(10,918)	35,701	13,255	(859)
Cash flows (from)/for investing activities				
Advances to joint ventures	-	(1,220)	-	-
Acquisition of property, plant and equipment	(6,305)	(4,420)	(62)	(1,060)
Proceeds from disposal of a subsidiary	37,655	961	-	-
Proceeds from disposal of asset held for sale	-	-	6,000	-
Proceeds from disposal of property, plant and equipment	2,068	2,042	-	-
Proceeds from disposal of right-of-use assets	-	1,485	-	-
Repayment of capital contribution	-	-	-	2,644
Uplift of pledged fixed deposits	3,207	307	-	-
Net cash from/(for) investing activities	36,625	(845)	5,938	1,584

The notes on pages 58 to 162 are an integral part of these financial statements.

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 30 JUNE 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows for financing activities					
Net repayment of bank borrowings		(14,859)	10,840	-	-
Interest paid on bank borrowings		(8,408)	(10,050)	(68)	-
Payment of lease liabilities		(2,238)	(9,670)	(740)	-
Net cash for financing activities		(25,505)	(8,880)	(808)	-
Net increase in cash and cash equivalents		202	25,976	18,385	725
Effect of exchange rate		12,251	(4,776)	-	-
Cash and cash equivalents reclassified as held for sales		(48,544)	(10,948)	-	-
Cash and cash equivalents at 1 July		55,275	45,023	775	50
Cash and cash equivalents at 30 June	(i)	19,184	55,275	19,160	775

The notes on pages 58 to 162 are an integral part of these 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	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	13	2,184	55,275	2,160	775
Short-term deposits	13	17,000	3,207	17,000	-
		19,184	58,482	19,160	775
Less: Pledged deposits and bank balances	13	-	(3,207)	-	-
		19,184	55,275	19,160	775

The notes on pages 58 to 162 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

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

Group	At 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/ 1.7.2021 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 30.6.2022 RM'000
Loans and borrowing	124,644	1,887	-	-	(3,774)	8,953	131,710	(14,859)	-	(116,851)	-	-	-
Lease liabilities	13,664	(10,767)	1,581	(165)	(472)	64	3,905	(2,238)	18,132	(23,017)	3,059	159	-
Total liabilities from financing activities	138,308	(8,880)	1,581	(165)	(4,246)	9,017	135,615	(17,097)	18,132	(139,868)	3,059	159	-

The notes on pages 58 to 162 are an integral part of these 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 2022 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.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 31 October 2022.

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)

Amendment to MFRS 16: Covid-19 Related Rent Concessions beyond 30 June 2021

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

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 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
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
Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
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 RM26.9 million and RM168.4 million, respectively for the financial year ended 30 June 2022 and as at that date, the current liabilities of the Company exceeded their current assets by RM31.0 million and the Group and the Company recorded a deficit in their total equity attributable to the owners of the Company of RM31.2 million and RM9.9 million respectively.

1. Basis of preparation (continued)

(b) Basis of measurement (continued)

(ii) In prior 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

- 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.

1. Basis of preparation (continued)

(b) Basis of measurement (continued)

(iii) 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.

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 30 November 2022.

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.

1. Basis of preparation (continued)

(b) Basis of measurement (continued)

(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 SOSB under the powers contained in the Debentures dated 18 November 2013.

(iv) On 5 October 2021, 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.

On 20 April 2022, the Company has submitted an application for further extension of time up to 30 November 2022 to submit its regularisation plan to Bursa Securities. Bursa Securities has approved the extension of time on 23 May 2022.

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.

1. Basis of preparation (continued)

(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.

(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, joint ventures and associates

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

The recoverable amounts of investment in subsidiaries, joint ventures and associates were determined based on the value-in-use and involves significant judgements and assumptions. The carrying amounts of investments in subsidiaries, joint ventures and associates 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current tax assets	5	10,903	-	-
Current tax liabilities	1	18,459	-	355

(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 that have rights to the assets and obligations for the liabilities relating to the 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 30 June 2022. 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, plant 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 (2021: 7 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, and 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 statement 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 not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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.

2. Significant accounting policies (continued)

(w) 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.

(x) Other operating income

(a) Interest income

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

(b) Rental income

Rental income from investment properties is accounted for on a straight-line method over the lease term.

3. Property, plant and equipment

Group	Freehold land RM'000	Freehold 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 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 asset 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/ 1 July 2021	-	-	-	360,709	12,331	6,010	41,178	-	420,228
Additions	-	-	-	3,126	38	2,090	1,051	-	6,305
Disposals	-	-	-	(24,801)	-	(656)	(8)	-	(25,465)
Write off	-	-	-	(13,914)	-	-	(1,869)	-	(15,783)
Classified as asset held for sale	-	-	-	(353,201)	(13,352)	(8,626)	(45,845)	-	(421,024)
Effect of movements in exchange rates	-	-	-	28,081	983	1,382	6,218	-	36,664
At 30 June 2022	-	-	-	-	-	200	725	-	925

3. Property, plant and equipment (continued)

Group	Freehold land RM'000	Freehold 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 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 asset 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 2021/1 July 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	Freehold land RM'000	Freehold 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 2021/1 July 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
Depreciations for the year	-	-	-	9,115	169	817	812	-	10,913
Impairment losses	-	-	-	1,976	-	-	1,511	-	3,487
Disposals	-	-	-	(22,805)	-	(635)	(8)	-	(23,448)
Written off	-	-	-	(13,149)	-	-	(1,852)	-	(15,001)
Classified as asset held for sale	-	-	-	(323,383)	(12,263)	(4,527)	(41,483)	-	(381,656)
Effect of movements in exchange rates	-	-	-	24,382	214	945	4,123	-	29,664
At 30 June 2022									
Accumulated depreciation	-	-	-	-	-	200	670	-	870
Accumulated impairment losses	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	200	670	-	870

3. Property, plant and equipment (continued)

Group Carrying amount	Freehold land RM'000	Freehold 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 2020	4,900	1,495	175,740	65,748	2,227	1,910	3,016	3,742	258,778
At 30 June 2021/1July 2021	-	-	-	36,845	451	2,410	3,611	-	43,317
At 30 June 2022	-	-	-	-	-	-	55	-	55

3. Property, plant and equipment (continued)

Company	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 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 July 2021	-	-	1,727	200	1,927
Addition	-	-	62	-	62
Classified as asset held for sale	-	-	(1,060)	-	(1,060)
At 30 June 2022	-	-	729	200	929
Accumulated depreciation					
At 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 2021/1 July 2021	-	-	694	200	894
Depreciations for the year	-	-	123	-	123
Impairment losses	-	-	817	-	817
Classified as asset held for sale	-	-	(960)	-	(960)
At 30 June 2022	-	-	674	200	874
Carrying amount					
At 1 July 2020	4,900	1,480	-	-	6,380
At 30 June 2021/1 July 2021	-	-	1,033	-	1,033
At 30 June 2022	-	-	55	-	55

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 RM1,976,000 (2021 - RM6,601,000) 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.

Renovation, fittings and office equipment

The Group and the Company has carried out a review of the recoverable amount of its renovation, fittings and office equipment as the subsidiaries have been persistently making losses. An impairment loss of RM1,511,000 and RM817,000 for the Group and the Company representing the write-down of the renovation, fittings and office 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 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 asset held for sale	-	(186)	-	(186)
Effect of movements in exchange rates	(7)	(3,057)	1,150	(1,914)
At 30 June 2021/1 July 2021	220	4,683	1,092	5,995
Additions	-	13,398	4,734	18,132
Depreciation	(25)	(3,998)	(1,574)	(5,597)
Classified as asset held for sale	(195)	(15,131)	(6,833)	(22,159)
Reassessment and modifications of lease liabilities	-	(1,763)	-	(1,763)
Effect of movements in exchange rates	-	2,811	2,581	5,392
At 30 June 2022	-	-	-	-

4. Right-of-use assets (continued)

Company	Leasehold buildings RM'000
At 1 July 2021	-
Additions	740
Depreciation	(171)
Impairment losses	(569)
At 30 June 2022	-

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 2020 and 30 June 2021/ 1 July 2021		400,074	1,226	12,703	414,003
Classified as asset held for sale		(400,074)	(1,226)	(12,703)	(414,003)
At 30 June 2022		-	-	-	-
Accumulated amortisation and impairment losses					
At 1 July 2020 and 30 June 2021/ 1 July 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)
Classified as asset held for sale		400,074	1,226	12,703	414,003
At 30 June 2022					
Accumulated amortisation		-	-	-	-
Accumulated impairment losses		-	-	-	-
		-	-	-	-
Carrying amounts					
At 1 July 2020		-	-	-	-
At 30 June 2021/1 July 2021		-	-	-	-
At 30 June 2022		-	-	-	-

6. Investment properties

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Freehold land and buildings				
At cost				
At 1 July 2021/2020	-	2,890	-	-
Transfer to property, plant and equipment	-	(2,890)	-	-
At 30 June	-	-	-	-
Accumulated depreciation				
At 1 July 2021/2020	-	2,435	-	-
Transfer to property, plant and equipment	-	(2,435)	-	-
At 30 June	-	-	-	-
Accumulated impairment losses				
At 1 July/30 June	-	455	-	-
Carrying amount				
At 1 July 2021/2020	-	-	-	-
At 30 June 2022/2021	-	-	-	-

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

		Company	
		2022	2021
	Note	RM'000	RM'000
Unquoted shares, at cost		11,016	11,016
Deemed investment - capital contribution		1,452,239	1,452,239
		1,463,255	1,463,255
Less: Accumulated impairment losses	(a)	(1,449,750)	(1,316,372)
		13,505	146,883

(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 a subsidiary that had been persistently making loss. A total impairment losses of RM133,378,000 (2021: RM73,926,000), 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.

The recoverable amounts were determined based on their value in use approach and the pre-tax discount rates used were 12% (2021: 12%). These investments in subsidiaries are belonged to the Group's "Drilling Services" (2021: "Marine Services") reportable segment.

7. Investments in subsidiaries (continued)

(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 2022 %	2021 %
Significant subsidiaries				
Scomi Oilfield Limited[#1]	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.)^[1]	Malaysia	Provision of oilfield equipment, supplies and services	52	52
Significant subsidiaries of Scomi Oilfield Limited				
Scomi Oiltools Sdn. Bhd.^[@1]	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 2022 %	2021 %
Significant subsidiaries of Scomi Oilfield Limited (continued)				
Scomi Oiltools (Cayman) Ltd.*[1]	United Arab Emirates & Saudi Arabia/ Cayman Islands	Provision of oilfield equipment, supplies and services	100	100
Scomi Oiltools (Africa) Limited[1]	Congo & Nigeria/ Cayman Islands	Investment holding and provision of oilfield equipment, supplies and services	100	100
Scomi Oiltools (Thailand) Ltd. [1]	Thailand	Provision of oilfield equipment, supplies and services	100	100
KMCOB Capital Berhad^[1]	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*[1]	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 2022 %	2021 %
Significant subsidiaries of Scomi Oilfield Limited (continued)				
Scomi Oiltools Pty. Ltd. [1]	Australia	Provision of oilfield equipment, supplies and services	100	100
Scomi Oiltools Ltd. – Pakistan branch[#1]	Pakistan	Provision of oilfield equipment, supplies and services	100	100
Scomi Oiltools (S) Pte. Ltd.[#1]	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
Significant subsidiary of Scomi Oiltools (Africa) Limited				
WASCO Oil Services Company Nigeria Limited[1]	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 2022 %	2021 %
Significant subsidiaries of Scomi Oiltools (S) Pte. Ltd.				
KMC Oiltools India Pvt. Ltd.*[1]	India	Provision of oilfield equipment, supplies and services	100	100
PT Scomi Oiltools*[1]	Indonesia	Provision of oilfield equipment, supplies and services	100	100
Scomi Oiltools (RUS) LLC*[1]	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
Significant subsidiary of Grundtvig Marine Pte. Ltd.				
PT Batuah Abadi Lines*[&]	Indonesia	Ship owning and chartering	-	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 2021 to 12 August 2022. 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.
& Disposed during the financial year.
1 Classified as asset held for sale during the financial year.

7. Investments in subsidiaries (continued)

(c) During the financial year, Scomi Marine Services Pte. Ltd., a wholly owned subsidiary of the Company has disposed of its 80.54% equity interests in PT Rig Tenders Indonesia, Tbk. The details of the disposal are disclosed in Note 28 to the financial statements.

(d) In the previous 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.

(e) Non-controlling interests in subsidiaries

	Effective Equity Interest 2022 %	Effective Equity Interest 2021 %
Scomi Oiltools Oman LLC ("SOOL")	49	49
Scomi KMC Sdn. Bhd.	48	48
PT Rig Tenders Indonesia, Tbk ("PTRT")	-	19.46

The Group's subsidiaries that have material non-controlling interests ("NCI") are SOOL (2021: 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
2022			
Carrying amount of NCI	24,382	(14,624)	9,758
Profit/(Loss) allocated to NCI	2,170	(12,771)	(10,601)
2021			
Carrying amount of NCI	35,057	(1,853)	33,204
Profit/(Loss) allocated to NCI	(1,505)	280	(1,225)

7. Investments in subsidiaries (continued)

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

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

	SOOL	
	2022 RM'000	**2021 RM'000**
As at 30 June		
Non-current assets	8,640	8,924
Current assets	30,512	37,387
Non-current liabilities	247	-
Current liabilities	11,668	(21,199)
Net assets	51,067	25,112
Year ended 30 June		
Revenue	17,427	22,779
Profit for the year	4,426	4,885
Total comprehensive income	4,426	4,885
Cash flows from operating activities	7,308	2,532
Cash flows for investing activities	(1,252)	(66)
Cash flows (for)/from financing activities	(4,186)	305
Net increase in cash and cash equivalents	1,870	2,771

	PTRT
	2021 RM'000
As at 30 June	
Non-current assets	142,246
Current assets	35,747
Non-current liabilities	(2,984)
Current liabilities	(12,059)
Net assets	162,950
Year ended 30 June	
Revenue	70,493
Loss for the year	(20,181)
Total comprehensive expenses	(20,181)
Cash flows from operating activities	23,040
Cash flows for investing activities	(22,813)
Net increase in cash and cash equivalents	227

8. Investments in joint ventures

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unquoted shares, at cost	1,730	1,730	2,042	2,042
Deemed investment - capital contribution	17,979	17,979	15,053	15,053
Deemed investment - financial guarantee liabilities	-	-	329	329
Share of post-acquisition reserves	(17,551)	(17,551)	-	-
Accumulated impairment losses	(2,158)	(2,158)	(17,424)	(17,424)
	-	-	-	-

Deemed investment - capital contribution

In the previous year, the deemed investment - capital contribution relates to advances provided to certain joint ventures that are contractually not receivable.

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	Principal activities	Percentage of ownership 2022 %	2021 %
Held by the Company				
Transenergy Shipping Pte. Ltd.@	Malaysia	Dormant	-	-
Transenergy Shipping Management Sdn. Bhd.@	Malaysia	Dormant	-	-
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

* Classified as asset held for sale during the financial year.
@ Disposed in the previous financial year.
^ Voluntary liquidation during the financial year.

8. Investments in joint ventures (continued)

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

Summarised financial information of joint ventures

	2022 RM'000	2021 RM'000
Revenue	-	-
Loss for the year	(48)	(41)
Group's share of results for the year	-	-

	2022 RM'000	2021 RM'000
Total assets	666	686
Total liabilities	(59,327)	(55,880)
Net liabilities	(58,661)	(55,194)
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, totaling RM14,000 and RM18,000 (2021: RM12,000 and RM17,000) respectively in the current financial year since the Group has no obligation in respect of these losses and liabilities.

9. Investments in associates

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Unquoted shares, at cost	16,857	16,857	16,857	16,857
Share of post-acquisition reserves	3,272	2,843	-	-
Less: Accumulated impairment losses	(9,789)	(9,789)	(9,418)	(9,418)
	10,340	9,911	7,439	7,439

(a) Details of the associates are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Percentage of ownership 2022 %	Percentage of ownership 2021 %
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	-	-

* 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 in the previous financial year.

9. Investments in associates (continued)

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

Summarised financial information of associates

Group 2022	**Southern Petroleum Transportation Joint Stock Company RM'000**	**Other immaterial associates RM'000**	**Total RM'000**
Summarised financial information As at 30 June 2022			
Non-current assets	96,348		
Current assets	45,326		
Non-current liabilities	(9,416)		
Current liabilities	(46,870)		
Net assets	85,388		
Financial year ended 30 June 2022			
Profit from continuing operations	3,099		
Other comprehensive income	-		
Total comprehensive income	3,099		
Included in the total comprehensive income is:			
Revenue	197,446		
Reconciliation of net assets to carrying amount as at 30 June 2022			
Group's share of net assets	11,805	11,171	22,976
Foreign exchange difference	(193)	-	(193)
Accumulated impairment losses	(1,272)	(11,171)	(12,443)
Carrying amount in the statement of financial position	10,340	-	10,340
Group's share of results for the financial year ended 30 June 2022			
Group's share of profit or loss from continuing operations	429	-	429
Group's share of other comprehensive income	-	-	-
Group's share of total comprehensive income	429	-	429

9. Investments in associates (continued)

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

Summarised financial information of associates (continued)

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

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 2022 RM'000	Assets 2021 RM'000	Liabilities 2022 RM'000	Liabilities 2021 RM'000	Net 2022 RM'000	Net 2021 RM'000
Property, plant and equipment	-	-	(176)	(166)	(176)	(166)
Deductible/(Taxable) temporary differences	-	369	(2,736)	(2,551)	(2,736)	(2,182)
Net tax assets/(liabilities)	-	369	(2,912)	(2,717)	(2,912)	(2,348)

(b) Movement in temporary differences during the year

Group	At 1.7.2020 RM'000	Recognised in profit or loss RM'000	Effect of movements in exchange rates RM'000	At 30.6.2021/ 1.7.2021 RM'000	Recognised in profit or loss RM'000	Effect of movements in exchange rates RM'000	Classified to asset held for sale	At 30.6.2022 RM'000
Property, plant and equipment	(170)	-	4	(166)	-	(10)	-	(176)
(Taxable)/Deductible temporary differences	(2,360)	(314)	492	(2,182)	-	(82)	(472)	(2,736)
	(2,530)	(314)	496	(2,348)	-	(92)	(472)	(2,912)

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deductible temporary differences	-	63,417	-	-
Accerelated capital allowances	(129)	(599)	(129)	(599)
Unabsorbed capital allowances	467	28,957	467	-
Unutilised tax losses	40,269	48,476	26,244	17,550
Others	(2,060)	16	(2,060)	16
	38,547	140,267	24,522	16,967

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.

The unused tax losses are allowed to be utilised for 10 (2021 - 7) consecutive years of assessment ("YA") while the unabsorbed capital allowances are allowed to be carried forward indefinitely.

11. Trade and other receivables

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Non-current					
Other receivables	11.1	-	5,829	-	-
Current					
Trade receivables		-	84,416	-	-
Less: Allowance for impairment losses		-	(29,218)	-	-
	11.2	-	55,198	-	-
Other receivables	11.1	6,037	18,837	3	9
Deposits		5	5,760	5	5
Prepayments		159	2,946	159	30
		6,201	27,543	167	44
Amount due from:					
- subsidiaries	11.3	-	-	336	5,416
- an associate		3	-	3	-
		-	-	339	5,416
		6,204	82,741	506	5,460
		6,204	88,570	506	5,460

11.1 In the previous financial year, included in other receivables is Value-Added-Tax ("VAT") recoverable amounting to RM5,829,000. The amount has been transferred to asset held for sale in Note 14 during the financial year.

11.2 In the previous financial year, credit terms for trade receivables range from 30 to 90 days.

11.3 Amounts due from subsidiaries and an associate are unsecured, interest-free and repayable on demand. The Company has recognised impairment losses of RM24,433,000 in the previous financial year.

12. Inventories

	Group 2022 RM'000	Group 2021 RM'000
At cost:		
Raw materials	-	1,584
Finished goods	-	17,746
Consumables	-	23,925
	-	43,255
Recognised in profit or loss:		
Inventories recognised as cost of sales	-	72,803
Write-down of inventories	-	8,501
Reversal of write-down of inventories	-	(557)

In the previous financial year, the write-down and reversal of write-down of inventories are included in cost of sales.

13. Cash and cash equivalents

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash and bank balances	2,184	55,275	2,160	775
Short-term deposits	17,000	3,207	17,000	-
Cash and cash equivalents in the statements of financial position	19,184	58,482	19,160	775
Pledged deposits and bank balances	-	(3,207)	-	-
Cash and cash equivalents in the statements of cash flows	19,184	55,275	19,160	775

The effective interest rates for short-term deposits of the Group at the end of the reporting period range from 2% to 2.25% (2021: 2.40% to 5.40%) per annum.

14. Disposal group and assets classified as held for sale

On 17 March 2022, SESB has entered into a sale and purchase agreement to dispose of its 100% equity interests in SOL Group and 48% equity interests in SKMC.

The proposed disposal is subject to conditions precedent to be mutually agreed or accepted by the parties.

At the end of the current reporting period, the assets and liabilities of SOL Group and SKMC 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 2022.

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

	Group 2022 RM'000
Assets	
Property, plant and equipment	39,268
Right-of-use assets	22,159
Inventories	52,684
Trade receivables and other receivables	113,745
Current tax assets	6,467
Deferred tax assets	472
Cash and bank balances	48,544
Asset held for sales	-
Assets of disposal group classified as held for sales	283,339

	Group 2022 RM'000
Liabilities	
Provision for retirement benefits	6,903
Provision for litigations	14,325
Trade payables and other payables	148,387
Borrowings	116,851
Lease liabilities	23,017
Current tax liabilities	12,850
Liabilities of disposal group classified as held for sales	322,333

The carrying amount of the non-current asset is measured at the lower of its carrying amount and fair value less costs to sell. No impairment loss is recognised in profit or loss.

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

In the previous financial year, 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.

In the previous 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 2022.

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 25 to the financial statements.

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

	Group and Company	
	2022	2021
	RM'000	RM'000
Carrying amount	100	6,000

In the current financial year, the Group and the Company had executed a Sale and Purchase agreement to dispose off a computer hardware at a total consideration of RM100,000.

In the previous 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 RM817,000 (2021: RM300,000) is recognised in profit or loss as disclosed in Note 23 to the financial statements.

15. Share capital

	Group and Company			
	2022		2021	
	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/30 June	445,535	468,335	445,535	468,335

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. The ordinary shares have no par value. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

16. Treasury shares

	Group and Company			
	2022		2021	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
At 1 July/30 June	51	31	51	31

None of the treasury shares repurchased has been sold as at 30 June 2022.

At the end of the financial year, 30,820 (2021: 30,820) ordinary shares are held as treasury shares at a carrying amount of RM51,000 (2021: RM51,000) and the number of outstanding shares in issue after setting off treasury shares is 468,324,267 shares (2021: 468,324,267 shares).

17. Reserves

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Translation reserve	(a)	(118,297)	(133,634)	-	-
Merger reserve	(b)	(443,323)	(443,323)	-	-
Capital reserve	(c)	26,881	26,881	26,881	26,881
Retained earnings/ (Accumulated losses)		58,024	84,971	(482,307)	(313,890)
		(476,715)	(465,105)	(455,426)	(287,009)

(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

		Group	
	Note	2022 RM'000	2021 RM'000
Current			
Bank loans – secured	(b)	-	2,477
Loan – unsecured	(a)	-	90,132
Revolving credits – secured	(b)	-	39,101
		-	131,710

(a) Loan

In prior 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

In the previous financial year, 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.

(d) The bank loans (secured), loan (unsecured) and revolving credits (secured) has been transferred to asset held for sale in Note 14 during the financial year.

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	
	2022	**2021**
	RM'000	**RM'000**
Present value of unfunded obligations	-	3,153

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	
	2022	**2021**
	RM'000	**RM'000**
Balance at 1 July	3,153	7,011
Included in profit or loss		
Current service costs	3,636	(342)
Past service credit	-	186
Interest cost	-	194
Actuarial gains	-	58
Effect of movement of exchange rate	177	(326)
	3,813	(230)
Other		
Benefits paid	(63)	(3,628)
Classified as liability held for sale	(6,903)	-
Balance at 30 June	-	3,153

19. Provisions (continued)

The principal actuarial assumptions used were as follows:

	Group	
	2022	**2021**
Discount rates (per annum) (%)	7.0	7.0
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	
	2022	**2021**
	RM'000	**RM'000**
At 1 July	12,749	-
Provision made during the financial year	1,732	12,749
Reversal of provision during the financial year	(465)	-
Effect of movement in exchange rate	309	-
Classified as liability held for sale	(14,325)	-
At 30 June	-	12,749

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

20. Trade and other payables

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Non-current					
Other payables		-	1,108	-	-
Current					
Trade payables	(a)	515	73,049	-	-
Other payables		6,389	10,095	2,785	1,640
Accruals	(b)	8,550	42,682	937	866
		14,939	52,777	3,722	2,506
Amount due to subsidiaries	(c)	-	-	46,985	6,254
		15,454	125,826	50,707	8,760
		15,454	126,934	50,707	8,760

(a) Credit terms granted by suppliers to the Group range from cash terms to 90 days (2021: cash terms to 90 days).

(b) Included in accruals are Value-Added-Tax ("VAT") payable amounting to RM2,662,000 (2021: RM2,950,000).

(c) The amount due to subsidiaries is unsecured, interest-free and repayable on demand.

21. Revenue

Company	2022 RM'000	2021 RM'000
Continuing operations		
Management fee income	-	5,210

21.1 Disaggregation of revenue

Company	2022 RM'000	2021 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

22. Finance costs

	Company 2022 RM'000	Company 2021 RM'000
Continuing operations		
Interest expense on lease liabilities	68	-

23. Loss before tax

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Continuing operations				
Loss before tax is stated after charging/(crediting):				
Auditors' remuneration:				
- Audit fees	547	155	538	140
- Under/(over)provision in the previous financial year	488	(16)	488	(10)
- Non-audit fees:				
- *auditors of the Company*	5	-	5	-
Material expenses/(income)				
Depreciation:				
- Property, plant and equipment	133	113	123	107
- Right-of-use assets	-	-	171	-
Impairment loss on:				
- Amount due from subsidiary	-	-	-	24,433
- Investments in subsidiaries	-	-	133,378	73,926
- Property, plant and equipment	817	300	817	300
- Right-of-use assets	-	-	569	-

23. Loss before tax (continued)

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Continuing operations				
Material expenses/(income) (continued)				
Written off on:				
- Amount owing by subsidiaries	-	-	116,242	-
- Property,plant and equipment	4	-	-	-
Net realised loss on foreign exchange	29	145	16	22
Net unrealised (gain)/loss on foreign exchange	(2,111)	1,734	(2,059)	1,936
Wages, salaries and others	2,412	2,798	2,432	-
Interest expenses	-	-	68	-
Interest income from deposit placed with licensed banks	(30)	-	(30)	-
Waiver of debt from:				
- amount owing by subsidiaries	-	-	(1,783)	-
- third parties	(22)	-	-	-
Reversal of impairment loss on amount due by subsidiaries	-	-	(87,340)	-
Expenses arising from leases				
Expenses relating to short-term leases	106	73	106	107
Net loss on impairment of financial instruments				
Financial assets at amortised cost	-	-	-	24,433

24. Tax expense

Recognised in profit or loss

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Continuing operations				
Current tax expense				
Foreign income tax	-	-	-	-
Under provision in prior year	-	355	-	355
Total income tax expense	-	355	-	355

Reconciliation of tax expense

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Continuing operations				
Loss before tax	(34,972)	(98,179)	(168,417)	(74,179)
Tax calculated at the Malaysian tax rate of 24% (2021: 24%)	(8,393)	(23,563)	(40,420)	(17,803)
Tax effects of:				
- different tax rates in other countries	-	6,403	-	-
- expenses not deductible for tax purposes	32,806	13,949	38,607	18,547
- income not subject to tax	-	(2,185)	-	-
- deferred tax assets not recognised	-	5,396	1,813	-
Utilisation of deferred tax assets not recognised in previous year	(24,413)	-	-	(744)
Current tax – under provision in prior year	-	355	-	355
	-	355	-	355

25. Loss after taxation from discontinued operations

As disclosed in Note 14 to the financial statements, the Group is in the process of disposing of its drilling services (2021: 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	
	2022	**2021**
	RM'000	**RM'000**
Revenue	277,435	308,794
Cost of sales	(220,737)	(300,184)
Gross profit	56,698	8,610
Administration expenses	(151,770)	(38,101)
Selling and distribution expenses	(20,342)	(21,504)
Other income	135,809	66,095
Net loss on impairment of financial instruments	-	(1,633)
Results from operating activities	20,395	13,467
Finance costs	(9,412)	(10,050)
Profit before tax	10,983	3,417
Tax expense	(13,559)	(5,194)
Loss after tax from discontinued operations	(2,576)	(1,777)
Loss of re-measurement of assets	-	(115,074)
Attributable to:		
Owners of the Company	8,025	(115,626)
Non-controlling interests	(10,601)	(1,225)
	(2,576)	(116,851)

25. Loss after taxation from discontinued operations (continued)

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

	Group 2022 RM'000	Group 2021 RM'000
After charging:		
Auditor's remuneration – statutory audit	122	3,102
Bad debts written off	2,991	1,068
Written off of:		
- property, plant and equipment	778	4,920
- right-of-use asset	-	104
Written down of inventories	110	8,501
Depreciation of:		
- property, plant and equipment	10,780	46,323
- right-of-use assets	5,597	6,186
Impairment loss on		
- investment in joint ventures	-	1,220
- property, plant and equipment	2,670	20,722
- asset held for sale	-	115,074
- receivables	-	951
Wages, salaries and others	83,785	98,885
Termination benefits	343	239
Contribution to state plans	3,074	3,504
Other employee benefits	-	9,819
Personal expenses:		
- expenses related to defined benefit plans	-	37
Unrealised loss on foreign exchange	-	6,187
Interest expense	9,412	10,050
Net realised loss on foreign exchange	42	-
Loss on disposal of property, plant and equipment	-	21,023
Provision for retirement benefits	3,636	96
Provision for litigation	1,732	-
And crediting:		
Net unrealised gain on foreign exchange	(2,907)	705
Gain on reassessment and modification of lease liabilities	(115)	-
Gain on disposal of		
- investment in subsidiaries	-	(2,614)
- property, plant and equipment	(51)	(8)
Reversal of written down of inventories	(8,957)	(557)
Reversal of provision of litigation	(465)	-
Reversal of impairment losses on receivables	(1,887)	(37)

	Group 2022 RM'000	Group 2021 RM'000
Expenses arising from leases		
Expenses relating to short-term leases	7,463	8,604

25. Loss after taxation from discontinued operations (continued)

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

	Group	
	2022	**2021**
	RM'000	**RM'000**
Current tax expense	(13,559)	(5,194)
Deferred tax expense	-	-
	(13,559)	(5,194)

26. Other comprehensive income/(expenses)

Group	2022			2021		
	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	15,337	-	15,337	(3,188)	-	(3,188)

27. Loss per ordinary share

Basic (loss)/earnings per ordinary share

The calculation of basic (loss)/earnings per ordinary share at 30 June 2022 was based on the (loss)/profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, as follows:

	Group	
	2022	**2021**
Continued operations		
Loss attributable to owners of the Company (RM'000)	(34,972)	(98,534)
Weighted average number of ordinary shares outstanding ('000)	468,324	468,324
Basic loss per ordinary share (sen)	(7.47)	(21.04)
Discontinued operations		
Profit/(Loss) attributable to owners of the Company (RM'000)	8,025	(115,626)
Weighted average number of ordinary shares outstanding ('000)	468,324	468,324
Basic earnings/(loss) per ordinary share (sen)	1.71	(24.69)

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 subsidiaries

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 representing 80.54% equity interest in PT Rig Tenders Indonesia, Tbk ("PTRT") for a cash consideration of USD9.5 million. The disposal was completed in 16 November 2021.

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

	Group 2022 RM'000
Property, plant and equipment	131,801
Inventory	4,916
Trade and other receivables	16,371
Current tax assets	8,684
Cash and cash equivalents	15,385
Provision	(2,306)
Trade payables	(4,476)
Other payables and accruals	(1,708)
Current tax liabilities	(1,879)
Non-controlling interests	(12,845)
Carrying amount of net assets	153,943
Consideration received	(37,655)
Impairment loss on asset held for sale recognised in the previous financial year	(115,074)
	1,214

On 29 June 2021, 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 its 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)

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 2022	Drilling Services RM'000	Drilling Services (Discontinued) RM'000	Marine Services (Discontinued) RM'000	Total RM'000
Segment revenue				
External sales	-	250,078	27,357	277,435
Segment (loss)/profit	(34,839)	202,024	(165,252)	1,933
Included in the measure of the segment (loss)/profit are:				
Bad debts written off	-	(2,991)	-	(2,991)
Gain on disposal of property, plant and equipment	-	51	-	51
Gain on reassessment and modification of lease liabilities	-	115	-	115
Impairment of property, plant and equipment	(817)	(2,670)	-	(3,487)
Loss on disposal of subsidiary	(1,214)	-	-	(1,214)
Property, plant and equipment written off	(4)	(778)	-	(782)
Provision for litigation	-	(1,732)	-	(1,732)
Provision for retirement benefits	-	(3,636)	-	(3,636)
Reversal of provision for litigation	-	465	-	465
Reversal of impairment loss on receivables	-	1,887	-	1,887
Reversal of write-down of inventories	-	8,957	-	8,957
Share of gain of equity-accounted associates, net of tax	429	-	-	429
Write-down of inventories	-	(110)	-	(110)
Net unrealised gain on foreign exchange	2,111	2,340	567	5,018

29. Operating segments (continued)

Not included in the measure of segment (loss)/profit but provided to CODM				
Depreciation	(133)	(16,377)	-	(16,510)
Finance costs	-	(9,412)	-	(9,412)
Finance income	30	-	-	30
Tax expense	-	(13,195)	(364)	(13,559)
Segment assets	25,448	282,967	-	308,415
Included in the measure of segment assets are:				
Investments in associates	10,340	-	-	10,340
Unallocated asset:				
Deferred tax assets	-	472	-	472
Consolidated total assets				319,227

29. Operating segments (continued)

Group 2021	Drilling Services RM'000	Drilling Services (Discontinued) RM'000	Marine Services (Discontinued) RM'000	Total RM'000
Segment revenue				
External sales	-	239,662	69,132	308,794
Segment (loss)/profit	(76,064)	47,734	(118,833)	(147,163)
Included in the measure of the segment loss are:				
Impairment of receivables	-	(951)	-	(951)
Impairment of property, plant and equipment	300	(14,721)	-	(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)	-	(11,231)
Net unrealised loss on foreign exchange	(1,734)	(6,187)	-	(7,921)

29. Operating segments (continued)

Group 2021	Drilling Services RM'000	Drilling Services (Discontinued) RM'000	Marine Services (Discontinued) RM'000	Total RM'000
Not included in the measure of segment (loss)/profit but provided to CODM				
Depreciation	(113)	(22,002)	(30,507)	(52,622)
Finance costs	-	(10,050)	-	(10,050)
Tax expense	(355)	(5,079)	(115)	(5,549)
Segment assets	20,707	186,187	111,079	317,973
Included in the measure of segment assets are:				
Investments in associates	9,911	-	-	9,911
Deferred tax assets	369	-	-	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)

Reconciliations of reportable segment of profit or loss

	Group	
	2022 RM'000	2021 RM'000
Profit or loss		
Total profit or loss for reportable segments	(23,989)	(209,835)
Depreciation and amortisation	16,510	52,622
Finance costs	9,412	10,050
Consolidated profit/(loss) before tax	1,933	(147,163)

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysia	17,714	38,055	55	5,993
Russia	99,083	83,101	-	6,389
West Africa	-	-	-	-
Middle East	-	-	-	-
Nigeria	27,670	15,062	-	1,083
Pakistan	19,559	7,438	-	5,364
Oman	17,427	22,339	-	8,824
Indonesia	33,995	82,928	-	6,177
India	6,600	14,900	-	1,821
Other countries	55,387	44,971	-	13,661
	277,435	308,794	55	49,312

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		Segment
	2022 RM'000	2021 RM'000	
Customer A	-	61,980	Drilling services

Revenue for Nil (2021: 2) major customers constitutes Nil (2021: 26.8%) 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 2022	Carrying amount RM'000	AC RM'000
Financial assets		
Trade and other receivables*	6,040	6,040
Cash and cash equivalents	19,184	19,184
	25,224	25,224
Financial liability		
Trade and other payables#	(12,792)	(12,792)
Company		
2022		
Financial assets		
Trade and other receivables*	342	342
Cash and cash equivalents	19,160	19,160
	19,502	19,502
Financial liability		
Trade and other payables	(50,707)	(50,707)

* Excluding prepayments and deposits
\# 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 2021	Carrying amount RM'000	AC RM'000
Financial assets		
Trade and other receivables*	74,035	74,035
Cash and cash equivalents	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 cash equivalents	775	775
	6,235	6,235
Financial liability		
Trade and other payables#	(8,760)	(8,760)

* 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 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Net gains/(losses) on:				
Financial assets at amortised cost	(30)	33,312	28,871	24,079
Financial liabilities at amortised cost	(2,104)	(1,879)	(3,827)	(1,958)
	(2,134)	31,433	25,044	22,121

(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 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

In the previous financial year, the exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group 2021 RM'000
Malaysia	3,353
Asia	10,952
Middle East and Africa	18,241
Others	22,652
	55,198

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 **2021**	**Gross carrying amount** **RM'000**	**Loss allowance** **RM'000**	**Net balance** **RM'000**
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)	54,898
Credit impaired			
More than 90 days past due	28,594	(28,294)	300
	84,416	(29,218)	55,198

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 2020	37,256
Amounts written off	(1,068)
Net remeasurement of loss allowance	(5,396)
Currency translation differences	(1,574)
Balance at 30 June 2021/1 July 2021	29,218
Amounts written off	(6,056)
Net remeasurement of loss allowance	(2,808)
Currency translation differences	(2,019)
Classified as asset held for sale	(18,335)
Balance at 30 June 2022	-

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 in prior financial year. Consequently, the bonds have been converted into a loan from Danajamin in prior 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 RM69,985,000 (2021: RM90,132,000) 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 related parties and subsidiaries. The Group and the Company monitor the ability of the 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 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 related parties and subsidiaries' financial positions deteriorate significantly. As the Group and the Company are able to determine the timing of payments of related parties and subsidiaries' advances when they are payable, the Group and the Company consider the advances to be in default when the related parties and subsidiaries are not able to pay when demanded. The Group and the Company consider the related parties and subsidiaries' advances to be credit impaired when:

- The related parties and subsidiaries are unlikely to repay their advances to the Company in full; or
- The 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 related parties and subsidiaries' advances as at 30 June 2022.

Group	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
2022			
Low credit risk	3	-	3
Company			
2022			
Low credit risk	339	-	339
2021			
Low credit risk	5,416	-	5,416
Credit impaired	22,947	(22,947)	-
	28,363	(22,947)	5,416

30. Financial instruments (continued)

(d) Credit risk (continued)

Inter-company advances (continued)

Recognition and measurement of impairment losses (continued)

The movements in the allowance for impairment in respect of the related parties and subsidiaries' advances during the year are as follows:

	Credit impaired	
	Group RM'000	Company RM'000
Balance at 1 July 2020	(45,605)	(92,970)
Net remeasurement of loss allowance	45,605	70,023
Balance at 30 June 2021/1 July 2021	-	(22,947)
Amount written off	-	22,947
Balance at 30 June 2022	-	-

In the previous financial year, the significant increase in net measurement of loss allowance of the Company is primarily due to the amounts due from related parties and subsidiaries' which are not recoverable as the 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.

	Carrying amount RM'000	Contractual interest rate/ coupon	Contractual cash flows RM'000	Under 1 year RM'000
Group				
2022				
Non-derivative financial liabilities				
Trade and other payables	12,792	-	12,792	12,792
Company				
Non-derivative financial liabilities				
Trade and other payables	50,707	-	50,707	50,707
Financial guarantee	-	-	69,985	69,985
	50,707		120,692	120,692

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).

Group **2021**	**Carrying amount RM'000**	**Contractual interest rate/ coupon**	**Contractual cash flows RM'000**	**Under 1 year 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%	39,101	39,101
Trade and other payables	123,984		123,984	123,984
	255,694		255,694	255,694
Company				
Non-derivative financial liabilities				
Trade and other payables	8,760		8,760	8,760
Financial guarantee	-		90,132	90,132
	8,760		98,892	98,892

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*") and *Great Britain Pound ("GBP").*

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	
	2022	**2021**
Group	**RM'000**	**RM'000**
Balances recognised in the statement of financial position		
Cash and cash equivalents	972	52
Trade and other receivables	-	78
Loans and borrowings	-	(132)
Trade and other payables	(253)	(235)
Net exposure	719	(237)

	Denominated in GBP	
	2022	**2021**
Group	**RM'000**	**RM'000**
Balances recognised in the statement of financial position		
Trade and other payables	(19)	-
Net exposure	(19)	-

30. Financial instruments (continued)

(f) Market risk (Continued)

(i) Currency risk (continued)

Currency risk sensitivity analysis

A 5% (2021: 5%) strengthening of the RM against the USD and GBP 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.

	Increase/(Decrease) Equity/Profit or loss	
	2022	**2021**
Group	**RM'000**	**RM'000**
USD against RM		
- strengthened	36	(12)
- weakened	(36)	12
GBP against RM		
- strengthened	(1)	-
- weakened	1	-

A 5% (2021: 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.

30. Financial instruments (continued)

(f) Market risk (continued)

(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 previous reporting period are as follows:

	Group	
	2022 RM'000	2021 RM'000
Fixed rate instruments		
Financial assets	17,000	3,207
Financial liabilities	-	(90,132)
	17,000	(86,925)
Floating rate instruments		
Financial liabilities	-	(41,578)

	Company	
	2022 RM'000	2021 RM'000
Fixed rate instruments		
Financial assets	17,000	-

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 previous 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	
	100 bp Increase RM'000	**100 bp Decrease RM'000**
Group		
2021		
Floating rate instruments	(416)	416

(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.

In prior 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	
	2022	2021
	RM'000	RM'000
Capital expenditure commitments		
Property, plant and equipment		
Not contracted for	-	28,411

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
A. Associates				
Recharge of expense paid on behalf of	-	37	-	37
B. Subsidiary				
Management fee	-	-	-	5,210

33. Related parties (continued)

Significant related party transactions (continued)

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
C. Key management personnel				
Salaries and short-term employee benefits	-	1,152	-	1,001
Defined contribution plan	-	162	-	139
Termination benefits	-	-	-	-
	-	1,314	-	1,140

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 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Non-executive Directors				
Fees	472[1]	311	472[1]	311
Allowances	152	95	152	95
	624	406	624	406
Executive Director				
Salaries and short-term employee benefits	493	377	493	377
Defined contribution plan	58	45	58	45
	551	422	551	422
	1,175	828	1,175	828

(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.

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) One of the subsidiaries, 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 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.

(ii) On 14 August 2020, the Group secured the 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.

Following the Court's approval on the Judicial Management Order ("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.

(iii) The Judicial Manager applied to the Court several times for the extension of time to finalise the debt restructuring plan and the Court approved all the application for the extension of time. The extension of time granted by the Court was up to 12 August 2021.

(iv) 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.

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.

(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. The disposal was completed on 16 November 2021.

35. Significant events during the financial year (Continued)

(vi) 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.

(vii) On 21 September 2021, a wholly owned subsidiary, PT Scomi Oiltools “PTSO” received tax court result NO PUT-011272.15/2018/PP/MXIVA year 2022, PUT-000837.15/2019/PP/MXIVA Year 2022 and PUT-011271.13/2018/PP/MXIVA Year 2022 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.

(viii) 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.

(ix) On 17 March 2022, SESB has entered into the following sale and purchase agreements :-

- Sale and purchase agreement between SESB and Cahaya Mata Oiltools Sdn. Bhd. ("SPV1") a wholly-owned subsidiary of Cahaya Mata Sarawak Berhad (“CMS”) for the disposal by SESB of its 48% equity interest in SKMC and 100% equity interest in SOL to SPV1 for a cash consideration of RM13,505,000;

- Sale and purchase agreement between SOSB and Oiltools International Sdn. Bhd. (a wholly-owned subsidiary of CMS) (“SPV 2”) for the disposal by SOSB of 4% equity interest in SKMC, 25% equity interest in Scomi Oiltools Gulf W.L.L. (“SOG Kuwait”) and 25% equity interest in Continental Wire Cloth (Malaysia) Sdn Bhd (formerly known as Global Oilfield Products Sdn. Bhd.) (“GOP Johor”) for a cash consideration of RM2,600,001;

- Sale and purchase agreement between SOSB and SPV 2 for the disposal by SOSB of a unit of 5-storey shop office in Petaling Jaya, Selangor identified as premise used by SESB for its office (“Dataran Prima Property”) to SPV 2 for a cash consideration of RM3,000,000;

- Sale and purchase agreement between SOSB and SPV 2 for the disposal by SOSB of all its remaining inventories and equipment to SPV 2 for a cash consideration of RM1,894,999; and

35. Significant events during the financial year (Continued)

(ix) On 17 March 2022, SESB has entered into the following sale and purchase agreements (continued):-

- Sale and purchase agreement between SOL and Falcon Residences Sdn. Bhd. ("Falcon") for the disposal by SOL of 100% equity interest in the Identified Companies to Falcon for a nominal cash consideration of RM1.

The Proposed Disposal entails the following:

(a) disposal by SESB of its 48% equity interest in SKMC and 100% equity interest in SOL (together with 9 of its existing subsidiaries) to SPV 1; and

(b) disposal by SOSB of its 4% equity interest in SKMC, 25% interest in SOG Kuwait and 25% interest in GOP Johor, Dataran Prima Property and SOSB Inventories and Equipment to SPV 2, for a total cash consideration of RM21,000,000 ("Disposal Consideration");

(c) disposal by SOL of its 100% equity interest in the Identified Companies to Falcon for a nominal cash consideration of RM1.

In relation to (a) above, the 9 existing subsidiaries of SOL to be acquired by SPV 1 ("Identified Companies") to form part of the SOL group are follows:

Identified Companies	Shareholder	Equity interest (%)
Scomi Oiltools (Cayman) Ltd.	SOL	100
Scomi Oiltools (Africa) Ltd (Cayman Islands)	SOL	100
Scomi Oiltools (Oman) LLC	SOL	51
Scomi Oiltools (Thailand) Ltd.	SOL	100
Scomi Oiltools (S) Pte. Ltd.	SOL	100
WASCO Oil Services Company Nigeria Limited	SOAL	60
KMC Oiltools India Pvt. Ltd.	SOSPL	100
PT Scomi Oiltools (Indonesia)	SOSPL	95
Scomi Oiltools (Russia) LLC	SOSPL	100

35. Significant events during the financial year (Continued)

(ix) On 17 March 2022, SESB has entered into the following sale and purchase agreements (continued):-

In addition to the above, and concurrent with the Proposed Disposal, SOL shall also dispose its equity interest in the following existing subsidiaries and joint venture companies to Falcon such that on completion of the Proposed Disposal, SOL will only hold the Identified Companies:

Identified Companies	Shareholder	Equity interest (%)
Scomi Oiltools Pakistan (Pvt) Ltd.	SOL	100
Scomi Equipment Inc	SOL	100
KMCOB Capital Berhad	SOL	100
Vibratherm Limited	SOL	50
Scomi Oiltools Pty. Ltd.	SOL	100
Scomi Oiltools Africa Ltd Congo Sarl	SOL	100
KMC Oiltools BV	SOL	100
Scomi Oiltools Sdn. Bhd.	SOL	100
Scomi Platinum Sdn. Bhd.	SOSB	50

Separately from SESB, the remaining 48% of SKMC held by Dasar Panduan Sdn Bhd ("DPSB") shall be acquired by a party to be identified by SPV 1 for a nominal cash consideration of RM1 ("Dasar Panduan Disposal"). As part of the terms of the SPA 1, Dasar Panduan will deliver a duly executed share transfer form to SPV 1 to effect the above transfer of shares to the identified party.

Based on the foregoing, the Proposed Disposal together with the intended disposals of the Identified Companies and the Dasar Panduan Disposal is deemed as an effective disposal of the entire SOL group.

The Disposal Agreements were executed with the relevant parties to give effect to the Proposed Disposal. As SOSB is currently under receivership, SPA 2, SPA 3 and SPA 4 were executed by the Receiver and Manager on behalf of SOSB.

(x) On 20 April 2022, the Company has submitted an application for further extension of time up to 30 November 2022 to submit its regularisation plan to Bursa Securities. Bursa Securities has approved the extension of time on 23 May 2022.

36. Subsequent events after the reporting period

(i) The Group further announced on 6 September 2022 that following the fulfilment of all conditions precedent and obligations, the proposed disposal has been completed.

(ii) On 3 October 2022, SESB had entered into a Framework Agreement with PJD Link Holdings Sdn. Bhd. and Noblemax Resources Sdn. Bhd. and PJD Link (M) Sdn. Bhd. ("Target Company") for purposes of the proposed acquisition by SESB of 100% equity interest in the Target Company, which is intended to be undertaken as the Company's proposed regularisation plan or form part thereof.

37. Basis For Disclaimer Of Opinion On The Financial Statements For The Financial Year Ended 30 June 2021

The extracts of disclaimer opinion in the financial statements for the financial year ended 30 June 2021 is as follows:

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:

(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.

37. Basis For Disclaimer Of Opinion On The Financial Statements For The Financial Year Ended 30 June 2021 (Continued)

1. Going concern (Continued)

(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.

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.

37. Basis For Disclaimer Of Opinion On The Financial Statements For The Financial Year Ended 30 June 2021 (Continued)

1. Going concern (Continued)

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.

(e) 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.

37. Basis For Disclaimer Of Opinion On The Financial Statements For The Financial Year Ended 30 June 2021 (Continued)

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.

37. Basis For Disclaimer Of Opinion On The Financial Statements For The Financial Year Ended 30 June 2021 (Continued)

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.

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.

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 18 to 122 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 2022 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

....

YM Raja Ahmad Murad bin Raja Bahrin
Director

Petaling Jaya

Date :31 October 2022

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **YM Tunku Azlan bin Tunku Aziz**, MIA Membership Number: 15522, 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 18 to 122 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 YM Tunku Azlan bin Tunku Aziz, NRIC No: 680929105031, at Kuala Lumpur in the Federal Territory on 31 October 2022.

……………………………………………….
YM Tunku Azlan bin Tunku Aziz

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 2022 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 18 to 122.

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 (Continued)

1. Going Concern (Continued)

(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. 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. On 20 April 2022, the Company has submitted an application for further extension of time up to 30 November 2022 to submit its regularisation plan to Bursa Securities. Bursa Securities has approved the extension of time on 23 May 2022.

(c) During the financial year ended 30 June 2022, the Group and the Company incurred net losses of RM26.9 million and RM168.4 million respectively, and as of that date, the Company's current liabilities exceeded its current assets by RM31.0 million, and the Group and the Company recorded a deficit in their total equity attributable to the owners of the Company of RM31.2 million and RM9.9 million respectively.

(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 RM116.9 million as at 30 June 2022.

    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 (Continued)

1. Going Concern (Continued)

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 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 (Continued)

1. Going Concern (Continued)

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. On 20 April 2022, the Company has submitted an application for further extension of time up to 30 November 2022 to submit its regularisation plan to Bursa Securities. Bursa Securities has approved the extension of time on 23 May 2022. 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. Unverified inventories

Included in certain subsidiaries' inventories, a total amount of unverified inventories was RM6.2 million as at 30 June 2022. 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 any adjustments might have been necessary in the financial statements. In addition, we were unable to conclude that the carrying amounts of these inventories as at 30 June 2022 are fairly stated in the financial statements.

Basis for Disclaimer of Opinion (Continued)

3. Unverified trade payables

Included in certain subsidiaries' trade payables, a total amount of unverified trade payables was RM34.6 million as at 30 June 2022. 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 any adjustments might have been necessary in the financial statements. In addition, we were unable to conclude that the carrying amounts of these trade payables as at 30 June 2022 are fairly stated in the financial statements.

4. Unverified other payables

Included in certain subsidiaries' other payables, a total amount of unverified other payables was RM2.3 million as at 30 June 2022. 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 any adjustments might have been necessary in the financial statements. In addition, we were unable to conclude that the carrying amounts of these other payables as at 30 June 2022 are fairly stated in the financial statements.

5. 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 RM118.3 million is fairly stated as at 30 June 2022.

Basis for Disclaimer of Opinion (Continued)

6. 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 RM9.8 million is fairly stated as at 30 June 2022.

7. Unverified material financial areas of three subsidiaries

We were unable to obtain sufficient appropriate audit evidence on material financial areas to the Group for three of the subsidiaries namely, Scomi Oiltools Thailand Ltd. ("SOTL"), Scomi Equipment Inc. ("SEI") and Scomi Oiltools Pakistan Pvt. Ltd. ("SOLCPAK") as at 30 June 2022 as summarised below:-

	SOTL RM'000	SEI RM'000	SOLCPAK RM'000
Property, plant and equipment	-	-	4,152
Inventories	-	-	5,726
Trade and other receivables	-	-	7,824
Current tax assets	-	-	4,386
Cash and cash equivalents	2,182	-	-
Trade and other payables	6,398	4,381	10,165
Provision	-	-	1,397
Revenue	5,737	-	19,559
Cost of sales	5,238	-	17,228
Other income	-	37,520	23,067
Administrative expenses	15,180	-	3,080
Other expenses	13,669	-	-
Tax expense	-	-	3,702

In view of this, we were unable to obtain sufficient appropriate audit evidence about whether any adjustments might have been necessary in the 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 (Continued)

8. *Unverified material financial areas of the disposed group of subsidiaries*

We were unable to obtain sufficient appropriate audit evidence on the material financial areas of PTRT group as at disposal date of 16 November 2021.

The PTRT's group's material financial areas to the Group for the financial period up to 16 November 2021 are summarised as follows:-

	RM'000
Revenue	27,357
Cost of sales	21,895
Other income	167,154
Operating expenses	3,323

In view of this, we were unable to obtain sufficient appropriate audit evidence about whether any adjustments might have been necessary in the 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.

9. *Intercompany balances*

We were unable to obtain sufficient appropriate audit evidence to unreconciled variances amounting to approximately RM32.1 million on intercompany balances. As a result, we were unable to determine any adjustment might have been necessary in 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 7 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
03000/07/2024 J
Chartered Accountant

Kuala Lumpur

31 October 2022

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	Amirul Azhar bin Baharom Goh Say Jauw
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	Amirul Azhar bin Baharom Goh Say Jauw Benjamin Leong Wye Hoong Shah Hakim bin Zain
Scomi Oiltools (Cayman) Ltd.	Amirul Azhar bin Baharom Goh Say Jauw Benjamin Leong Wye Hoong Ramesh Veetikat Ramachandran
Scomi KMC Sdn. Bhd.	Shyawalludien bin Mahmad
Scomi Equipment Inc. (Texas, USA)	Stephen Fredrick Bracker Nicholas Harold Doust
Scomi Oiltools (Thailand) Ltd.	Kanapoj Chunprasert Montri Bunprasit Raja Hisham Muddin Bin R Mohd Iskandar Ramesh Veetikat Ramachandran
Scomi Oiltools Oman LLC	Authorised Managers Sultan "Obaid Said Al Ghaithi Ramesh Veetikat Ramachandran Norasazly bin Mohd Taha Muhammad Farook Grant Porter Rashad Muhammad Alzubair Alzubair Al Rabi'a Lacheheb Goh Say Jauw

APPENDIX

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	Hilmy Zaini bin Zainal Zahid Hasan Butt
PT Scomi Oiltools	Commissioner Amirul Azhar bin Baharom Raja Hisham Muddin bin R Mohd Iskandar Directors Harianto Taruna Mastura binti Mansor Rizal Ichwansyah
Scomi Oiltools (S) Pte. Ltd. (Singapore)	Raja Hisham Muddin bin R Mohd Iskandar Koh Eng Pew Benjamin Leong Wye Hoong Tan Hoon Gee Goh Say Jauw
Scomi Oiltools (Africa) Limited	Amirul Azhar bin Baharom Goh Say Jauw Benjamin Leong Wye Hoong Ramesh Veetikat Ramachandran
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 Amirul Azhar bin Baharom Benjamin Leong Wye Hoong Stephen Abednigo Ramesh Veetikat Ramachandran
Scomi Oiltools (RUS) LLC	Amirul Azhar bin Baharom Goh Say Jauw Benjamin Leong Wye Hoong
Trans Advantage Sdn. Bhd.	Goh Say Jauw Benjamin Leong Wye Hoong
Scomi Sosma Sdn. Bhd.	Amirul Azhar bin Baharom Goh Say Jauw Benjamin Leong Wye Hoong

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 Marine Services Pte. Ltd.	Koh Eng Pew Goh Say Jauw Tan Hoon Gee Benjamin Leong Wye Hoong Mastura binti Mansor
PT Rig Tenders Indonesia Tbk	<u>Commissioners</u> Harianto Taruna Wong Mun Keong Amirul Azhar bin Baharom <u>Directors</u> Mastura binti Mansor Doddy Irawan Benjamin Leong Wye Hoong
Grundtvig Marine Pte. Ltd.	Toni Effendi Mastura Binti Mansor Tan Hoon Gee Benjamin Leong Wye Hoong
PT Batuah Abadi Lines	<u>Commissioner</u> Mastura binti Mansor <u>Director</u> Abdul Hadi
Scomi D&P Sdn. Bhd.	Amirul Azhar bin Baharom Goh Say Jauw Benjamin Leong Wye Hoong
Scomi Argentina Sociedad Anonima (Argentina)	Juan Aguero Julio Cesar Pulisich

ANALYSIS OF SHAREHOLDINGS

AS AT 21 OCTOBER 2022

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	:	5,362
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	307	5.73	9,136	0.00
100 to 1,000	1,868	34.84	1,055,311	0.22
1001 to 10,000	2,061	38.44	8,458,241	1.81
10,001 to 100,000	889	16.58	32,223,540	6.88
100,001 to less than 5% of issued shares	234	4.33	144,179,499	30.79
5% and above of issued shares	4	0.08	282,398,540	60.30
Total	**5,362**	**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	29.43	70,000[(1)]	0.01
United Flagship Sdn. Bhd.	-	-	59,792,792[(2)]	12.77
Dato' Mohd Zakhir Siddqy bin Sidek	-	-	59,792,792[(3)]	12.77

Notes:

(1) 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.

(2) Deemed interested by virtue of Section 8(4) of the Companies Act 2016 through its shareholding in Gelombang Global Sdn. Bhd.

(3) 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	%
YM Raja Ahmad Murad bin Raja Bahrin	-	-	-	-
Ruziah binti Mohd Amin	-	-	-	-
Wong Mun Keong	-	-	-	-
Aminodin bin Ismail	-	-	-	-
Amirul Azhar bin Baharom	-	-	-	-

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)	16,315,300	3.48
6.	Ramly bin Abdullah	12,299,400	2.63
7.	Dato' Sri Meer Sadik bin Habib Mohamed	8,556,799	1.83
8.	Yee Kim Ee	6,570,000	1.40
9.	Darabif Sdn. Bhd.	4,720,000	1.01
10.	Maybank Nominees (Tempatan) Sdn. Bhd. Chua Eng Ho Wa'a @ Chua Eng Wah	4,084,400	0.87
11.	Yee Kim Ee	3,970,000	0.85
12.	Ambank (M) Berhad Pledged securities account for Ali bin Abdul Kadir (Smart)	3,500,000	0.75
13.	Guoline (Singapore) Pte Ltd	3,333,080	0.71
14.	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB for Wan Hazreek Putra Hussain Yusuf (PB)	2,955,100	0.63
15.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Tan Yap Yean (6000335)	2,909,680	0.62
16.	Public Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Wong Choo Mok (E-BU)	2,021,600	0.43
17.	Nik Sazlina binti Mohd Zain	2,000,000	0.43
18.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Hee Yuen Sang (MY2105)	1,460,000	0.31
19.	Yap Ann Ping	1,389,100	0.30
20.	Chee Suan Lye	1,304,000	0.28
21.	Cartaban Nominees (Asing) Sdn. Bhd. Exempt AN for Royal Bank of Canada Hong Kong Branch (CLT A/C-Foreign)	1,200,000	0.26
22.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Hee Yuen Sang	1,185,200	0.25
23.	Julian James Armstrong	1,120,020	0.24
24.	Chia Ming Hui	1,000,000	0.21
25.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Tan Tze Aw	1,000,000	0.21
26.	Goon Chee Ming	996,900	0.21
27.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	946,660	0.20
28.	SJ Sec Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Francis Ho Ik Sing (SMT)	916,260	0.20
29.	Public Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Suganthan a/l Ganesan (E-KUG)	846,700	0.18
30.	Hemant Hiralal Kothari	811,900	0.17
Total		**369,810,639**	**78.97**

LIST OF PROPERTY

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	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	-	25 years

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting ("26th AGM" or "Meeting") of **SCOMI ENERGY SERVICES BHD.** ("the Company") will be held and conducted on a fully virtual basis through live streaming and online remote voting via the online meeting platform at https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC - D6A357657) on Monday, 19 December 2022 at 2.00 p.m. or at any adjournment thereof to transact the following business:

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 30 June 2022 together with the Reports of the Directors and Auditors thereon. (Please refer to Note 2)

2. To re-elect Mr Wong Mun Keong as Director of the Company, who retires by rotation in accordance with Clause 96 of the Company's Constitution and who being eligible, has offered himself for re-election. (Ordinary Resolution 1) (Please refer to Note 3)

3. To re-elect En Aminodin bin Ismail as Director of the Company, who retires in accordance with Clause 96 of the Company's Constitution and who being eligible, has offered himself for re-election. (Ordinary Resolution 2) (Please refer to Note 3)

4. To approve the payment of Directors' fees up to an amount of RM272,000.00 for Non-Executive Directors in respect of the financial year ending 30 June 2023. (Ordinary Resolution 3) (Please refer to Note 4)

5. To approve the payment of Directors' fees up to an amount of RM440,000.00 for Non-Executive Directors in respect of the financial year ending 30 June 2024. (Ordinary Resolution 4) (Please refer to Note 4)

6. To approve the payment of Directors' benefits to Non-Executive Directors up to an amount of RM200,000.00 from 20 December 2022 until the next annual general meeting of the Company. (Ordinary Resolution 5) (Please refer to Note 5)

7. To re-appoint Crowe Malaysia PLT as Auditors of the Company for the financial year ending 30 June 2023 and to authorise the Directors to fix their remuneration. (Ordinary Resolution 6)

AS SPECIAL BUSINESS:

To consider and, if thought fit, pass with or without modifications, the following Ordinary Resolution:

8. **Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** (Ordinary Resolution 7) (Please refer to Note 6)

   "**THAT** subject always to the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental and/or regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Companies Act 2016 to allot and issue shares in the Company, at any time and from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the

Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares) for the time being and that the Directors be and are also empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company after the approval was given or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier unless revoked or varied by an ordinary resolution of the Company at a general meeting ("Mandate");

THAT approval be and is hereby given for the waiver of pre-emptive rights of the existing shareholders of the Company to be offered new shares in proportion to their shareholdings ranking equally to the existing issued shares of the Company pursuant to Section 85 of the Companies Act 2016 and Clause 59 of the Constitution of the Company arising from any issuance of new shares pursuant to the Mandate;

AND THAT the Board of Directors of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company arising from any issuance of new shares pursuant to the Mandate."

9. To transact any other business of the Company of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

By Order of the Board

CHEN WEE SAM (SSM PC No. 202008002853) (LS 0009709)
THONG PUI YEE (SSM PC No. 202008000510) (MAICSA 7067416)
Joint Company Secretaries
Kuala Lumpur
Date: 31 October 2022

Note 1: Appointment of Proxy

(i) The Company's 26th AGM will be held and conducted on a fully virtual basis through live streaming and online remote voting via the online meeting platform at https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC - D6A357657). **Please read these Notes carefully and follow the Procedures in the Administrative Guide for the 26th AGM in order to register, attend, participate and vote remotely.**

(ii) All meeting participants of the 26th AGM including the Chairperson of the Meeting, members of the Board of Directors ("Board"), senior management and shareholders are to participate in the Meeting online, which is in line with the revised Guidance Note and Frequently Asked Questions ("FAQ") on the Conduct of General Meetings for Listed Issuers ("the Revised Guidance Note and FAQ") issued by the Securities Commission Malaysia on 7 April 2022. According to the Revised Guidance Note and FAQ, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia.

(iii) A member of the Company entitled to attend and vote at the 26th AGM of the Company shall be entitled to appoint not more than two (2) proxies to exercise all or any of his/her/its rights to attend, participate (including to pose questions to the Board of the Company) and vote in his/her/its stead.

(iv) A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.

(v) Where a member appoints more than one (1) proxy, he/she/it shall specify the proportion of his/her/its holdings to be represented by each proxy, failing which the appointment shall be invalid.

(vi) Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

(vii) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it is entitled to appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(viii) The instrument appointing a proxy, in the case of an individual shall be signed by the appointer or his/her attorney duly authorised in writing and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.

(ix) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the office of the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or by electronic means via Boardroom Smart Investor portal at https://investor.boardroomlimited.com not less than forty-eight (48) hours before the time for holding the 26th AGM or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid.

(x) The lodging of a completed Form of Proxy to the Share Registrar of the Company will not preclude a member from attending, participating and voting at the 26th AGM should the member subsequently wish to do so. If a member subsequently decides to attend, participate and vote at the Meeting, the member is requested to rescind his/her/its earlier appointment of proxy(ies), and notify the Share Registrar of the Company before the closing of registration for the 26th AGM.

(xi) For the purpose of determining a member who shall be entitled to attend the 26th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 68 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 12 December 2022. Only depositor whose name appears on the General Meeting Record of Depositors as at 12 December 2022 shall be entitled to attend, participate and vote at the 26th AGM or appoint proxy(ies)/corporate representative(s)/attorney(s) to attend, participate and vote on his/her/its behalf.

(xii) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

Explanatory Notes on Ordinary Business

Note 2: Audited Financial Statements for the financial year ended 30 June 2022 together with the Reports of the Directors and Auditors thereon

The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

Note 3: Re-election of Directors

Ordinary Resolutions 1 and 2

For the purpose of determining the eligibility of the retiring Directors to stand for re-election at the 26th AGM, the Board through its Nomination and Remuneration Committee had assessed the retiring Directors, and considered the following:

(i) The Directors' performance and contribution;
(ii) The Directors' skills, experience and strength in qualities; and
(iii) The Directors' ability to act in the best interest of the Company in decision-making.

The retiring Directors had abstained themselves from all deliberations and decisions on their own respective proposed re-election as Directors at the Board of Directors' Meeting.

Note 4: Directors' Fees

Ordinary Resolutions 3 and 4

The fees for the Non-Executive Directors as set out below have been implemented since financial year 2009 and the Board had agreed that the Directors' fees in respect of the financial year ending 30 June 2023 and financial year ending 30 June 2024 be maintained as follows:

	Annual Fee (RM)
a. Chairman of the Board	60,000.00
b. Chairman of the Audit and Risk Management Committee ("ARMC")	60,000.00
c. Non-Executive Director who is a member of the ARMC	58,000.00
d. Non-Executive Director who is not a member of the ARMC	48,000.00

The payment of the Directors' fees in respect of the financial year ending 30 June 2023 and financial year ending 30 June 2024 respectively will only be made if the proposed Ordinary Resolutions 3 and 4 have been approved at the 26th AGM of the Company.

Note 5: Directors' Benefits

Ordinary Resolution 5

Pursuant to Section 230 of the Companies Act 2016, any fees and benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The Company is therefore seeking the shareholders' approval for the payment of Directors' benefits to its Non-Executive Directors for the period commencing 20 December 2022 until the next annual general meeting ("Relevant Period") in accordance with the remuneration structure set out below, payable as and when incurred:

1	Meeting Allowance	Board of Directors	RM1,000 per meeting
2	Meeting Allowance	Board Committee	RM1,000 per meeting
3	Transport allowance for attending Annual General Meeting, Board Meetings, Board Committee Meetings, Directors' Training and the Company's events	Non-Executive Director who is based in Malaysia but outside of Wilayah Persekutuan Kuala Lumpur and Selangor	RM500 per trip

In determining the estimated total Directors' benefits for the Relevant Period, the size of the Board and Board Committees and the number of meetings estimated to be held during the Relevant Period based on the above remuneration structure were taken into consideration.

Explanatory Notes on Special Business

Note 6: Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

Ordinary Resolution 7

The Ordinary Resolution 7 is proposed pursuant to Sections 75 and 76 of the Companies Act 2016 for the purpose of obtaining a renewed general mandate ("General Mandate"), which if passed, will empower the Directors of the Company to allot and issue new ordinary shares in the Company at any time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors deem fit and in the best interest of the Company.

This General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next annual general meeting of the Company after the approval was given, or at the expiry of the period within which the next annual general meeting of the Company is required to be held after the approval was given, whichever is earlier.

The General Mandate, if granted, will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions.

As at the date of this Notice, no new ordinary shares in the Company were issued pursuant to the general mandate granted to the Directors at the last Annual General Meeting held on 22 March 2022 and it will lapse at the conclusion of the 26th AGM of the Company.

Note 7: Personal data privacy:

By lodging of a completed Form of Proxy to the Share Registrar of the Company for appointing a proxy(ies) and/or representative(s) to attend, participate and vote at the 26th AGM and any adjournment thereof, a member of the Company is hereby:

(i) consenting to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxy(ies) and/or representative(s) appointed for the 26th AGM (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the 26th AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");

(ii) warranting that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes ("Warranty"); and

(iii) agreeing that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of the Warranty.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

STATEMENT ACCOMPANYING NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING ("26TH AGM")
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. No individual is seeking election as a Director of the Company at the 26th AGM.

2. Details of the general mandate to allot and issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Explanatory Note 6 of the Notice of 26th AGM.

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SCOMI ENERGY SERVICES BHD

Registration No. 199601025627 (397979-A)
(Incorporated in Malaysia)

FORM OF PROXY

No. of shares held	CDS Account No.
	- -

I/We ____
(FULL NAME IN BLOCK LETTERS)

(NRIC No./Company Registration No./Passport No. ______________________________)

of ____
(FULL ADDRESS)

being a member/members of **SCOMI ENERGY SERVICES BHD (the "Company")**, hereby appoint

Name of Proxy *(FULL NAME IN BLOCK LETTERS)*	**NRIC No./Passport No.**	**% of Shareholdings to be Represented** *(Please refer to Note v)*
Address:		
Contact No.:	**Email address:**	

and/or failing him/her

Name of Proxy *(FULL NAME IN BLOCK LETTERS)*	**NRIC No./Passport No.**	**% of Shareholdings to be Represented** *(Please refer to Note v)*
Address:		
Contact No.:	**Email address:**	

or failing *him/her, the CHAIRMAN OF THE MEETING as *my/our proxy/proxies to vote for *me/us on *my/our behalf at the Twenty-Sixth Annual General Meeting ("26th AGM") of the Company to be held and conducted on fully virtual basis through live streaming and online remote voting via the online meeting platform at https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC - D6A357657) on Monday, 19 December 2022 at 2.00 p.m. or at any adjournment in respect of *my/our shareholding in the manner indicated below:

Resolutions		**For**	**Against**
Ordinary Business			
Ordinary Resolution 1	To re-elect Mr Wong Mun Keong as Director of the Company, who retires by rotation in accordance with Clause 96 of the Company's Constitution and who being eligible, has offered himself for re-election.		
Ordinary Resolution 2	To re-elect En Aminodin bin Ismail as Director of the Company, who retires in accordance with Clause 96 of the Company's Constitution and who being eligible, has offered himself for re-election.		
Ordinary Resolution 3	To approve the payment of Directors' fees up to an amount of RM272,000.00 for Non-Executive Directors in respect of the financial year ending 30 June 2023.		
Ordinary Resolution 4	To approve the payment of Directors' fees up to an amount of RM440,000.00 for Non-Executive Directors in respect of the financial year ending 30 June 2024.		
Ordinary Resolution 5	To approve the payment of Directors' benefits to Non-Executive Directors up to an amount of RM200,000.00 from 20 December 2022 until the next annual general meeting of the Company.		
Ordinary Resolution 6	To re-appoint Crowe Malaysia PLT as Auditors of the Company for the financial year ending 30 June 2023 and to authorise the Directors to fix their remuneration.		
Special Business			
Ordinary Resolution 7	Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016.		

Please indicate with an "X" in the appropriate space how you wish your vote to be cast. If you do not indicate how you wish your proxy(ies) to vote on any resolution, the proxy(ies) shall vote as he/she/they thinks fit, or at his/her/their discretion, abstain from voting.

**Delete if not applicable*

Dated this __________ day of ______________________ 2022   Signature/Seal ______________________________

Fold this flap for sealing

Notes:

(i) The Company's 26th AGM will be held and conducted on a fully virtual basis through live streaming and online remote voting via the online meeting platform at https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC - D6A357657). **Please read these Notes carefully and follow the Procedures in the Administrative Guide for the 26th AGM in order to register, attend, participate and vote remotely.**

(ii) All meeting participants of the 26th AGM including the Chairperson of the Meeting, members of the Board of Directors ("Board"), senior management and shareholders are to participate in the Meeting online, which is in line with the revised Guidance Note and Frequently Asked Questions ("FAQ") on the Conduct of General Meetings for Listed Issuers ("the Revised Guidance Note and FAQ") issued by the Securities Commission Malaysia on 7 April 2022. According to the Revised Guidance Note and FAQ, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia.

(iii) A member of the Company entitled to attend and vote at the 26th AGM of the Company shall be entitled to appoint not more than two (2) proxies to exercise all or any of his/her/its rights to attend, participate (including to pose questions to the Board of the Company) and vote in his/her/its stead.

(iv) A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.

(v) Where a member appoints more than one (1) proxy, he/she/it shall specify the proportion of his/her/its holdings to be represented by each proxy, failing which the appointment shall be invalid.

(vi) Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

(vii) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it is entitled to appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(viii) The instrument appointing a proxy, in the case of an individual shall be signed by the appointer or his/her attorney duly authorised in writing and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.

(ix) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the office of the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or by electronic means via Boardroom Smart Investor portal at https://investor.boardroomlimited.com not less than forty-eight (48) hours before the time for holding the 26th AGM or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid.

(x) The lodging of a completed Form of Proxy to the Share Registrar of the Company will not preclude a member from attending, participating and voting at the 26th AGM should the member subsequently wish to do so. If a member subsequently decides to attend, participate and vote at the Meeting, the member is requested to rescind his/her/its earlier appointment of proxy(ies), and notify the Share Registrar of the Company before the closing of registration for the 26th AGM.

(xi) For the purpose of determining a member who shall be entitled to attend the 26th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 68 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 12 December 2022. Only depositor whose name appears on the General Meeting Record of Depositors as at 12 December 2022 shall be entitled to attend, participate and vote at the 26th AGM or appoint proxy(ies)/corporate representative(s)/attorney(s) to attend, participate and vote on his/her/its behalf.

(xii) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

Personal Data Privacy:

By lodging of a completed Form of Proxy to the Share Registrar of the Company for appointing a proxy(ies) and/or representative(s) to attend, participate and vote at the 26th AGM or any adjournment thereof, the member accepts and agrees to the personal data privacy terms as set out in the Notice of 26th AGM dated 31 October 2022.

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Affix
Stamp

The Share Registrar of Scomi Energy Services Bhd.
Boardroom Share Registrars Sdn. Bhd.
(formerly known as Symphony Share Registrars Sdn. Bhd.)
11th Floor, Menara Symphony
No. 5, Jalan Prof Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Scomi Energy Services Bhd 199601025627 (397979-A)
No. 1-1, Block C1, Jalan PJU 1/41, Dataran Prima,
47301 Petaling Jaya, Selangor Darul Ehsan
W www.scomienergy.com.my