

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2014

	3 months ended 30 June 2014 RM'000	3 months ended 30 June 2013 RM'000	Cumulative Period 3 months ended 30 June 2014 RM'000	Cumulative Period 3 months ended 30 June 2013 RM'000
Revenue	365,728	320,870	365,728	320,870
Cost of sales	(284,531)	(238,626)	(284,531)	(238,626)
Gross profit	81,197	82,244	81,197	82,244
Other operating (expense)/income	690	7,776	690	7,776
Administrative expenses	(26,690)	(32,033)	(26,690)	(32,033)
Marketing and selling expenses	(18,968)	(18,832)	(18,968)	(18,832)
Finance expenses	(6,448)	(6,643)	(6,448)	(6,643)
Share of results of JV and associates	991	1,439	991	1,439
Profit before taxation	30,772	33,951	30,772	33,951
Taxation	(8,521)	(9,081)	(8,521)	(9,081)
Profit for the period/year	22,251	24,870	22,251	24,870
Other comprehensive income				
Currency translation differences	(10,182)	15,810	(10,182)	15,810
Cash flow hedges	(1,761)	1,126	(1,761)	1,126
	(11,943)	16,936	(11,943)	16,936
Total comprehensive income for the period/year	10,308	41,806	10,308	41,806
Profit attributable to :				
Owners of the Company	23,668	23,523	23,668	23,523
Non-controlling interests	(1,417)	1,347	(1,417)	1,347
Profit for the period/year	22,251	24,870	22,251	24,870
Total comprehensive income attributable to:				
Owners of the Company	11,725	40,459	11,725	40,459
Non-controlling interests	(1,417)	1,347	(1,417)	1,347
	10,308	41,806	10,308	41,806
Earnings per share				
- Basic and diluted (Sen)	1.01	1.00	1.01	1.00

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 2014

	Note	As at 30 June 2014 RM'000	As at 31 Mar 2014 RM'000 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		541,023	561,757
Investment properties		2,443	2,516
Investment in associates		310	124
Investment in joint venture		47,258	54,935
Intangible assets		114,073	114,332
Deferred tax assets		8,398	9,157
Receivables		107	141
		<u>713,612</u>	<u>742,962</u>
CURRENT ASSETS			
Inventories		221,725	214,739
Receivables, deposits and prepayments		524,299	508,000
Tax recoverable		18,289	11,952
Short term deposits, cash and bank balances	B8	176,382	184,443
		<u>940,695</u>	<u>919,134</u>
TOTAL ASSETS		<u>1,654,307</u>	<u>1,662,096</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)
Other reserves	B10	(656,120)	(644,177)
Retained earnings	B12	335,720	312,052
Total equity attributable to owners of the Company		<u>685,087</u>	<u>673,362</u>
Non-controlling interests		67,066	68,483
TOTAL EQUITY		<u>752,153</u>	<u>741,845</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term borrowings	B9	230,680	223,460
Provision for retirement benefits		8,359	5,952
Other payables		-	2,676
Derivative financial instrument	B11	23,880	23,715
Deferred tax liabilities		3,580	5,418
		<u>266,499</u>	<u>261,221</u>
CURRENT LIABILITIES			
Trade and other payables		353,321	390,567
Short term borrowings	B9	258,366	246,090
Derivative financial instruments	B11	3,631	5,378
Current tax liabilities		20,337	16,995
		<u>635,655</u>	<u>659,030</u>
TOTAL LIABILITIES		<u>902,154</u>	<u>920,251</u>
TOTAL EQUITY AND LIABILITIES		<u>1,654,307</u>	<u>1,662,096</u>
Net assets per share (RM)		<u>0.29</u>	<u>0.29</u>

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

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2014

	Attributable to owners of the Company							
	Share capital RM '000	Treasury shares RM'000	Share premium RM '000	Other reserves RM '000	Retained earnings RM '000	Total RM '000	Non- controlling interests RM '000	Total equity RM '000
As at 1 April 2014	1,005,535	(48)	-	(644,177)	312,052	673,362	68,483	741,845
Total comprehensive income for the year	-	-	-	(11,943)	23,668	11,725	(1,417)	10,308
Dividends to shareholders' of a subsidiary	-	-	-	-	-	-	-	-
Share options								
- value of options terminated/lapsed	-	-	-	-	-	-	-	-
As at 30 June 2014	1,005,535	(48)	-	(656,120)	335,720	685,087	67,066	752,153
Audited								
As at 1 April 2013	1,005,535	(48)	-	(660,680)	219,918	564,725	70,349	635,074
Total comprehensive income for the year	-	-	-	26,762	81,875	108,637	(944)	107,693
Dividends to shareholders' of a subsidiary	-	-	-	-	-	-	(922)	(922)
Share options								
- value of employee services	-	-	-	-	-	-	-	-
- value of options terminated/lapsed	-	-	-	(10,259)	10,259	-	-	-
As at 31 March 2014	1,005,535	(48)	-	(644,177)	312,052	673,362	68,483	741,845

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

UNAUDITED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 JUNE 2014

	Note	3 months ended 30 June 2014 RM'000	12 months ended 31 Mar 2014 RM'000 (Audited)
Cash Flows From Operating Activities			
Profit before taxation		30,772	127,919
Adjustments for non-cash items:		21,527	103,825
Changes in working capital:			
Inventories		(6,986)	(1,009)
Receivables, deposits and prepayments		(18,939)	(45,175)
Payables		(37,303)	55,754
Cash generated from operations		<u>(10,929)</u>	<u>241,314</u>
Tax paid		(7,732)	(37,131)
Interest received		320	1,411
Interest paid		-	(28,407)
Net cash generated from operating activities		<u>(18,341)</u>	<u>177,187</u>
Cash Flows From Investing Activities			
Proceeds from disposal of property, plant and equipment		-	6,602
Purchase of property, plant and equipment		(19,426)	(97,841)
Repayment of advance from jointly controlled entity		14,528	4,150
Additional investment in joint controlled entity		(4,571)	(1,360)
Net cash used in investing activities		<u>(9,469)</u>	<u>(88,449)</u>
Cash Flows From Financing Activities			
Repayment of borrowings		(2,927)	(397,175)
Proceeds from borrowings		23,536	359,796
Interest paid on borrowings		(6,448)	(28,407)
Increase in short term deposit pledged as securities		(15,810)	(43,853)
Dividend paid to minority shareholders of subsidiary		-	(922)
Net cash used in financing activities		<u>(1,649)</u>	<u>(110,561)</u>
Net decrease in cash and cash equivalents		(29,459)	(21,823)
Cash and cash equivalents at beginning of the period		125,435	139,292
Currency Translation Differences		3,297	7,966
Cash and cash equivalents at end of the year	B8	<u>99,273</u>	<u>125,435</u>

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 2014 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 2014.

Except as described below, the same accounting policies and methods of computation are followed in the condensed consolidated financial statements as compared with the consolidated financial statements for year ended 31 March 2014.

As of 1 April 2014, the Group and the Company have adopted the following MFRSs and amendments which are effective for annual periods beginning on or after 1 January 2014.

Effective for annual periods commencing on or after 1 January 2014

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Investment Entities
Amendments to MFRS 127	Separate Financial Statements (2011): Investment Entities
Amendments to MFRS 132	<i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>
Amendments to MFRS 136	<i>Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to MFRS 139	<i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>
IC Interpretation 21	<i>Levies</i>

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

A1 Basis of Preparation of interim financial reports (“continued”)

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 July 2014

Amendments to MFRS 1	<i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)</i>
Amendments to MFRS 2	<i>Share-based Payment (Annual Improvements 2010-2012 Cycle)</i>
Amendments to MFRS 3	<i>Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)</i>
Amendments to MFRS 8	<i>Operating Segments (Annual Improvements 2010-2012 Cycle)</i>
Amendments to MFRS 13	<i>Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)</i>
Amendments to MFRS 116	<i>Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)</i>
Amendments to MFRS 119	<i>Employee Benefits – Defined Benefit Plans: Employee Contributions</i>
Amendments to MFRS 124	<i>Related Party Disclosures (Annual Improvements 2010-2012 Cycle)</i>
Amendments to MFRS 138	<i>Intangible Assets (Annual Improvements 2010-2012 Cycle)</i>
Amendments to MFRS 140	<i>Investment Property (Annual Improvements 2011-2013 Cycle)</i>

Effective for annual periods commencing on or after 1 January 2016

MFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to MFRS 116	<i>Property, plant and equipment (Clarification of Acceptable Methods of Depreciation)</i>
Amendments to MFRS 138	<i>Intangibles Assets (Clarification of Acceptable Methods of Amortisation)</i>
Amendments to MFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>

A1 Basis of Preparation of interim financial reports (“continued”)

Effective for a date yet to be confirmed

MFRS 9	<i>Financial Instruments (2009)</i>
MFRS 9	<i>Financial Instruments (2010)</i>
MFRS 9	<i>Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139</i>
Amendments to MFRS 7	<i>Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures</i>

The initial application of the abovementioned accounting standards, amendments and interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Group and of the Company except as mentioned below:

MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

A2 Audit Report for Preceding Annual Financial Statements

The audit report for the Group’s annual financial statements for the year ended 31 March 2014 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 period ended 30 June 2014.

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A8 Segmental Reporting

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

Revenue and results for three months ended 30 June 2014

	Oilfield Services RM'000	Marine Services RM'000	Total RM'000
REVENUE			
External sales	288,473	77,255	365,728
RESULTS			
Profit from operations	33,197	2,342	35,539
Finance costs	(6,280)	(168)	(6,448)
Other operating income	(63)	753	690
Share of results in associates	-	(68)	(68)
Share of results in joint ventures	-	1,059	1,059
Profit before tax	26,854	3,918	30,772
Taxation	(7,847)	(674)	(8,521)
Profit for the period	19,007	3,244	22,251
Other information			
Depreciation and amortisation	11,811	10,002	21,813
Interest income	293	27	320

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A8 Segmental Reporting ("continued")

Revenue and results for three months ended 30 June 2013

	Oilfield Services RM'000	Marine Services RM'000	Total RM'000
REVENUE			
External sales	278,111	42,759	320,870
Total revenue	<u>278,111</u>	<u>42,759</u>	<u>320,870</u>
RESULTS			
Profit from operations	33,955	5,033	38,988
Finance costs	(5,592)	(1,051)	(6,643)
Other operating income	80	87	167
share of results in associates	-	(24)	(24)
Share of results in joint ventures	-	1,463	1,463
Profit before tax	<u>28,443</u>	<u>5,508</u>	<u>33,951</u>
Taxation	(8,266)	(815)	(9,081)
Profit for the period	<u>20,177</u>	<u>4,693</u>	<u>24,870</u>
Other information			
Depreciation and amortisation	9,704	8,849	18,553
Interest income	<u>80</u>	<u>87</u>	<u>167</u>

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A8 Segmental Reporting (“continued”)

	Oilfield Services RM'000	Marine Services RM'000	Total RM'000
ASSETS AND LIABILITIES			
AS AT 30 June 2014			
ASSETS			
Assets employed in the segment	1,095,982	484,070	1,580,052
Investment in associates	-	310	310
Investment in joint venture	151	47,107	47,258
	<u>1,096,133</u>	<u>531,487</u>	1,627,620
<u>Unallocated corporate assets:</u>			
Tax recoverable			18,289
Deferred tax assets			8,398
Total assets			<u><u>1,654,307</u></u>
LIABILITIES			
Liabilities in segment	<u>508,751</u>	<u>341,975</u>	850,726
<u>Unallocated corporate liabilities:</u>			
Tax payable			20,337
Deferred tax liabilities			3,580
Derivatives financial instruments			27,511
Total liabilities			<u><u>902,154</u></u>
Net assets			<u><u>752,153</u></u>

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A8 Segmental Reporting ("continued")

	Oilfield Services RM'000	Marine Services RM'000	Total RM'000
ASSETS AND LIABILITIES AS AT 30 JUNE 2013			
ASSETS			
Assets employed in the segment	961,876	505,761	1,467,637
Investment in associates	-	353	353
Investment in joint venture	-	51,845	51,845
	<u>961,876</u>	<u>557,959</u>	<u>1,519,835</u>
<u>Unallocated corporate assets:</u>			
Tax recoverable			16,960
Deferred tax assets			14,757
Total assets			<u><u>1,551,552</u></u>
LIABILITIES			
Liabilities in segment	<u>506,057</u>	<u>347,867</u>	853,924
<u>Unallocated corporate liabilities:</u>			
Tax payable			16,069
Deferred tax liabilities			2,382
Derivatives financial instruments			2,297
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 have not been reflected in these condensed financial statements.

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>1,600</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	-	3,438	3,438
Plant & Machinery	6,032	73,170	79,202
Vessels	81,114	18,901	100,015
Others	502	13,767	14,269
	<u>87,648</u>	<u>109,276</u>	<u>196,924</u>

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A13 Capital Commitments (“continued”)

The future minimum lease payments under non-cancellable operating leases as at 30 June 2014 are as follows:

	Total outstanding RM'000	Expiring within one year RM'000	Expiring between one to five years RM'000
In respect of:			
Building	6,666	3,182	3,484
Plant & Machinery	1,925	1,281	644
Vessels	6,714	5,555	1,159
Others	1,122	730	392
	<u>16,427</u>	<u>10,748</u>	<u>5,679</u>

A14 Related party transactions

	3 months ended 30 June 2014 RM'000	3 months ended 30 June 2013 RM'000
Holding company		
Rental expenses	<u>421</u>	-
Transactions with companies in which certain substantial shareholders have interest		
Lease of office equipment	34	-
Provision of human resources services	68	-
Provision of share registration services	-	37
Administration fees charged	37	-
Air ticket cost charged	408	190
Office rental paid/payable	<u>43</u>	<u>425</u>
Transactions with joint ventures		
Chartering services paid/payable	<u>2,092</u>	<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 Oilfield Services and Marine Services. Oilfield Services provides integrated drilling fluids, drilling waste management solutions and production chemicals while Marine Services consist of coal transportation and offshore support vessel services.

Current quarter vs. corresponding quarter of the preceding year

	Revenue		Profit before tax	
	3 Months to		3 Months to	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
Operating Segments:				
Oilfield Services	288,473	278,111	26,854	28,443
Marine Services	<u>77,255</u>	<u>42,759</u>	<u>3,918</u>	<u>5,508</u>
	<u>365,728</u>	<u>320,870</u>	<u>30,772</u>	<u>33,951</u>

Group

Group revenue for the current quarter increased by RM44.9 million or 14.0% compared to corresponding quarter of the preceding year ("1QFY2014"), mainly due to increase in activity levels in Oilfield Services division, as well as a new contract won in the Marine Services division.

Profit before tax for the current quarter decreased by RM3.2 million or 9.4% compared to 1QFY2014, primarily due to lower margins derived from both divisions.

Oilfield Services

The segment's revenue for current quarter increased by RM10.4 million or 3.7% as compared to 1QFY2014, mainly due to higher revenue from key international markets namely West Africa, Indonesia and Turkmenistan. These countries continue to generate steady and positive results for the Group.

Profit before tax recorded a slight decrease of RM1.6 million or 5.6% compared to 1QFY2014, mainly due to product mix with lower margins in Malaysia and Indonesia.

Marine Services

The segment revenue for the current quarter was higher by RM34.5 million or 80.7% compared to 1QFY2014 mainly due contribution from a contract with a utility service company.

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B1 Review of Operating Segments (“continued”)

The segment posted comparatively lower profit before tax for the quarter, due to lower utilisation rate of vessels from Marine Services division.

The Marine segment continues to be impacted by the industry slowdown for coal and low utilization for its offshore fleet. Actions are being taken to address the position.

B2 Review of Operating Segments as Compared to Preceding Quarter

	Revenue		Profit/ (loss) before tax	
	3 Months to		3 Months to	
	30 June	31 March	30 June	31 March
	2014	2014	2014	2014
Operating Segments:				
Oilfield Services	288,473	331,675	26,854	33,808
Marine Services	77,255	41,302	3,918	(6,741)
	<u>365,728</u>	<u>372,977</u>	<u>30,772</u>	<u>27,067</u>

Group revenue for the current quarter decreased by RM7.2 million or 1.9% compared to immediate preceding quarter (“4QFY2014”), mainly due to lower activity levels in Oilfield Services division, partially offset against revenue contribution from a new contract won in the Marine Services division.

Profit before tax for the current quarter increased by RM3.7 million or 13.7% compared to 4QFY2014, primarily due to better utilisation rate of vessels and tightening of overall expenditure across both divisions.

Oilfield Services

The segment’s revenue for current quarter decreased by RM43.2 million or 13.0% as compared to 4QFY2014, mainly due to lower activity levels in Malaysia and Thailand.

Profit before tax recorded a decrease of RM6.9 million or 20.6% compared to 4QFY2014, mainly due to flow through of lower revenue from Malaysia and Thailand.

B2 Review of Operating Segments as Compared to Preceding Quarter
("continued")

Marine Services

The segment revenue for the current quarter and profit before tax was higher by RM36.0 million or 87.0% and RM10.4 million or 153.6% respectively, compared to 4QFY2014. This was mainly due to the contribution from a contract with a utility service company and higher revenue from higher utilisation rates and higher charter rates.

B3 Current Financial Year Prospects

Group

Oilfield Services continues to be the major contributor to both revenue and profit. Therefore, the performance of Oilfield Services will have a major bearing on the Group's performance. We expect the second half of FY2015 to be better in anticipation of pick up of Malaysia operations.

Oilfield Services

The outlook for the year is positive in spite of the lower activity level in Q1. The activity slowdown in Q1 in Malaysia is expected to turnaround in late Q2 with additional rigs forecasted and new contracts commencing. Activity in Indonesia, Thailand, Myanmar and Turkmenistan is forecast to increase. Improving efficiency and service quality remains the top priority.

Marine Services

The scale-down of mining activities as a result of lower coal prices in Indonesia has affected production output and consequently the volume of tonnage transported for the coal segment. This has affected our carrying volume and we remain cautious for financial year 2015 for this division. For the offshore division, with the continued growth of the oil and gas industry in the region, we are working to improve the fleet utilization and add to the existing fleet via acquisition or construction. The division has started to rationalize its operations to ensure efficient use of resources and improve its profitability.

Integrated Drilling Services

SESB secured the Ophir RSC during the current quarter, where it owns 30% through its subsidiary, Scomi D&P Sdn Bhd. The project is expected to contribute to the Group in subsequent years. We continue to build our capabilities in this segment, with a view to support the above RSC while exploring other opportunities.

B4 Profit Forecast

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

B5 Corporate Proposals

The Group proposed a renounceable Rights Issue of up to RM140,506,526 nominal value of 5 year Redeemable Convertible Bonds at 100% of its nominal value ("Convertible Bond") on the basis of RM6.00 in nominal value of convertible bonds for every 100 existing ordinary shares of RM0.45 each in the Company subscribed on an entitlement date ("Entitled Shareholders") to be determined. The proposed Rights Issue of Convertible Bonds is renounceable in full or in part. Any unsubscribed Convertible Bonds shall be offered to the other Entitled Shareholders in a fair and equitable manner, and on a basis to be determined by the Board and announced later by the Company.

An application will be made for the listing of and quotation for the Convertible Bonds and the new shares arising from the conversion of the Convertible Bonds.

The gross proceeds raised from the Proposed Rights Issue of Convertible Bonds will be utilised as follows:-

	Amount RM'000
To repay the bridging loan	45,000
Working capital	92,007
Defray estimated expenses relating to the Proposed Rights Issue of Convertible Bonds	<u>3,500</u>
	<u><u>140,507</u></u>

The breakdown of the working capital requirements of RM92.01 million are as follows:

	Amount RM'000
Projects relating to oilfield and integrated services ⁽¹⁾	50,667
Projects relating to marine vessels ⁽¹⁾	24,000
Other working capital requirements ⁽²⁾	8,000
Minimum coupon requirement ⁽³⁾	<u>9,340</u>
Total	<u>92,007</u>

B5 Corporate Proposals (“continued”)

Notes:

- (1) SESB Group contains 2 divisions, oilfield services division and marine services division. Oilfield and integrated activities include integrated drilling fluids, drilling waste management solutions, multiple drilling services and production enhancement technologies. Marine vessels comprises, amongst others, marine transportation for the coal industry and offshore support vessels to the oil and gas sector. In addition to the working capital for the development for Ophir field, the funds raised is to strengthen the Group’s financial position to undertake future investments in oilfield and marine services operations. As at todate, the SESB Group has yet to enter into any new contracts relating to oilfield services or marine services. Any excess/shortfall in the actual amount utilised for oilfield and marine services projects would be adjusted to/from other working capital requirements.
- (2) This is to be used to fund its working capital including but not limited to salaries, overheads and purchase of raw materials.
- (3) This is to prefund the estimated minimum coupon requirement of the Convertible Bonds, which is equivalent to 12 months projected coupon on the Convertible Bonds.

The proposed Rights Issue of the Convertible Bond is pending completion. Subject to the relevant approvals being obtained, the Proposed Rights Issue of Convertible Bonds is expected to be completed in the first quarter of 2015.

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B6 Profit before taxation

	3 months ended 30 June 2014 RM'000	3 months ended 30 June 2013 RM'000
The profit before taxation is arrived at after (charging)/crediting:		
Interest income	320	167
Depreciation and amortisation	(21,813)	(18,553)
Recovery/written-back of doubtful debts	-	3,761
(Loss)/gain on foreign exchange - net	(500)	2,225
(Loss)/gain on disposal of property, plant and equipment	(220)	304
Interest expense	(6,448)	(6,643)
Share of results of associates	(68)	(24)
Share of results of joint venture	1,059	1,463
	<hr/>	<hr/>

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B7 Taxation

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

	3 months ended 30 June 2014 RM'000	3 months ended 30 June 2013 RM'000
Malaysian income tax		
- current year	674	3,755
Foreign income tax		
- current year	7,847	5,326
Total income tax	<u>8,521</u>	<u>9,081</u>
Effective tax rate	<u>27.7%</u>	<u>26.8%</u>

The effective tax rate for the current quarter is higher than the Malaysian tax rate of 25% mainly because of:-

- (1) Marine segment taxation which is based on revenue instead of profit; and combined with;
- (2) 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	82,514
Short term deposits with licensed banks	<u>93,868</u>
	176,382
Less : restricted cash	(72,345)
Less : bank overdraft	<u>(4,764)</u>
Cash and cash equivalents	<u>99,273</u>

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

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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>RM'000</u>
Borrowings – secured	258,366	230,680	489,046

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

	RM'000
Ringgit Malaysia	381,558
US Dollar*	102,325
Others	5,163
Total	<u>489,046</u>

* These relate to working capital loans.

B10 Other reserves

	As at 30 June 2014 RM'000	As at 31 Mar 2014 RM'000
Capital reserve	26,881	26,881
Exchange fluctuation reserves	(221,358)	(211,176)
Hedging reserve	(18,320)	(16,559)
Merger reserve	(443,323)	(443,323)
	<u>(656,120)</u>	<u>(644,177)</u>

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B11 Derivative Financial Liabilities

Derivatives used for hedging	<u>Current</u> RM'000	<u>Non- Current</u> RM'000	<u>Total</u> RM'000
Cross currency interest rate swaps ("CCIRS") at fair value	3,631	23,880	27,511

The notional principal amounts of the outstanding CCIRSs at 30 June 2014 were RM270 million.

The Group had entered into CCIRS during 2012 and 2013, that were designated as cash flow hedges to hedge the Group's exposure to foreign exchange risk on its Guaranteed Serial Bond. These contracts entitle the Group to receive principal and fixed interest amounts in RM and oblige the Group to pay principal and fixed interest amounts in USD and the CCIRSs reflect the timing of these cash flows. These CCIRS contracts have maturities of up to 4 years from 31 March 2014.

B12 Retained Earnings

	As at 30 June 2014 RM'000	As at 31 Mar 2014 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
- Realised	1,225,107	1,200,452
- Unrealised	<u>(312,893)</u>	<u>(310,915)</u>
	912,214	889,537
Total share of retained earnings from associated companies:		
- Realised	(16,801)	(16,733)
- Unrealised	-	-
Total share of retained earnings from jointly controlled entities:		
- Realised	24,407	23,348
- Unrealised	<u>-</u>	<u>-</u>
	919,820	896,152
Less : Consolidation adjustments	<u>(584,100)</u>	<u>(584,100)</u>
Total retained earnings	<u>335,720</u>	<u>312,052</u>

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B13 Earnings Per Share

	3 months ended 30 June 2014 RM'000	Cumulative Period 3 months ended 30 June 2014 RM'000
<u>Basic and diluted earnings per share</u>		
Profit for the period	23,668	23,668
Issued and paid-up capital	2,341,775	2,341,775
Less : Treasury shares	(145)	(145)
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>1.01</u>	<u>1.01</u>

B14 Material Litigation

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

B15 Proposed Dividend

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

B16 Authorised For Issue

The interim financial statements were authorised for issue on 21 August 2014 by the Board of Directors.