

SCOMI ENERGY SERVICES BHD (397979-A)
(formerly known as Scomi MARINE BHD)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2013

	Current Quarter 3 months ended 30 June 2013 RM'000	Cumulative Period 3 months ended 30 June 2013 RM'000
Revenue	320,870	320,870
Cost of sales	<u>(238,626)</u>	<u>(238,626)</u>
Gross profit	82,244	82,244
Other operating income	7,776	7,776
Administrative expenses	(32,033)	(32,033)
Marketing and selling expenses	(18,832)	(18,832)
Other operating expenses	-	-
Finance expenses	(6,643)	(6,643)
Share of results of JV and associates	1,439	1,439
Profit before taxation	<u>33,951</u>	<u>33,951</u>
Taxation	(9,081)	(9,081)
Profit for the period	<u>24,870</u>	<u>24,870</u>
Other comprehensive income		
Currency translation differences	15,810	15,810
Cash flow hedges	1,126	1,126
	<u>16,936</u>	<u>16,936</u>
Total comprehensive income for the period	<u>41,806</u>	<u>41,806</u>
Profit attributable to :		
Owners of the Company	23,523	23,523
Non-controlling interests	<u>1,347</u>	<u>1,347</u>
Profit for the period	<u>24,870</u>	<u>24,870</u>
Total comprehensive income attributable to:		
Owners of the Company	40,459	40,459
Non-controlling interests	<u>1,347</u>	<u>1,347</u>
	<u>41,806</u>	<u>41,806</u>
Earnings per share		
- Basic and diluted (Sen)	<u>1.00</u>	<u>1.00</u>

There are no comparative figures for the current period and the cumulative period of the preceding financial year following the change in financial year end from 31 December to 31 March in prior year.

The unaudited Condensed Financial Statement should be read in conjunction with the accompanying explanatory notes.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	As at 30 June 2013 RM'000	As at 31 March 2013 RM'000 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		575,584	528,267
Investment properties		1,343	1,382
Investment in associates		353	380
Investment in joint venture		51,845	51,724
Intangible assets		114,202	113,991
Deferred tax assets		14,757	18,502
Receivables		135	262
		<u>758,219</u>	<u>714,508</u>
CURRENT ASSETS			
Inventories		200,292	198,559
Receivables, deposits and prepayments		441,841	409,319
Tax recoverable		16,960	16,006
Short term deposits, cash and bank balances	B8	134,240	152,671
		<u>793,333</u>	<u>776,555</u>
TOTAL ASSETS		<u>1,551,552</u>	<u>1,491,063</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		1,005,535	1,005,535
Treasury shares		(48)	(48)
Share premium		-	-
Other reserves	B10	(654,003)	(660,680)
Retained earnings	B11	253,700	219,918
Total equity attributable to owners of the Company		<u>605,184</u>	<u>564,725</u>
Non-controlling interests		71,696	70,349
TOTAL EQUITY		<u>676,880</u>	<u>635,074</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term borrowings	B9	277,789	276,812
Provision for retirement benefits		7,476	6,744
Other payables		-	19,775
Derivative financial instrument		2,297	6,166
Deferred tax liabilities		2,382	2,837
		<u>289,944</u>	<u>312,334</u>
CURRENT LIABILITIES			
Trade and other payables		343,861	333,881
Short term borrowings	B9	224,741	191,527
Financial guarantee liability		57	57
Derivative financial instruments		-	489
Current tax liabilities		16,069	17,701
		<u>584,728</u>	<u>543,655</u>
TOTAL LIABILITIES		<u>874,672</u>	<u>855,989</u>
TOTAL EQUITY AND LIABILITIES		<u>1,551,552</u>	<u>1,491,063</u>
Net assets per share (RM)		<u>0.26</u>	<u>0.24</u>

The unaudited Condensed Financial Statement should be read in conjunction with the accompanying explanatory notes.

SCOMI ENERGY SERVICES BHD (397979-A)
(formerly known as Scomi MARINE BHD)
(Incorporated in Malaysia)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2013

	Attributable to owners of the Company							
	Share capital RM '000	Treasury shares RM'000	Share premium RM '000	Other reserves RM '000	Retained earnings/ (accumulated losses) RM '000	Total RM '000	Non- controlling interests RM '000	Total equity RM '000
As at 1 April 2013	1,005,535	(48)	-	(660,680)	219,918	564,725	70,349	635,074
Total comprehensive income for the period	-	-	-	16,936	23,523	40,459	1,347	41,806
Share options								
- value of employee services	-	-	-	-	-	-	-	-
- value of options terminated/lapsed	-	-	-	(10,259)	10,259	-	-	-
As at 30 June 2013	1,005,535	(48)	-	(654,003)	253,700	605,184	71,696	676,880
Audited								
As at 1 January 2012	733,009	(47)	121,913	(173,251)	(64,971)	616,653	119,201	735,854
Total comprehensive income/(loss) for the period	-	-	-	(18,340)	90,096	71,756	1,811	73,567
Purchase of treasury shares	-	(1)	-	-	-	(1)	-	(1)
Acquisition of non-controlling interests	-	-	-	-	(150,684)	(150,684)	(73,047)	(223,731)
Dilution of interest in subsidiaries	-	-	-	-	(21,926)	(21,926)	22,112	186
Issuance of share capital	675,681	-	-	-	-	675,681	-	675,681
Capital reduction and repayment	(403,155)	-	(121,913)	26,881	362,127	(136,060)	-	(136,060)
Adjustment arising from predecessor accounting method	-	-	-	(491,929)	-	(491,929)	-	(491,929)
Share options								
- value of employee services	-	-	-	1,235	-	1,235	272	1,507
- value of options lapsed	-	-	-	(5,276)	5,276	-	-	-
As at 31 March 2013	1,005,535	(48)	-	(660,680)	219,918	564,725	70,349	635,074

The unaudited Condensed Financial Statement should be read in conjunction with the accompanying explanatory notes.

SCOMI ENERGY SERVICES BHD (397979-A)
(formerly known as Scomi MARINE BHD)
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 JUNE 2013

3 months
ended
30 June 2013
RM'000

Cash Flows From Operating Activities

Profit for the period	33,951
Adjustments for non-cash items:	6,142
Changes in working capital:	
Inventories	(1,733)
Receivables, deposits and prepayments	(8,727)
Payables	(9,620)
Cash generated from operations	<u>20,012</u>
Tax paid	(5,378)
Interest received	167
Net cash generated from operating activities	<u>14,801</u>

Cash Flows From Investing Activities

Proceeds from disposal of property, plant and equipment	660
Purchase of property, plant and equipment	(22,270)
Net cash used in investing activities	<u>(21,610)</u>

Cash Flows From Financing Activities

Repayment of hire purchase	(8)
Repayment of borrowings	(10,120)
Proceeds from borrowings	9,623
Interest paid on borrowings	(6,643)
Decrease in short term deposit pledged as securities	397
Net cash used in financing activities	<u>(6,751)</u>

Net decrease in cash and cash equivalents (13,559)

Cash and cash equivalents at beginning of the period 139,292

Currency Translation Differences (3,778)

Cash and cash equivalents at end of the period 121,955

Cash and cash equivalents included in the cash flow statement comprise the following:-

	RM'000
Deposits with licensed banks	17,084
Cash and bank balances	<u>117,156</u>
	134,240
Less:	
Restricted cash	<u>(12,285)</u>
	<u><u>121,955</u></u>

There are no comparative figures for the current period and the cumulative period of the preceeding financial year following the change in financial year end from 31 December to 31 March in prior year.

The unaudited Condensed Financial Statement should be read in conjunction with the accompanying explanatory notes.

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

A1 Basis of Preparation of interim financial reports

The interim financial statements are prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad’s (“Bursa Malaysia”) Listing Requirements and should be read in conjunction with the Company’s annual audited financial statements for the year ended 31 March 2013 and the accompanying notes attached to the unaudited condensed consolidated financial statements.

Within the context of these condensed consolidated financial statements, the Group comprises the Company and its subsidiaries, and the Group’s interest in associates and joint ventures as at and for the quarter ended 30 June 2013.

Except as described below, the same accounting policies and methods of computation are followed in the condensed consolidated financial statements as compared with the consolidated financial statements for 31 March 2013.

As of 1 April 2013, the Group and the Company have adopted the following MFRSs and amendments which are effective for annual periods beginning on or after 1 April 2013.

Effective for annual periods commencing on or after 1 April 2013

MFRS 13	Fair Value Measurement
Amendment to MFRS 101	Presentation of items of other comprehensive income
Amendment to MFRS 119	Employee benefits
Amendment to MFRS 7	Financial Instruments: Disclosures
Amendment to MFRS 134	Interim Financial Reporting

The adoption of the above MFRSs and amendments does not have any material impact on the financial statements

The following MFRS, amendments and interpretations to existing standards that are applicable to the Group but not yet effective and have not been early adopted.

Effective for annual periods commencing on or after 1 April 2014

Amendment to MFRS 132	Financial Instruments: Presentation
-----------------------	-------------------------------------

Effective for annual periods commencing on or after 1 April 2015

MFRS 9	Financial instruments - classification and measurement of financial assets and financial liabilities
--------	--

A2 Audit Report for Preceding Annual Financial Statements

The audit report for the Group's annual financial statements for the year ended 31 March 2013 was not subject to any qualification.

A3 Seasonal or Cyclical Factors

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

A4 Unusual Items

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

A5 Significant Estimates and Changes in Estimates

The Group makes assumptions concerning the future and other sources of estimation uncertainty at the balance sheet date including impairment of intangible assets, depreciation on property, plant and equipment, and deferred tax assets that could arise from unused tax losses and unabsorbed capital allowances.

There were no material changes in estimates reported in the current quarter under review.

A6 Debt and Equity Securities

There has been no further repurchase of shares since the last quarter.

A7 Dividends Paid / Payable

There were no dividends paid during the quarter and financial periods ended 31 March 2013.

SCOMI ENERGY SERVICES BHD (397979-A)
(formerly known as Scomi Marine Bhd)
(Incorporated in Malaysia)

A8 Segmental Reporting

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

	Marine Services RM'000	Oilfield Services RM'000	Total RM'000
REVENUE			
External sales	42,759	278,111	320,870
Total revenue	<u>42,759</u>	<u>278,111</u>	<u>320,870</u>
RESULTS			
Profit from operations	5,032	33,955	38,987
Finance costs	(1,050)	(5,592)	(6,642)
Other operating income	87	80	167
share of results in associates	(24)	-	(24)
Share of results in joint ventures	1,463	-	1,463
Profit before tax	<u>5,508</u>	<u>28,443</u>	<u>33,951</u>
Taxation	(815)	(8,266)	(9,081)
Profit for the period	<u>4,693</u>	<u>20,177</u>	<u>24,870</u>
Other information			
Depreciation and amortisation	8,849	9,704	18,553
Interest income	<u>87</u>	<u>80</u>	<u>167</u>

SCOMI ENERGY SERVICES BHD (397979-A)
(formerly known as Scomi Marine Bhd)
(Incorporated in Malaysia)

A8 Segmental Reporting ("continued")

	Marine Services RM'000	Oilfield Services RM'000	Total RM'000
ASSETS AND LIABILITIES AS AT 30 JUNE 2013			
ASSETS			
Assets employed in the segment	505,761	961,876	1,467,637
Investment in associates	353	-	353
Investment in joint venture	51,845	-	51,845
	<u>557,959</u>	<u>961,876</u>	<u>1,519,835</u>
<u>Unallocated corporate assets:</u>			
Tax recoverable			16,960
Deferred tax assets			<u>14,757</u>
Total assets			<u><u>1,551,552</u></u>
LIABILITIES			
Liabilities in segment	<u>347,867</u>	<u>506,057</u>	853,924
<u>Unallocated corporate liabilities:</u>			
Tax payable			16,069
Deferred tax liabilities			2,382
Derivatives financial instruments			<u>2,297</u>
Total liabilities			<u><u>874,672</u></u>
Net assets			<u><u>676,880</u></u>

A9 Valuation of Property, Plant and Equipment

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

A10 Material Subsequent Events

There are no material events subsequent to the end of the quarter under review that has not been reflected in these condensed financial statements.

SCOMI ENERGY SERVICES BHD (397979-A)
(formerly known as Scomi Marine Bhd)
(Incorporated in Malaysia)

A11 Changes in Composition of the Group

There were no changes in the composition of the Group during the period under review.

A12 Contingent Liabilities

Detail of contingent liabilities of the Group is as follows:-

	RM'000
Contingent liabilities arising from tax matters	<u>774</u>

A13 Capital Commitments

Authorised capital commitments 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
Property	-	11,348	11,348
Plant & Machinery	4,854	68,368	73,222
Vessels	20,280	130,070	150,350
Others	1,648	6,665	8,313
	<u>26,782</u>	<u>216,451</u>	<u>243,233</u>

SCOMI ENERGY SERVICES BHD (397979-A)
(formerly known as Scomi Marine Bhd)
(Incorporated in Malaysia)

A13 Capital Commitments (“continued”)

The future minimum lease payments under non-cancellable operating leases as at 30 June 2013 are as follows:

	Total outstanding RM'000	Expiring within one year RM'000	Expiring between one to five years RM'000
In respect of:			
Land	115	65	50
Building	3,750	2,268	1,482
Plant & Machinery	6,645	2,659	3,986
Others	11,164	8,548	2,616
	<u>21,674</u>	<u>13,540</u>	<u>8,134</u>

A14 Related party transactions

	Current Quarter 30 June 2013 RM'000
Transactions with companies in which certain substantial shareholders have interest	
Air ticket cost charged	190
Office rental paid/payable	425
Share registration and other related expenses	<u>37</u>
Transactions with joint ventures	
Chartering services paid/payable	<u>8,293</u>

The Directors are of the view that the above transactions have been entered into in the normal course of business under terms and conditions no less favorable 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

The Group has two reportable segments which are Marine Services and Oilfield Services. Marine Services consist of marine transportation and other shipping related services while Oilfield Services provides integrated drilling fluids, drilling waste management solutions and production chemicals.

B2 Material Change in Performance as Compared to Preceding Quarter

Current Quarter

The Group recorded revenues of RM320.9 million for the current quarter compared to preceding quarter of RM 283.2 million. The increase was mainly due to **Oilfield Services** recording higher revenue from South-East Asian markets particularly Malaysia and as well as from West Africa due to increased drilling activities. For **Marine Services**, the higher tonnage transported and increased utilization rates of vessels contributed to increased revenue compared to preceding quarter.

The Profit Before Tax for the current quarter of RM34.0 million is higher than the preceding quarter of RM30.6 million mainly due to the higher profit contributions at **Oilfield Services** from a correspondingly higher revenue and favourable product mix. At **Marine Services**, the higher tonnage carried coupled with lower bunker and operating cost contributed to higher profits for the current quarter.

B3 Current Financial Year Prospects

Oilfield Services

Activity in the oil and gas sector continues to be buoyant particularly in Malaysia, Thailand, Indonesia and West Africa. Indonesia secured a significant contract which commenced in July 2013 and is expected to contribute significantly to the country's revenue.

Additional new contracts were secured in Indonesia and Turkmenistan, Malaysia and Pakistan, and the Division currently has an order book of US\$1.5 billion. With increased activity level expected to continue through the year, outlook for the Oilfield Services Division remains positive.

B3 Current Financial Year Prospects (“continued”)

Marine Services

The price for coal continues to be depressed and demand subdued. This has affected production output as mining activities have scaled down accordingly. Our Coal Logistics segment continue to serve our major customers via term contracts which provides steady tonnage, income generation and good utilization of our fleet. We continue to dispose off surplus vessels to optimize our fleet and cost levels.

For the Offshore segment, we remain optimistic with the growth of oil and gas industry in the region. In the first half, we expect utilization to be affected by dockings and vessel upgrades. We are also looking at adding to the existing fleet via acquisition or construction. This is undertaken in preparation for the expected work for the next few years. The expected increase in the level of activity is expected to absorb the flow of new vessels in the market, which should see higher daily charter rates of offshore support vessels and high utilization.

B4 Profit Forecast

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

B5 Corporate Proposals

There were no corporate proposals announced but not completed as at the reporting date.

B6 Profit before taxation

Quarter 3 months ended 30 June 2013 RM'000	Period 3 months ended 30 June 2013 RM'000
---	--

*The profit before taxation is arrived at after
(charging)/crediting:*

Interest income	167	167
Depreciation and amortisation	(18,553)	(18,553)
Recovery/written-back of doubtful debts	3,761	3,761
Gain on foreign exchange - net	2,225	2,225
Gain on disposal of property, plant and equipment	304	304
Interest expense	(6,643)	(6,643)
Share of results of associates	(24)	(24)
Share of results of joint venture	1,463	1,463
	<u>1,463</u>	<u>1,463</u>

SCOMI ENERGY SERVICES BHD (397979-A)
(formerly known as Scomi Marine Bhd)
(Incorporated in Malaysia)

B7 Taxation

Details of the taxation as at end of the period are as follows:-

	Current Quarter ended 30 June 2013 RM'000	Cumulative Period ended 30 June 2013 RM'000
Malaysian income tax - current year	3,755	3,755
Foreign income tax - current year	5,326	5,326
Total income tax	<u>9,081</u>	<u>9,081</u>
Effective tax rate	<u>26.75%</u>	<u>26.75%</u>

The effective tax rate is higher than Malaysian tax rate of 25% mainly because of the tax effects of the different tax rates in various jurisdiction and certain expenses not deductible for tax purposes.

The above mentioned income tax is related to the revenues and profits recorded by the operating subsidiaries and there are no group relief for losses.

B8 Short term deposits, cash and bank balances

Short term deposits, cash and bank balances at the end of the reporting period comprise of:-

	RM'000
Cash and bank balances	117,156
Short term deposits with licensed bank	17,084
	<u>134,240</u>
Less : restricted cash	(12,285)
Cash and cash equivalents	<u>121,955</u>

The restricted cash comprise deposits pledged to financial institutions for loan facility, bank guarantee and repayment towards loan facility granted to subsidiaries.

SCOMI ENERGY SERVICES BHD (397979-A)
(formerly known as Scomi Marine Bhd)
(Incorporated in Malaysia)

B9 Borrowings

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

	<u>Current</u> <u>RM'000</u>	<u>Non- current</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
Borrowings – secured	224,741	277,789	502,530

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

	RM'000
Ringgit Malaysia	366,177
US Dollar*	126,178
Others	10,175
Total	<u>502,530</u>

* These relate to working capital loans.

B10 Other reserves

	As at 30 June 2013 RM'000	As at 31 March 2013 RM'000
Capital reserve	26,881	26,881
Exchange fluctuation reserves	(228,467)	(244,277)
Hedging reserve	(9,094)	(10,220)
Merger reserve	(443,323)	(443,323)
Share option reserve	-	10,259
	<u>(654,003)</u>	<u>(660,680)</u>

SCOMI ENERGY SERVICES BHD (397979-A)
(formerly known as Scomi Marine Bhd)
(Incorporated in Malaysia)

B11 Retained Earnings

	As at 30 June 2013 RM'000	As at 31 March 2013 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
- Realised	1,114,012	1,067,940
- Unrealised	<u>(335,485)</u>	<u>(318,978)</u>
	778,527	748,962
Total share of retained earnings from associated companies:		
- Realised	40,007	40,031
- Unrealised	-	-
Total share of retained earnings from jointly controlled entities:		
- Realised	18,811	17,348
- Unrealised	<u>-</u>	<u>-</u>
	837,345	806,341
Less : Consolidation adjustments	<u>(583,645)</u>	<u>(586,423)</u>
Total retained earnings	<u><u>253,700</u></u>	<u><u>219,918</u></u>

B12 Earnings Per Share

	Current Quarter 3 months ended 30 June 2013 RM'000	Cumulative Period 3 months ended 30 June 2013 RM'000
<u>Basic and diluted earnings per share</u>		
Profit for the period	<u>23,523</u>	<u>23,523</u>
Issued and paid-up capital	2,341,775	2,341,775
Less : Treasury shares	<u>(145)</u>	<u>(145)</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,341,630</u>	<u>2,341,630</u>
Basic earnings per share (sen)	<u><u>1.00</u></u>	<u><u>1.00</u></u>

B13 Material Litigation

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

B14 Proposed Dividend

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

B15 Authorised For Issue

The interim financial statements were authorized for issue on 23 August 2013 by the Board of Directors.