SCOMI MARINE BHD (397979-A)
(Incorporated in Malaysia)

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS – FRS 134

A1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards (FRSs).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2011. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

A2 Significant Accounting Policies

The interim financial statement is the Group's first MFRS compliant and hence MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards (MFRS 1) has been applied.

The date of transition to the MFRS framework is 1 January 2011. At that transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1.

(a) Adoption of New and Revised FRSs, IC Interpretations and Amendments – FY2012

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2011, except for the following new and revised MFRSs, IC Interpretations and Amendments to MFRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2012:

MFRSs and Interpretations

MFRS 124	Related Party Disclosures (revised)
Amendments to MFRS 112	Exception to Existing Principle for the Measurement of Deferred Tax Arising on Investment Property
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14	MFRS 119 The Limit on a Defined Benefit Assets, Minimum Funding Requirements and Their Interaction
Amendments to MFRS 1	First-Time Adoption on Fixed Dates and Hyperinflation
Amendments to MFRS 7	Disclosures on Transfers of Financial Assets

Adoption of the above MFRSs, Amendments to MFRSs and IC Interpretations did not have any effect on the financial performance, position or presentation of financial of the Group.

A2 Significant Accounting Policies ("continued")

(b) Adoption of New and Revised MFRS, IC Interpretations and Amendments to MFRS that were issued but not yet effective

At the date of authorization of these interim financial statements, the following MFRS, IC Interpretations and Amendments were issued but not yet effective and have not been applied by the Group:

MFRSs and Interpretations		**Effective for annual periods beginning on or after**
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

A3 Audit Report for Preceding Annual Financial Statements

The audit report for the Group's annual financial statements for the year ended 31 December 2011 was not subject to any qualification.

A4 Seasonal or Cyclical Factors

The Group's operations are generally not affected by any seasonal or cyclical factors.

A5 Unusual Items

There are no unusual items that affected the assets, liabilities, equity, net income or cash flows in the current quarter under review.

A6 Significant Estimates and Changes in Estimates

Impairment on goodwill

The Group makes assumptions concerning the future and other sources of estimation uncertainty at the balance sheet date during its review for impairment of goodwill.

Determining whether goodwill is impaired requires an estimation of the value in use and fair value less costs to sell of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Fair value less costs to sell is determined based on indicative values on a willing buyer willing seller basis, as provided by an independent valuer. The recoverable amounts of goodwill have been determined based on higher of fair value less costs to sell and value-in-use calculations. As the result of the review, as disclosed in the statement of financial position, the carrying amount of goodwill as at 31 March 2012 was RM7.01 million.

A7 Debt and Equity Securities

During this financial period, the Company repurchased 1,000 of its issued ordinary shares from the open market at an average price of RM0.41 per share. The total consideration paid for the repurchase including transaction costs was RM451 and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Save as disclosed above, there were no issuances, cancellations, share buy-backs, resale of shares bought back and repayment of debt and debt equity securities during the financial period under review.

A8 Dividend Paid

No dividend was paid during the current period.

A9 Segment Reporting

Segment information for the financial period as presented in respect of the Group's business segment is as follows:

Three months ended 31 March 2012

	Marine Logistics RM'000	Offshore support RM'000	Others RM'000	Total RM'000
REVENUE AND RESULTS FOR THE PERIOD ENDED 31 MARCH 2012				
REVENUE				
External sales	71,311	19,500	-	90,811
Total revenue	71,311	19,500	-	90,811
RESULTS				
Profit from operations	13,878	4,808	-	18,686
Finance costs	(94)	(168)	(1)	(263)
Interest income	53	26	2	81
Share of results in associated companies	-	29	-	29
Share of results in joint venture	-	646	-	646
Profit before impairment charges	13,837	5,341	1	19,179
Reversal of impairment on receivables	260	-	-	260
Segment results	14,097	5,341	1	19,439
Unallocated costs				(1,117)
Profit before taxation				18,322
Taxation				(1,295)
Profit for the period				17,027
Non-controlling interests				(667)
Profit attributable to shareholders of the Company				16,360

A9 Segment Reporting ("continued")

REVENUE AND RESULTS FOR THE PERIOD ENDED 31 MARCH 2011	Marine Logistics RM'000	Offshore support RM'000	Others RM'000	Total RM'000
REVENUE				
External sales	89,869	14,900	-	104,769
Total revenue	89,869	14,900	-	104,769
RESULTS				
Profit from operations	10,340	1,765	-	12,105
Finance costs	(848)	(230)	(46)	(1,124)
Interest income	100	19	9	128
Share of results in associated companies	-	(722)	-	(722)
Share of results in joint venture	-	519	-	519
Profit before impairment charges	9,592	1,351	(37)	10,906
Impairment loss on receivables	-	(1,320)	-	(1,320)
Segment results	9,592	31	(37)	9,586
Unallocated costs				(2,072)
Profit before taxation				7,514
Taxation				(1,563)
Profit for the period				5,951
Minority interests				(70)
Profit attributable to shareholders of the Company				5,881

ASSETS AND LIABILITIES AS AT 31 MARCH 2012	Marine Logistics RM'000	Offshore Support RM'000	Others RM'000	Total RM'000
ASSETS				
Assets employed in the segment	480,026	173,570	8,606	662,202
Investment in associated companies	-	275	-	275
Investment in joint venture	-	19,617	-	19,617
Segment assets	480,026	193,462	8,606	682,094
LIABILITIES				
Liabilities in segment	74,990	21,554	12,968	109,512

A9 Segment Reporting ("continued")

PERIOD ENDED 31 MARCH 2012	Marine Logistics RM'000	Offshore Support RM'000	Others RM'000	Total RM'000
OTHER INFORMATION				
Capital expenditure	6,837	1,870	-	8,707
Depreciation of property, plant and equipment	8,460	2,956	50	11,466

ASSETS AND LIABILITIES AS AT 31 DECEMBER 2011	Marine Logistic RM'000	Offshore Support RM'000	Others RM'000	Total RM'000
ASSETS				
Assets employed in the segment	485,752	166,778	14,354	666,884
Investment in associated companies	-	247	-	247
Investment in joint venture	-	20,188	-	20,188
Segment assets	485,752	187,213	14,354	687,319
LIABILITIES				
Liabilities in segment	78,398	23,080	14,413	115,891

PERIOD ENDED 31 MARCH 2011				
OTHER INFORMATION				
Capital expenditure	6,484	1,013	-	7,497
Depreciation of property, plant and equipment	11,893	2,665	44	14,602
Other significant non-cash expenses:				
- share based payment expenses	-	-	254	254

A10 Valuation of Property, Plant and Equipment

There was no changes to the valuation of property, plant and equipment brought forward from the previous annual financial statements.

A11 Material Subsequent Events

Save as disclosed in Note B7 (A) on completion of proposed disposal of Marine Logistic entities, there were no other material events subsequent to the end of the quarter under review that has not been reflected in these condensed financial statements for this quarter.

A12 Changes in Composition of the Group

There were no other changes in the composition of the Group for the current period.

A13 Contingent Liabilities

Details of contingent liabilities of the Group as at 14 May 2012 is as follows:-

	RM'000
Bank guarantees issued for charter marine contracts	11,056
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A14 Capital Commitments

Authorised capital commitments as at 14 May 2012 not provided for in the financial statements of the Group are as follows:

	Approved and contracted for RM'000	Approved but not contracted for RM'000	Total RM'000
Vessels – docking costs	-	25,232	25,232

The future minimum lease payments under non-cancellable operating leases as at 31 March 2012 are as follows:

	Total outstanding RM'000	Expiring within one year RM'000	Expiring between one to five years RM'000
In respect of:			
Rental of office premises	901	465	436
Re-charter vessel contracts	11,417	10,656	761
	12,318	11,121	1,197

The currency exposure profile of the operating lease commitments are analysed as follows:

	RM'000
Malaysia Ringgit	498
United States Dollar	11,820
	12,318

A15 Related party transactions

	Current quarter 3 months ended 31 March 2012 RM'000	Cumulative quarter 3 months ended 31 March 2012 RM'000
Transactions with companies of which certain substantial shareholders have interests		
Air ticket cost charged	14	14
Computer software application fees	17	17
Office rental paid/payable	70	70
Transactions with companies of which have interest in the subsidiaries		
Agency and management fees paid	254	254

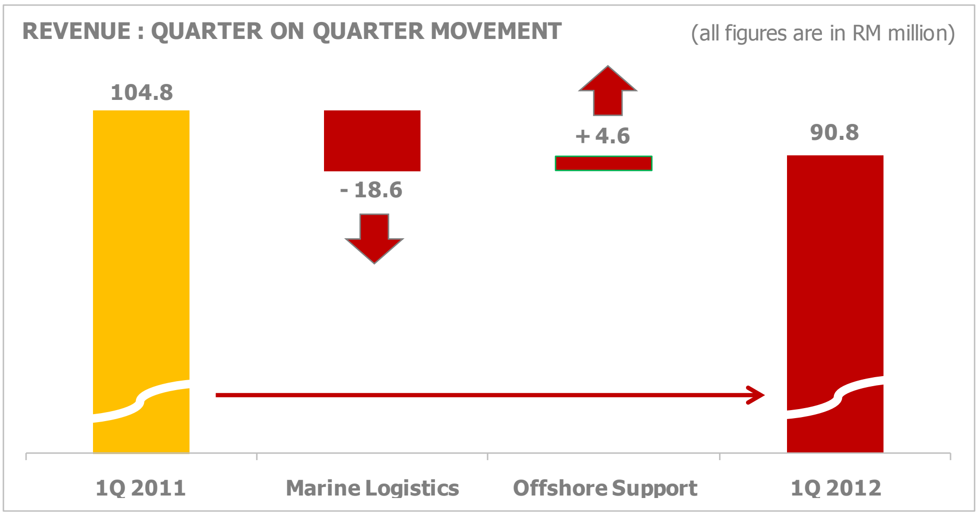
The Directors are of the view that the above transactions have been entered into in the normal course of business under terms and conditions no less favourable to the Group and the Company than those arranged with independent third parties.

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

B1 Review of Operating Segments

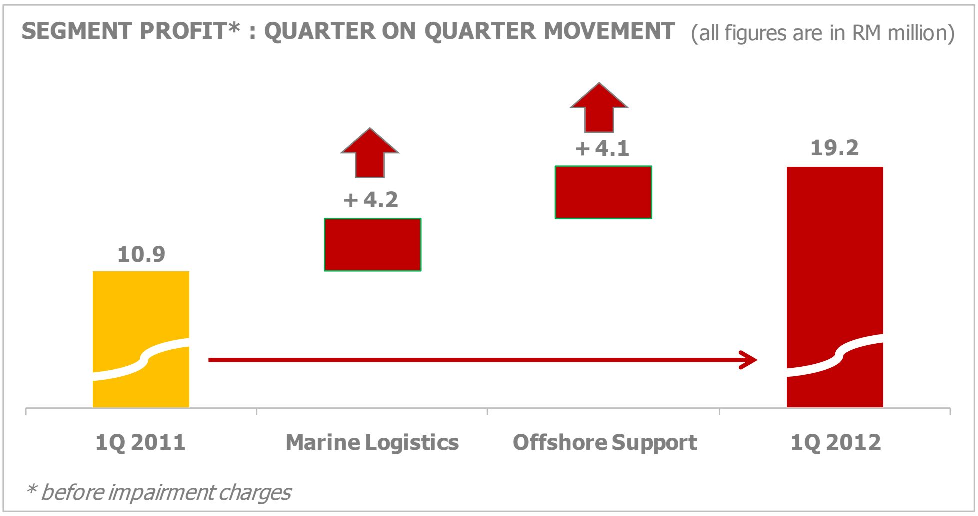
Current Quarter & Year to Date

Overall revenues for the current quarter and year ended 31 March 2012 ("1Q 2012") was RM90.8 million, a decrease of 13.4% from RM104.8 million recorded in the corresponding quarter ("1Q 2011"). Details of the key factors driving the performance of each segment are provided in the respective section below.



Total segment results for 1Q 2012 and 1Q 2011 were as follows:

	1Q 2012 (RM'000)	1Q 2011 (RM'000)
Profit before impairment charges	19,179	10,906
Impairment on receivables	-	(1,320)
Reversal of impairment on receivables	260	-
Segment profit	19,439	9,586



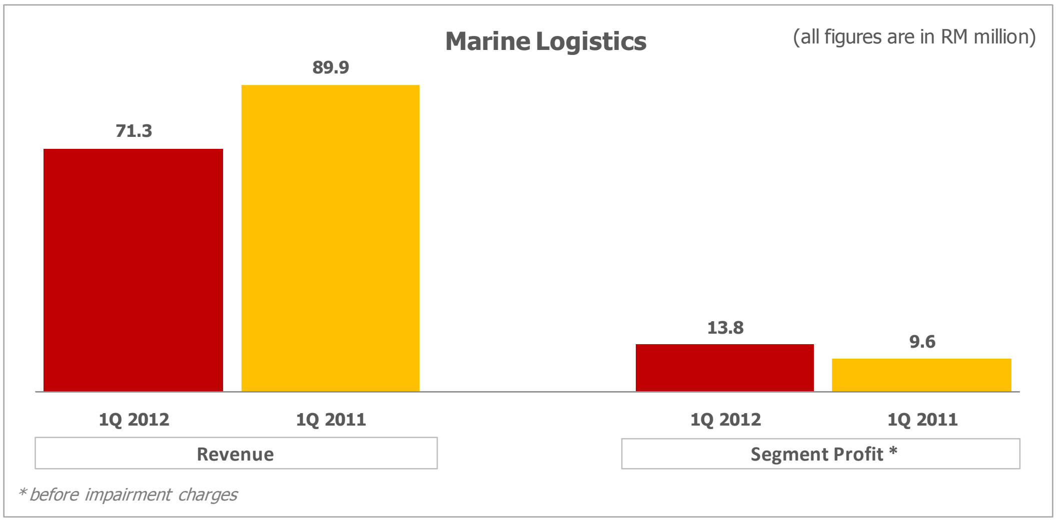
B1 Review of Operating Segments ("continued")

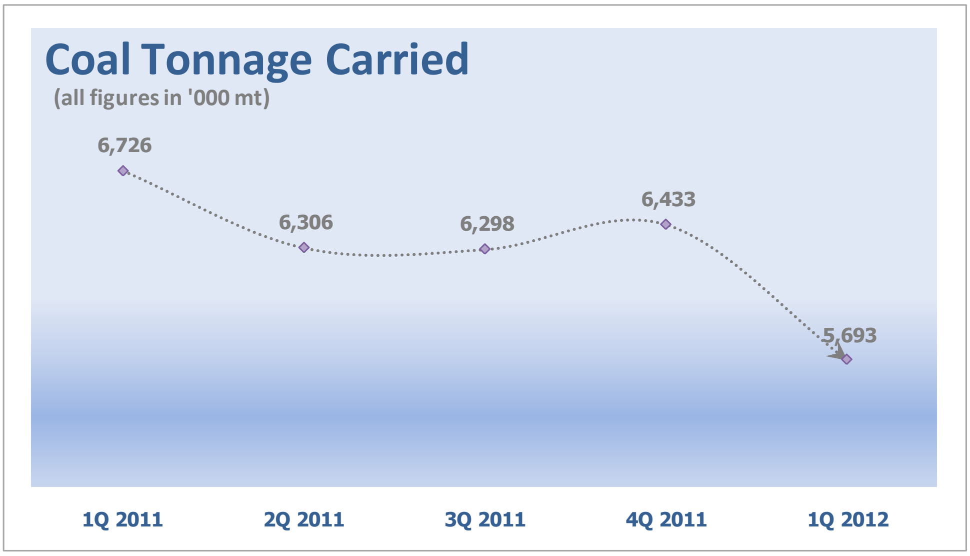
Consequently, the Group reported profit before tax for 1Q 2012 of RM18.3 million, higher by RM10.8 million as compared to RM7.5 million reported for 1Q 2011.

Details of the key factors driving the performance of each segment are provided in the respective section below.

Marine Logistics

The marine logistics segment recorded lower revenues of RM18.6 million on the back of 15.4% lower coal tonnage carried.





The segment results for 1Q 2012 and 1Q 2011 were as follows:

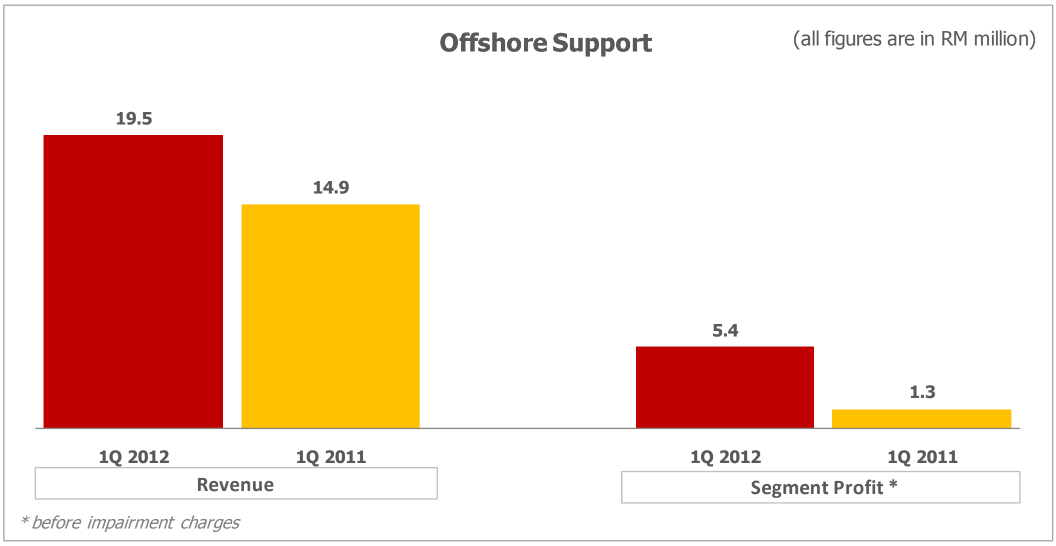
	1Q 2012 (RM'000)	1Q 2011 (RM'000)
Profit before impairment charges	13,837	9,592
Reversal of impairment on receivables	260	-
Segment profit	14,097	9,592

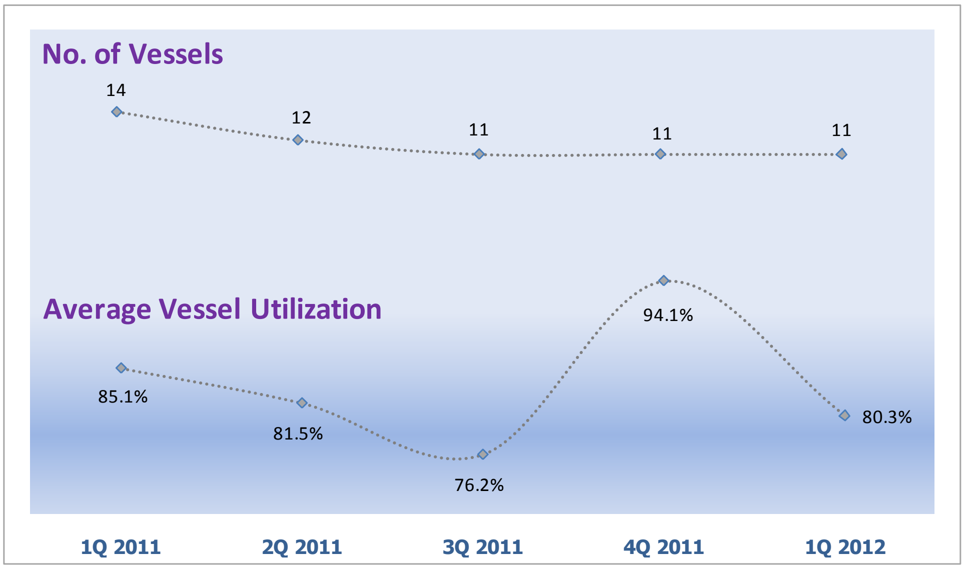
B1 Review of Operating Segments ("continued")

Despite lower in revenue, the marine logistics segment profit before impairment charges is higher due principally to savings in the fleet operational costs comprising bunker consumption, third party re-charter and interest expense.

<u>Offshore Support</u>

Despite recording lower average vessel utilization rate of 80.3% in 1Q 2012 as compared 85.1% in 1Q 2011, the offshore support segment recorded 30.9% higher revenues of RM19.5 million.





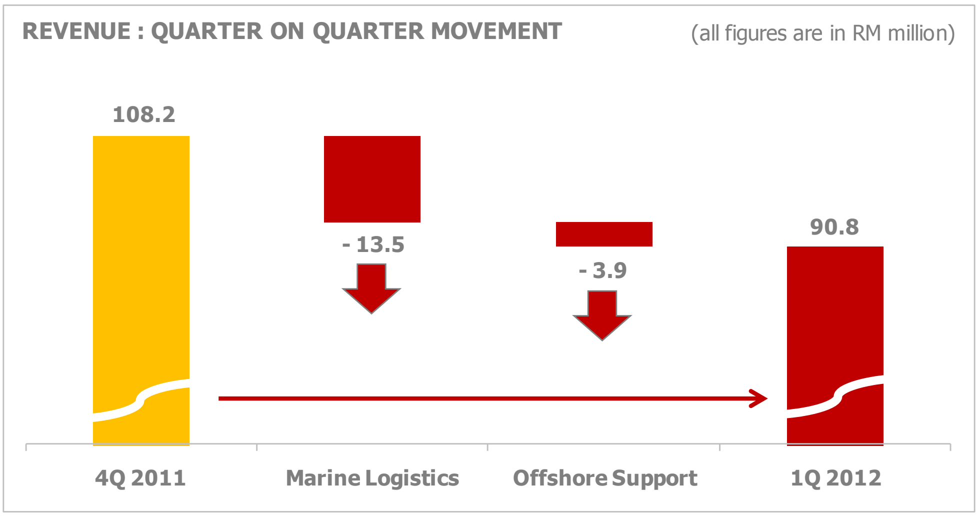
The segment results for 1Q 2012 and 1Q 2011 were as follows:

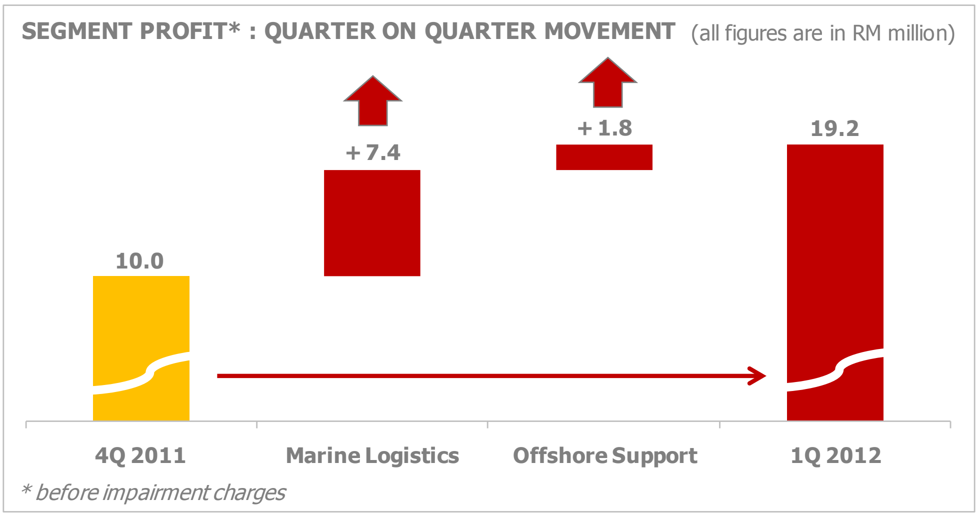
	<u>1Q 2012</u> (RM'000)	<u>1Q 2011</u> (RM'000)
Profit before impairment charges	5,341	1,351
Impairment on receivables	-	(1,320)
Segment loss	5,341	31

Consequently, the segment profits before impairment charges for 1Q 2012 is higher at RM5.3 million as compared RM1.3 million in 1Q 2011.

B2 Material Change in Performance as Compared to Preceding Quarter

Overall revenues for 1Q 2012 was RM90.8 million, decrease of 16.1% from RM108.2 million recorded in the preceding quarter ("4Q 2011").





Total segment results for 1Q 2012 and 4Q 2011 were as follows:

	1Q 2012 (RM'000)	4Q 2011 (RM'000)
Profit before impairment charges	19,179	9,986
Impairment on receivables	-	(10,052)
Reversal of impairment on receivables	260	675
Impairment on assets	-	(95,218)
Impairment on goodwill	-	(36,294)
Segment profit / (loss)	19,439	(130,903)

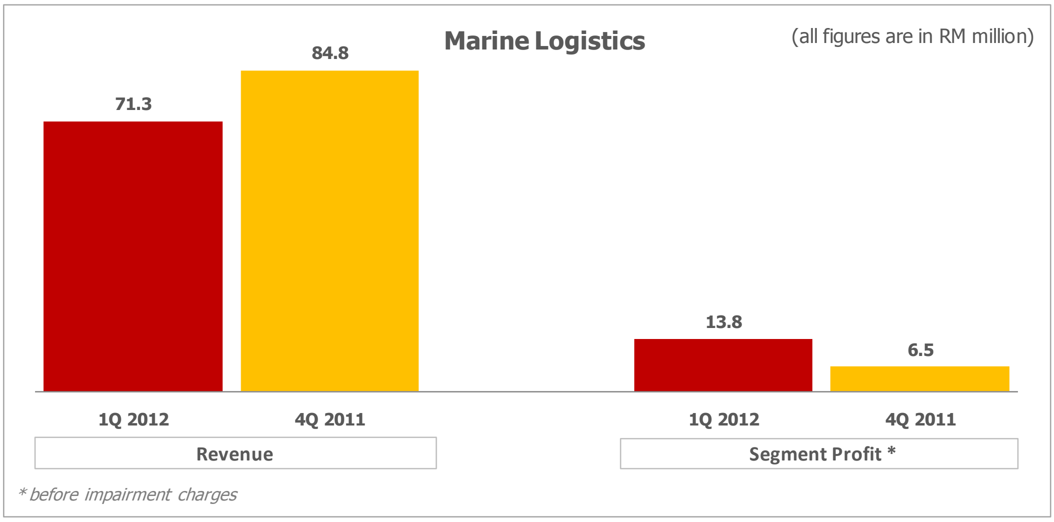
Consequently, the Group reported a profit before tax for 1Q 2012 of RM18.3 million, as compared to a loss before tax of RM132.6 million in 4Q 2011.

Details of the key factors driving the performance of each segment are provided in the respective section below.

B2 Material Change in Performance as Compared to Preceding Quarter ("continued")

Marine Logistics

The marine logistics segment recorded lower revenues on the back of 11.5% lower coal tonnage carried. However, with savings in operational costs and interest expenses, the marine logistics segment profit increased to RM13.8 million in 1Q 2012 from RM6.7 million in 4Q 2011.



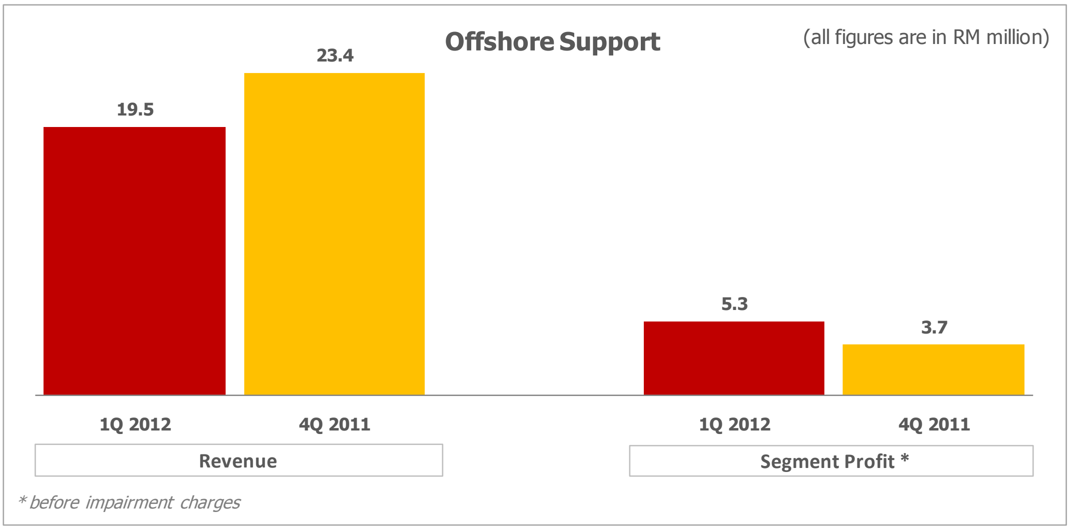
Total segment results for 1Q 2012 and 4Q 2011 were as follows:

	1Q 2012 (RM'000)	4Q 2011 (RM'000)
Profit before impairment charges	13,837	6,503
Impairment on receivables	-	(202)
Reversal of impairment on receivables	260	229
Impairment on assets	-	(95,182)
Impairment on goodwill	-	(36,294)
Segment profit / (loss)	14,097	(124,946)

B2 Material Change in Performance as Compared to Preceding Quarter ("continued")

<u>Offshore Support</u>

The offshore support segment recorded lower revenues on the back of decrease in the overall vessel utilization rate from 94.1% in 4Q 2011 to 80.3% in 1Q 2012. Despite the lower revenues, offshore support segment profit had increased to RM5.4 million in 1Q 2012 from RM3.6 million in 4Q 2011.



The segment results for 1Q 2012 and 4Q 2011 were as follows:

	1Q 2012 (RM'000)	4Q 2011 (RM'000)
Profit before impairment charges	5,341	3,683
Impairment on receivables	-	(10,052)
Impairment on assets	-	(36)
Segment profit / (loss)	5,341	(6,405)

B3 Current Year Prospects

The Group remains optimistic with the growth of oil and gas industry in the region. Along with enhanced economic activity in the region, energy demand is increasing which, combined with the high price of oil, generates interest in oil and gas exploration and production. The number of wells to be drilled and the number of new platforms scheduled to be installed are all set to increase incrementally through to 2013 before reaching a peak in 2014. The increase in the level of activity is expected to absorb the current flow of new vessels in the market, which should result in a marginal increase in the daily charter rates of offshore support vessels.

In order to fully capitalize the growth of oil and gas exploration in the region, the Group in undergoing significant internal restructuring that will combine all offshore support services under one roof. The Group's offshore support division is to be strengthened with the integrated drilling services offered by Scomi Group Bhd's oilfield services. Upon completion, the Group will offer greater value proposition to existing clients as well as potential clients.

B4 Profit Forecast

This section is not applicable as no profit forecast was published.

B5 Taxation Charge

Taxation comprises the following:-

	Current quarter 3 months ended 31 March 2012 RM'000	**Cumulative period 3 months ended 31 March 2012 RM'000**
Malaysian income taxation		
- Current year	5	5
Indonesian income taxation		
- Current year	1,290	1,290
Total	1,295	1,295
Effective tax rate	7.07%	7.07%

The income tax noted above is in relation to revenues and profits recorded by the operating subsidiaries, for which there is no Group Relief on losses claimed.

B6 Retained Earnings

	As at 31 March 2012 RM'000	As at 31 December 2011 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
- Realised	(219,920)	(258,206)
- Unrealised	(21,568)	(1,237)
	(241,488)	(259,443)
Total share of retained earnings from associated companies:		
- Realised	42,391	43,990
- Unrealised	1,810	1,864
Total share of retained earnings from jointly controlled entities:		
- Realised	4,194	3,653
- Unrealised		
	(193,093)	(209,936)
Less: Consolidation adjustments	(5,969)	(5,486)
Total accumulated losses	(199,062)	(215,422)

B7 Corporate Proposals

(A) Proposed disposal of Marine Logistics entities

On 29 February 2012, the Company had announced to the Bursa Malaysia that its wholly-owned subsidiary, Scomi Marine Services Pte Ltd ("SMS"), had entered into a conditional shares purchase agreement with PT Rig Tenders Tbk ("PTRT"), an 80.54% owned subsidiary of SMS, for the disposal its entire equity interest in :

(a) CH Logistics Pte Ltd and its wholly-owned subsidiary, Sea Master Pte Ltd,;

(b) CH Ship Management Pte Ltd; and,

(c) Grundtvig Marine Pte Ltd and its 95% owned-subsidiary, PT Batuah Abadi Lines,

to PTRT for a total consideration of USD57.0 million (collectively referred to as "Proposed MLC Disposals") and the intention of the Board of Directors of Scomi Marine Bhd ("SMB") to propose to the shareholders of SMB, a proposed cash distribution of up to USD45.0 million to the shareholders of SMB via a capital repayment exercise ("Proposed Capital Repayment"). The Proposed MLC Disposals were completed on 12 April 2012.

(B) Proposed SMB Rationalisation

On 29 February 2012, SMB had entered into a Heads of Agreement ("HOA") with its substantial shareholder, Scomi Group Bhd ("SGB"), to negotiate in good faith the detailed terms and conditions of the Proposed SMB Rationalisation with the intention to finalise and enter into the relevant definitive agreement(s) by 30 June 2012 or such other extended period as the parties may mutually agreed upon.

B7 Corporate Proposals ("continued")

SMB to undertake a rationalisation exercise comprising the following:

(i) Proposed SMB Scheme

A scheme of arrangement under Section 176 of the Act between SMB, the shareholders of SMB and Newco involving the exchange of SMB Shares with new Newco Shares at an exchange ratio to be determined later.

(ii) Proposed Acquisition

Upon completion of the Proposed SMB Scheme, the acquisition of the entire equity interest in Scomi Oilfield Limited ("SOL"), a 76-08%-owned subsidiary of SGB, by Newco from SGB, Standard Chartered Private Equity Limited ("SCPEL") and Fuji Investments I ("FII") (after the completion of the proposed internal reorganisation of SOL ("Proposed SOL Reorganisation")) for a purchase consideration to be mutually determined and agreed.

The purchase consideration for the Proposed Acquisition is expected to be satisfied via a combination of the issuance of new Newco Shares and part of the vendor notes to be issued by PTRT pursuant to the Proposed Disposal of Marine Logistics entities (refer Note 43(A)).

The proposed acquisition of the remaining 16.71% and 7.21% equity interest in SOL from SCPEL and FII, respectively, is subject to SCPEL's and FII's approvals.

The Proposed Acquisition shall also be subject to the Proposed Exemption being obtained.

(iii) Proposed Exemption

An exemption to be sought by SGB and persons acting in concert with it ("PACs") (if any) from the Securities Commission from the obligation to undertake a mandatory take-over offer for the remaining Newco Shares not already owned by SGB and the PACs (if any) upon completion of the Proposed Acquisition ("Remaining Newco Shares") since their collective shareholdings in Newco will increase from nil to more than 33% as a result of the Proposed Acquisition.

(iv) Proposed Listing

Admission of Newco to the Official List of the Main Market of Bursa Securities upon completion of the Proposed SMB Scheme and Proposed Acquisition, in place of SMB.

B7 Corporate Proposals ("continued")

(C) Proposed Capital Repayment and Reduction

On 29 February 2012, the Company had announced to the Bursa Malaysia that it is proposing to reduce its existing issued and paid-up share capital comprising ordinary shares of RM1.00 each to RM0.45 each by cancelling RM0.55 for each Share pursuant to Section 64 of the Companies Act, 1965 ("Act") ("Par Value Reduction") and reduction of the entire amount standing to the credit of the share premium account of SMB pursuant to Sections 60(2) and 64 of the Act ("Share Premium Reduction").

Based on the share premium account of the Company as at 31 December 2011 of RM121.91 million, the total number of SMB Shares in issue of 733,009,478 as at 31 March 2012, and on the assumption that the right to subscribe for the new shares of the Company granted to the eligible persons under the Company's employees' share option scheme ("ESOS") are not exercised, the Par Value Reduction and Share Premium Reduction will give rise to a credit of approximately RM525.07 million which is proposed to be utilised to facilitate the following:

(i) firstly, capital repayment to the shareholders of SMB whose names appear on the Record of Depositors of SMB via a cash distribution in the total sum of RM135,606,753 or RM0.185 for every existing SMB Share held at an entitlement date to be determined and announced later ("Proposed Capital Repayment");

(ii) secondly, setting-off of the entire accumulated losses of the Company at a date to be determined by the Board from the credit remaining after the Proposed Capital Repayment. As at 31 December 2011, the accumulated losses of the Company stood at RM362.04 million; and

(iii) thirdly, setting-off of the estimated expenses in relation to the Proposal from the credit remaining after the Proposed Capital Repayment and the set-off of the entire accumulated losses of the Company 2 (items (ii) and (iii) are collectively referred to as "Proposed Set-Off").

Accordingly, upon completion of the Proposal, the issued and paid-up share capital of SMB will be reduced from RM733.01 million comprising 733,009,478 ordinary shares of RM1.00 each to RM329.85 million comprising 733,009,478 ordinary shares of RM0.45 each.

B7 Corporate Proposals ("continued")

(C) Proposed Capital Repayment and Reduction ("continued")

The Proposed Capital Repayment will be funded by the proceeds received and/or to be received by Scomi Marine Services Pte Ltd ("SMS"), a wholly-owned subsidiary of the Company, arising from the following:

(i) partial loan repayment by PT. Rig Tenders Indonesia Tbk, a 80.54%-owned subsidiary of SMS ("PTRT") amounting to United States Dollar ("USD") 3.0 million;

(ii) cash dividends amounting to USD12.0 million; and,

(iii) partial redemption of the vendor notes issued by PTRT amounting to USD30.0 million,

pursuant to the disposal by SMS of its entire equity interest in CH Logistics Pte Ltd and its wholly-owned subsidiary, Sea Master Pte Ltd, CH Ship Management Pte Ltd, and Grundtvig Marine Pte Ltd and its 95%-owned subsidiary, PT Batuah Abadi Lines, to PTRT for a total disposal consideration of USD57.0 million, which was completed on 12 April 2012.

SMB will receive the Proceeds from SMS pursuant to the repayment of shareholders' advances extended by SMB.

(D) Proposed ESOS Termination

On 3 May 2012, the Company had announced to the Bursa Malaysia that it is proposing to undertake the Proposed ESOS Termination. The ESOS became effective on 18 October 2005 and shall expire on 17 October 2015. The total number of new ordinary shares of RM1.00 each in SMB ("SMB Shares") which have been issued pursuant to the exercise of the options granted to the eligible employees and Directors of the Company and/or its subsidiaries under the ESOS, to subscribe for new SMB Shares ("ESOS Options"), since the commencement of the ESOS up to 31 March 2012, is 5,966,000 SMB Shares.

As at 31 March 2012, there are 21,050,000 ESOS Options, which have yet to be exercised. The exercise price of the ESOS Options is RM1.15 per SMB Share. Based on the closing market price of SMB Shares on 2 May 2012 of RM0.395, the ESOS Options are currently out-of-the-money.

Pursuant to Paragraph 8.18 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with By-Law 18.2 of the ESOS, subject to written consent of the holders of the ESOS Options who have yet to exercise their ESOS Options, either in part or in whole ("Option Holders"), the Company in a general meeting may, by ordinary resolution passed by the shareholders of the Company, terminate the continuation of the ESOS at any time and in such an event, no further offer of the ESOS Options shall be made from the date of such resolution and the ESOS Options as yet unexercised or partially exercised, shall be deemed to be terminated at the date of such resolution.

B7 Corporate Proposals ("continued")

(D) Proposed ESOS Termination ("continued")

The Proposed ESOS Termination will not have any effect on the share capital of SMB and shareholdings of the substantial shareholders in SMB. In addition, the Proposed ESOS Termination will not have any effect on SMB's consolidated net assets, gearing, earnings and basic earnings per SMB Share and it is expected to be completed in the 2nd quarter of 2012.

Apart from the above, there were no other corporate proposals announced but not completed at the reporting date.

B8 Group Borrowings

The Group borrowings as at 31 March 2012 are as follows:-

	RM'000
Short term borrowings (secured)	18,235
Long term borrowings (secured)	8,473
	26,708

The currency exposure profile of the Group borrowings is analysed as follows:

	RM'000
Malaysia Ringgit	39
United States Dollar	26,669
	26,708

B9 Material Litigation

There was no pending material litigation at the date of this quarterly report.

B10 Proposed Dividend

No dividend has been proposed in respect of the quarter under review.

Total tax-exempt dividend per share that has been declared and paid for the current financial period was nil per share (FY 2011: nil).

B11 Earnings Per Share

	Current Quarter		Cumulative Quarter	
	3 months ended 31 March 2011	**3 months ended 31 March 2011**	**3 months ended 31 March 2011**	**3 months ended 31 March 2011**
Basic earnings/(loss) per share				
Profit/(loss) for the period (RM'000)	16,360	5,881	16,360	5,881
Issued and paid-up capital	733,009	733,009	733,009	733,009
Less: Treasury shares purchased during the period	(144)	(7)	(144)	(7)
Weighted average number of ordinary shares in issue ('000)	732,865	733,002	732,865	733,002
Basic earnings/(loss) per share (sen)	**2.23**	**0.80**	**2.23**	**0.80**
Fully diluted (loss)/earnings per share				
Profit/(loss) for the period (RM'000)	16,360	5,881	16,360	5,881
Weighted average number of ordinary shares in issue ('000)	732,865	733,002	732,865	733,002
Assumed shares issued from the exercise of ESOS ('000)	-	-	-	-
Adjusted weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	732,865	733,002	732,865	733,002
Diluted (loss)/earnings per share (sen):-	**2.23**	**0.80**	**2.23**	**0.80**

The assumed conversion of ESOS for the current quarter and the current year to date has an anti-dilutive effect on the earnings per share of the Group.

B12 Authorised For Issue

The interim financial statements were authorized for issue on 21 May 2012 by the Board of Directors.