12. FINANCIAL INFORMATION

12.1 PROFIT AND DIVIDEND RECORD

The following table sets out a summary of the pro forma Group's financial performance for the past five financial years ended 31 December 2002 based on the assumption that the current Group structure has been in existence throughout the period under review. The pro forma consolidated profit and dividend records are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 13 of this Prospectus.

	Financial year ended 31 December				
(RM'000)	**1998**	**1999**	**2000**	**2001**	**2002**
Revenue	111,886	96,439	105,430	131,677	158,512
EBITDA	8,825	11,640	14,060	18,514	23,554
Depreciation	(2,269)	(2,665)	(3,046)	(2,875)	(3,426)
Interest expense	(4,780)	(3,348)	1,981	(1,296)	(1,072)
Share of profits / (losses) of associated companies	-	(98)	14	50	1,451
PBT	1,776	5,529	13,009	14,393	20,507
Taxation	(1,396)	(173)	(3,341)	(5,617)	(5,863)
PAT	380	5,356	9,668	8,776	14,644
Minority interests	50	-	-	^	-
PAT after minority interests	430	5,356	9,668	8,776	14,644
Number of Shares assumed in issue ('000)	25,058	25,058	46,935	46,935	46,935
Weighted average number of Shares assumed in issue ('000)	25,058	25,058	25,238	46,935	46,935
Basic					
- Gross EPS (RM) *	0.073	0.221	0.515	0.307	0.437
- Net EPS (RM) **	0.017	0.214	0.383	0.187	0.312
Fully diluted					
- Gross EPS (RM) #	0.018	0.055	0.130	0.144	0.205
- Net EPS (RM) @	0.004	0.054	0.097	0.088	0.146

Notes:

^ *negligible*

* *Based on the PBT after minority interests and on the weighted average number of Shares assumed to be issued in the respective years*

** *Based on the PAT after minority interests and on the weighted average number of Shares assumed to be issued in the respective years*

Based on the PBT after minority interests and on the enlarged issued and paid-up share capital of 100,000,000 Shares

@ *Based on the PAT after minority interests and on the enlarged issued and paid-up share capital of 100,000,000 Shares*

Commentary

1. There were no exceptional items or extraordinary items in all the financial years under review.

2. In the year 1999, there was a decrease in the revenue derived by all the companies in the pro forma Group (other than the dormant companies) due to the economic downturn in the year.

3. The interest expense in the year 2000 was in credit due to a waiver of interest amounting to RM4,122,004 on a revolving credit facility of a subsidiary company.

4. The increasing trend of PBT for all the financial years under review was due mainly to the effective and efficient control of the operating costs in general.

5. The effective tax rate for the years ended 1998 and 2001 were higher than the statutory tax rate as certain expenses such as entertainment and provision for doubtful debts were not deductible for tax purposes and also because of losses incurred by a subsidiary company without corresponding group tax relief. No provision for taxation was made in the financial year 1999 as tax on income derived in the year 1999 had been waived pursuant to the Income Tax (Amendment) Act, 1999. The tax charge for the financial year 1999 was in respect of underprovision in prior years. Included in the tax charge for the year ended 2001 is an underprovision for taxation in respect of prior years amounting to RM934,486 based on revised computations submitted to the Inland Revenue Board ("IRB"). IRB has finalised the assessments on the revised computations in August 2002. An underprovision of RM124,617 has been provided for and included in the tax charge for the year ended 31 December 2002.

6. Where the reporting year-ends of two subsidiary companies were not co-terminus with the reporting year-end of SGB and other companies in the pro forma group, the audited financial statements drawn up to the different reporting year-ends have been used consistently as there was no significant impact on the pro forma group financial information.

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12.1.1 Segmental analysis

The following tables set out the segmental analysis by products and services of the SGB Group for the past 5 financial years ended 31 December 2002. The results are prepared on the assumption that the current structure of the SGB Group has been in existence throughout the financial years under review. Where the reporting year-ends of two subsidiary companies were not co-terminus with the reporting year-end of SGB and other companies in the pro forma group, the audited financial statements drawn up to the different reporting year-ends have been used consistently.

(a) **Revenue by products and services**

	<----------------Financial year ended 31 December---------------->				
(RM'000)	**1998**	**1999**	**2000**	**2001**	**2002**
Transport equipment and related services	25,196	16,653	25,386	27,548	36,358
Precision engineering services	-	-	-	-	12,888
Mud chemicals, other oilfield chemicals and related engineering services	83,730	76,929	77,004	102,220	107,107
Car rental, related support services and others	2,960	2,857	3,040	1,909	2,306
Total	111,886	96,439	105,430	131,677	158,659
Consolidation adjustments	-	-	-	-	(147)
Adjusted total	**111,886**	**96,439**	**105,430**	**131,677**	**158,512**

The trends reflected by the transport equipment and related services segment as well as the car rental, related support services and other segments are in line with the economic slowdown in the years 1998 to 1999 and eventual recovery in the subsequent years. Sales of transport equipment and related service fees are derived mainly from short-term contracts of less than 2 years and tenders to supply equipment within 3 to 8 months. Revenue improved by 41.1% in the year 2002 due to an increase in sales of trailers, truck-mounted equipment and airport ground support equipment. Approximately 80% to 90% of car rental income for the past 5 years were derived from ad-hoc short term arrangements and the remainder from lease contracts of 2 years or less. The car rental income and service fees for the year 2001 represents 9 months results following a change in the year-end from 31 March to 31 December. The slight decline from the annualised rental income and service fees of RM2,544,769 in the year 2001 to RM2,305,882 for the year 2002 is largely due to the adverse effects on the tourism industry arising from global events.

The subsidiary company engaged in the provision of precision engineering services commenced business operations in the year 2001 and has secured a contract for the supply of precision engineering parts to an overseas customer.

The trend reflected by the oilfield chemicals and related engineering services segment is largely attributed to an increase in the number of oil rigs serviced which led to an increase in the use of specialised chemicals. Sales and services derived from contracts with 3 major customers who are also leaders in the industry amounted to approximately 84%, 94% and 90% of total sales and services rendered in the year 2000, 2001 and 2002 respectively. Each contract is effective for three years (with a one plus one year extension clause that is at the option of the customer). The current contracts are expiring in the year 2003.

(b) **PBT by products and services**

(RM'000)	1998	1999	2000	2001	2002
	←-----------------**Financial year ended 31 December**				------------------>
Investment Holding	-	-	-	-	(74)
Transport equipment and related services	(970)	2,462	3,997	1,487	2,973
Precision engineering services	-	-	(4)	(22)	1,326
Mud chemicals, other oilfield chemicals and related engineering services	4,306	8,544	9,362	13,659	19,324
Car rental, related support services and others	(236)	(785)	686	40	(1,042)
Dormant companies	(3)	(21)	(6)	(4)	(11)
Total	3,097	10,200	14,035	15,160	22,496
Consolidation adjustments	(1,321)	(4,671)	(1,026)	(767)	(1,989)
Adjusted total	**1,776**	**5,529**	**13,009**	**14,393**	**20,507**

The increasing trend in the profit margin from 1998 to 1999 is due to a significant decrease in cost of sales and operating expenses. This is in line with the cost reduction policies adopted by the companies during the economic downturn. In the year 1999, the substantial increase in the profit before taxation is attributed to dividend income from a subsidiary company amounting to RM4.8 million.

The trend reflected by the profit margin from 2000 to 2002 is in line with the economic recovery in the years. In the year 2000, the increase in the profit before tax is largely due to the waiver of interest on a revolving credit facility in respect of previous years amounting to RM4.1 million upon conversion of the balance outstanding to equity. The significant increase in the profit before taxation in the year 2002 is due to an increase in dividend income from a subsidiary company of RM1.2 million.

The trend reflected by the profit before tax is in line with the operating revenue. The profit margin for the year 1998 is low due to operating expenses such as equipment rental, warehouse rental, etc. which were lower in the subsequent years. The substantial increase in profit margin for the year 2002 is largely attributed to the lower cost of purchases and direct costs, which resulted in an improvement in gross profit margin from 28.5% for the year 2001 to 32.5% for the year 2002. In addition, the share of profit in an associated company has also increased by RM1.4 million in the year 2002.

The declining trend in the profit margin from 1998 to 1999 is in line with the trend reflected in operating revenue and the economic slowdown in the years.

The upward trend reflected by the profit margin from 1999 to 2000 is in line with the economic recovery in the years. In 2000, the significant increase in other operating income is attributed to gain on disposal of motor vehicles and fleet refund. The profit before taxation for the year 2001 represents 9 months results. The decline in the profit margin for the years 2001 and 2002 is largely attributed to the adverse effects on the tourism industry arising from global events and the reduction in operating revenue without corresponding reduction in operating costs due to the fixed costs incurred.

12.1.2 Directors' declaration on financial performance

As at 2 April 2003 (being the latest practicable date prior to the registration of this Prospectus) and save as disclosed in this Prospectus, the Directors of SGB hereby confirm that the financial conditions and operations of the SGB Group are not affected by any of the following factors:

(a) known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have, a material favourable or unfavourable impact on financial performance, position and operations of the Group;

(b) material commitments for capital expenditure;

(c) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Group; and

(d) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

12.1.3 Working capital, borrowings and contingent liabilities

(a) **Working capital**

The Directors of SGB are of the opinion that after taking into account the cashflow projections, the banking facilities available and the proceeds to be raised from the Public Issue, the SGB Group will have adequate working capital for its foreseeable requirements.

(b) **Borrowings**

As at 2 April 2003, the Group's total bank borrowings (excluding hire purchase and leases) amounting to approximately RM23.7 million comprise the following:

Type of borrowings	**RM'000**
Long-term borrowings	
- Interest bearing	1,241
Short-term borrowings	
- interest bearing	22,427
TOTAL	23,668

(c) **Contingent liabilities**

As at 2 April 2003, the Directors of SGB are not aware of any contingent liabilities save for approximately RM0.3 million arising from claims under dispute against the Group by two former employees of Scomi for wrongful dismissal.

(d) **Material litigation**

Neither SGB nor any of its subsidiaries is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect the financial position of SGB or any of its subsidiaries and the Directors do not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of SGB or any of its subsidiaries.

12.1.4 Trade debts

The ageing analysis of the Group's trade receivables as at 31 December 2002 is as follows:

As at 31 December 2002	**<-------- 0-30**	**31-60**	**61-90**	**Ageing (days)** **91-120**	**121-150**	**151-180**	**>180 -------->**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
SGB Group's trade receivables	14,886	14,636	1,489	1,977	614	350	2,082	**36,034**
Provision for doubtful / bad debts								**731**

Notes:

[1] *The existing credit period for Scomi and Scomi Trading is 30 – 90 days;*

[2] *The existing credit period for SCOPE is 30 – 60 days;*

[3] *The existing credit period for KMC is 30 – 90 days; and*

[4] *The existing credit period for SMAS is 30 days.*

The Directors of SGB are of the opinion that the SGB Group's trade debts exceeding their credit period, amounting to an aggregate of approximately RM6.2 million as at 31 December 2002, are recoverable in view of the long and established relationship between the Group and the majority of its customers. Further, the Group practices prudent credit control policies in order to ensure minimal risk of default.

12.2 FUTURE FINANCIAL INFORMATION

12.2.1 Consolidated profit forecast and assumptions

Barring any unforeseen circumstances, the Directors of SGB forecast that the consolidated PAT of SGB for the financial year ending 31 December 2003 after the Public Issue will be as follows:

Financial year ending 31 December 2003	**Forecast**
Turnover (RM'000)	203,684
Consolidated PBT (RM'000)	24,300
Taxation (RM'000)	(6,347)
Consolidated PAT before Minority Interest ("MI") (RM'000)	17,953
MI (RM'000)	-
Consolidated PAT after MI (RM'000)	17,953
Less: pre-acquisition profits* (RM'000)	(4,456)
Consolidated PAT after pre-acquisition profits (RM'000)	13,497

12. FINANCIAL INFORMATION *(Cont'd)*

Financial year ending 31 December 2003	**Forecast**
Issued and paid-up share capital	
- number of Shares in issue ('000)	100,000
- weighted average number of Shares in issue ('000)	73,822
Based on PBT / PAT before deducting the pre-acquisition profits and on the number of Shares in issue	
Fully diluted EPS	
- gross EPS (sen)	24.3
- net EPS (sen)	18.0
Fully diluted PE Multiple	
- gross PE Multiple # (times)	5.7
- net PE Multiple # (times)	7.7
Based on PBT / PAT after deducting the pre-acquisition profits and on the weighted average number of Shares in issue	
Basic EPS	
- gross EPS (sen)	24.7
-net EPS (sen)	18.3
Basic PE Multiple	
- gross PE Multiple # (times)	5.6
- net PE Multiple # (times)	7.5

Notes:

* *The pre-acquisition profits are computed based on the completion of the Acquisition on 31 March 2003*

\# *Based on an issue price of RM1.38 per Issue Share*

The principal bases and assumptions upon which the above consolidated forecast has been prepared are set out below:

(a) The public issue of 12,329,000 new Shares at an issue price of RM1.38 each is expected to be completed by 15 May 2003, and the gross proceeds are expected to be utilised as follows:

	RM
Working capital	15,014,020
Estimated listing expenses	2,000,000
	17,014,020

(b) There will be no significant changes in the present business structure and principal activities of the Group.

(c) There will be no significant changes in the prevailing economic and political conditions that will adversely affect the planned activities and performance of the Group.

(d) The gross profit margin of the companies in the Group is not expected to vary significantly from the current level. There will be no other material changes in the operating cost structure of the companies in the Group.

(e) Foreign currency exchange rates will not fluctuate materially against the Ringgit Malaysia and it is expected that the Ringgit peg will be maintained.

(f) There will be no material changes in the rates and bases of taxation, import duties and sales taxes applicable to the Group, including exemptions granted to a subsidiary company.

(g) There will be no material changes in the present legislation and Government regulations which will adversely affect the operations and activities of the Group.

(h) There will be no major breakdown or disruption in the operating facilities/equipment/systems or other abnormal factors that may affect the Group's operations.

(i) The Group will continue to receive support from its major customers, suppliers and financiers.

(j) There will be no major changes in the management structure of the Group, and accounting policies presently adopted by the Group are expected to be maintained.

(k) There will be no significant fluctuation in inflation and interest rates.

The Proposed ESOS is not expected to have any effect on the Group's EPS for the financial year ending 31 December 2003, until such time the Options are exercised. Any potential effect on the Group's EPS in the future would depend on the number of Options granted and exercised at any point in time as well as the price payable upon the exercise of the Options and the actual utilisation of the exercise proceeds.

12.2.2 Directors' comments on profit forecast

For the financial year ending 31 December 2003, the turnover is expected to further increase by approximately 28.4% to RM203.7 million. Of its three operating divisions, the oil and gas division is expected to account for approximately 66.8% of the Group's turnover in 2003 and is expected to remain as the main contributor to the Group's financial performance.

In the financial year ending 31 December 2003, PBT is expected to increase by approximately 18.5% to RM24.3 million, after taking into account the share of its associated company's results of approximately RM0.2 million. Consequently, the PAT is expected to increase by 22.6% to RM18.0 million for the financial year ending 31 December 2003.

The Directors of SGB confirm that they have reviewed and analysed the profit forecast of the SGB Group and the underlying bases and assumptions stated therein. The Directors of SGB further confirm, after due and careful enquiry, that the profit forecast and the underlying bases and assumptions are reasonable in light of the contracts secured by the Group to date, the future prospects of the industry, the future plans and strategies to be adopted by the Group as set out in Sections 5.3 and 6.6, and its level of gearing, liquidity and working capital requirements.

Nevertheless, the financial forecast is based on subjective judgements and there can be no assurance that the profit forecast will be realised. Accordingly the SGB Group's actual results for the financial year ending 31 December 2003 may differ significantly from the forecast figures shown herein.

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12.2.3 Reporting Accountants' letter on the consolidated profit forecast

[Prepared for inclusion in the Prospectus]

azman, wong, salleh & co.

akauntan bertauliah chartered accountants

11th April, 2003

The Board of Directors
Scomi Group Berhad
No. 16–2, 2nd Floor
Jalan 1/76C Desa Pandan
55100 Kuala Lumpur

Dear Sirs,

CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 31ST DECEMBER, 2003

We have reviewed the accounting policies and calculations for the consolidated profit forecast of Scomi Group Berhad and its subsidiary companies ("the SGB Group"), for which the Directors are solely responsible, for the year ending 31st December, 2003 as set out in the Prospectus to be dated 15th April, 2003 in connection with the public issue of 12,329,000 new ordinary shares of RM0.50 each at an issue price of RM1.38 each and the listing of and quotation for the entire enlarged issued and paid–up share capital of Scomi Group Berhad on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the consolidated profit forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the Directors as set out in the Prospectus and is presented on a basis consistent with the accounting policies normally adopted by the SGB Group.

Yours faithfully,

AZMAN, WONG, SALLEH & CO.
AF: 0012
Chartered Accountants

NG ENG KIAT
1064/03/05(J/PH)
Partner of the Firm

14, jalan tun sambanthan 3, p. o. box 12019, 50764 kuala lumpur.
tel: 03-22748900 fax: 03-22721108

12. FINANCIAL INFORMATION *(Cont'd)*

12.2.4 Sensitivity analysis

The impact of changes in operating revenue and cost of sales is illustrated below:

Changes in operating revenue

	<-------------Forecast for the financial year ended 31 December 2003------------->				
(RM'000)	**-10%**	**-5%**	**As forecasted**	**+5%**	**+10%**
Operating revenue	183,316	193,500	203,684	213,869	224,053
Cost of sales	149,808	149,808	149,808	149,808	149,808
PBT	3,652	13,976	24,300	34,624	44,948
PAT	1,665	10,016	17,954	25,531	33,079
Post-acquisition PAT	1,281	7,544	13,497	19,180	24,842

All other factors remaining equal, an increase in operating revenue by 5% and 10% will result in an increase in the PBT of the Group by 42% and 85% and also the PAT of the Group by 42% and 84%; and similarly a decrease in operating revenue by 5% and 10% will result in a decrease in the PBT of the Group by 42% and 85% and also the PAT of the Group by 44% and 91%.

Changes in cost of sales

	<-------------Forecast for the financial year ended 31 December 2003------------->				
(RM'000)	**-10%**	**-5%**	**As forecasted**	**+5%**	**+10%**
Operating revenue	203,684	203,684	203,684	203,684	203,684
Cost of sales	134,827	142,318	149,808	157,298	164,789
PBT	39,462	31,881	24,300	16,719	9,138
PAT	29,124	23,553	17,954	12,190	6,053
Post-acquisition PAT	21,875	17,697	13,497	9,175	4,572

All other factors remaining equal, an increase in cost of sales by 5% and 10% will result in a decrease in the PBT of the Group by 31% and 62% and also the PAT of the Group by 32% and 66% and similarly a decrease in cost of sales by 5% and 10% will result in an increase in the PBT of the Group by 31% and 62% and also the PAT of the Group by 31% and 62%.

Changes in operating revenue and cost of sales

	<-------------Forecast for the financial year ended 31 December 2003------------->				
(RM'000)	**-10%**	**-5%**	**As forecasted**	**+5%**	**+10%**
Operating revenue	183,316	193,500	203,684	213,869	224,053
Cost of sales	134,827	142,318	149,808	157,298	164,789
PBT	18,814	21,557	24,300	27,043	29,786
PAT	13,847	15,901	17,954	19,960	21,937
Post-acquisition PAT	10,417	11,958	13,497	15,002	16,485

All other factors remaining equal, an increase in operating revenue and cost of sales by 5% and 10% will result in an increase in the PBT of the Group by 11% and 23% and also the PAT of the group by 11% and 22% and similarly a decrease in operating revenue and cost of sales by 5% and 10% will result in a decrease in the PBT of the Group by 11% and 23% and also the PAT of the Group by 11% and 23%.

12.2.5 Dividend forecast

It is the policy of the Directors of SGB to recommend dividends to allow shareholders to participate in the profits of the Group as well as to provide for adequate reserves for the future growth of the Group.

Based on the forecast consolidated PAT for the financial year ending 31 December 2003, barring any unforeseen circumstances, the Directors of SGB anticipate that the Company will be able to declare a net dividend of 2.50% based on the enlarged issued and paid-up share capital of 100,000,000 ordinary shares of RM0.50 each.

The intended appropriation of the forecast consolidated PAT is as follows:

Financial year ending 31 December 2003	**Forecast**
Consolidated PBT (RM'000)	24,300
Taxation (RM'000)	(6,346)
Consolidated PAT (RM'000)	17,954
Dividend per Share (sen)	
- Gross	1.74
- Net	1.25
Dividend yield (%)	
- Gross	1.26
- Net	0.91
Net dividend cover (times)	14.4

Future dividend payments will be waived if:

(a) The Group is in a loss position for the relevant financial period; or

(b) The Group has insufficient cash flow to meet any dividend payments.

Notwithstanding the above, the Directors of SGB may at their discretion waive any future dividend payments as and when deemed necessary in the best interests of the Group.

12.3 PRO FORMA CONSOLIDATED BALANCE SHEETS OF SGB AS AT 31 DECEMBER 2002

The Proposed ESOS is not expected to have any effect on the NTA per Share of the Group until such time the Options are exercised. Any potential effect on the Group NTA in the future would depend on the number of Options granted and exercised at any point in time as well as the price payable upon the exercise of the Options.

12. FINANCIAL INFORMATION *(Cont'd)*

The pro forma consolidated balance sheets set out below are provided for illustrative purposes only to show the effects of the Flotation Scheme assuming that it had been effected on 31 December 2002.

(RM)	COMPANY Audited	GROUP I After the Acquisition	GROUP II After I and the Public Issue and Utilisation of Proceeds	GROUP III After II and the assumed full exercise of the maximum of 9 million Options
PROPERTY, PLANT AND EQUIPMENT	-	20,419,086	20,419,086	20,419,086
SUBSIDIARY COMPANIES	-	-	-	-
ASSOCIATED COMPANY	-	1,283,384	1,283,384	1,283,384
CURRENT ASSETS				
Inventories	-	41,110,017	41,110,017	41,110,017
Trade receivables	-	35,302,937	35,302,937	35,302,937
Other receivables	594,847	4,455,970	4,455,970	4,455,970
Amount due from an associated company	-	731,881	731,881	731,881
Short term deposits with licensed banks	-	9,344,314	24,358,334	36,778,334
Cash and bank balances	2	6,944,391	6,944,391	6,944,391
	594,849	97,889,510	112,903,530	125,323,530
LESS: CURRENT LIABILITIES				
Trade payables	-	27,019,875	27,019,875	27,019,875
Other payables	668,545	17,059,902	17,059,902	17,059,902
Amount due to holding company	-	103,319	103,319	103,319
Provision for taxation	-	1,483,743	1,483,743	1,483,743
Bank borrowings	-	9,678,048	9,678,048	9,678,048
Term loans	-	1,252,367	1,252,367	1,252,367
	668,545	56,597,254	56,597,254	56,597,254
NET CURRENT ASSETS	(73,696)	41,292,256	56,306,276	68,726,276
	(73,696)	**62,994,726**	**78,008,746**	**90,428,746**
FINANCED BY:				
SHARE CAPITAL	2	43,835,500	50,000,000	54,500,000
SHARE PREMIUM	-	3,070,573	11,920,093	19,840,093
RESERVE ON CONSOLIDATION	-	13,026,623	13,026,623	13,026,623
UNAPPROPRIATED PROFITS	(73,698)	(73,698)	(73,698)	(73,698)
SHAREHOLDERS' FUNDS	(73,696)	59,858,998	74,873,018	87,293,018
DEFERRED AND LONG TERM LIABILITIES				
Hire purchase payables	-	1,203,342	1,203,342	1,203,342
Lease payables	-	401,224	401,224	401,224
Deferred taxation	-	250,400	250,400	250,400
Term loans	-	1,280,762	1,280,762	1,280,762
	-	3,135,728	3,135,728	3,135,728
	(73,696)	**62,994,726**	**78,008,746**	**90,428,746**
No. of ordinary shares of RM0.50 each	4	87,671,000	100,000,000	109,000,000
NTA per ordinary share (RM)	(18,424)	0.683	0.749	0.801

NOTES TO THE PRO FORMA BALANCE SHEETS

1. BASIS OF PREPARATION

1.1 The proforma consolidated balance sheets are provided for illustrative purposes only to show the effects on the audited balance sheet of Scomi Group Berhad ("SGB") as at 31st December, 2002 had the transactions described in Note 2 below been effected on that date.

1.2 The proforma consolidated balance sheets have been prepared on bases and accounting principles consistent with those adopted in the preparation of audited financial statements by the companies in the SGB Group.

2. PROFORMA

2.1 Proforma I

Proforma I presents the financial position of the Proforma Group after incorporating the effects of the restructuring exercise undertaken by SGB as follows:

(a) Acquisition

The acquisition by SGB of the entire issued and fully paid-up share capital of Scomi Sdn. Bhd. ("Scomi") for a total consideration of RM46,906,071 was satisfied by the issuance of 87,670,996 new ordinary shares of RM0.50 each in SGB at an issue price of approximately RM0.535 per share. The purchase consideration was arrived at based on the audited consolidated Net Tangible Assets ("NTA") of Scomi as at 31st December, 2001 of RM46,906,071, after adjusting for the following transactions effected by Scomi:

(i) Acquisition by Scomi of a subsidiary company, Scomi Transportation Solutions Sdn. Bhd. ("SCOTS"). The acquisition of the entire issued and fully paid-up share capital of SCOTS for a total consideration of RM2 was satisfied by cash.

(ii) Acquisition by SCOTS of a subsidiary company, SMAS Rent-A-Car Sdn. Bhd. ("SMAS"). The acquisition of the entire issued and fully paid-up share capital of SMAS for a total consideration of RM2,150,000 was satisfied by the issuance of 63,403 new ordinary shares of RM1.00 each in Scomi at an issue price of approximately RM10.65 per share and the balance of RM1,475,000 in cash. The consideration was arrived at based on the NTA of SMAS (excluding the carrying value of certain property, plant and equipment) as at 31st October, 2001 after adjusting for the fair value of its identifiable assets and liabilities.

(iii) Conversion of 6,000,000 Redeemable Convertible Preference Shares ("RCPS") of RM0.01 each in Scomi by Kaspadu Sdn. Bhd., the holding company of Scomi at a rate of 100 new ordinary shares of RM1.00 each in Scomi for every 573 RCPS into 1,047,120 new ordinary shares of RM1.00 each in Scomi.

(b) Transfer

The transfer by Scomi of its entire equity interest in Kota Minerals and Chemicals Sdn. Bhd. ("KMC") and SCOTS to SGB, upon completion of the Acquisition, for a consideration of RM5,551,250 was satisfied via inter-company advances.

2.2 Proforma II

Proforma II incorporates the effects of Proforma I, the increase in SGB's issued and fully paid-up share capital and share premium as a result of the public issue of 12,329,000 new ordinary shares of RM0.50 each at an issue price of RM1.38 per share, and the utilisation of proceeds arising from the public issue as indicated below.

Based on the public issue of 12,329,000 new ordinary shares of RM0.50 each at an issue price of RM1.38 per share, the total gross proceeds to be raised from the public issue would amount to RM17,014,020. The utilisation of the total gross proceeds is as follows:

	RM
Working capital	15,014,020
Estimated share issue expenses	2,000,000
	17,014,020

2.3 Proforma III

Proforma III incorporates the effects of Proforma II, the increase in SGB's issued and fully paid-up share capital and share premium as a result of the assumed full exercise of the 9,000,000 proposed employees' share options scheme ("ESOS") options into 9,000,000 new ordinary shares of RM0.50 each at an exercise price of RM1.38 per share, and the utilisation of proceeds arising from the share issue under the ESOS options as indicated below.

Based on the issue of 9,000,000 new ordinary shares of RM0.50 each at RM1.38 per share, the total proceeds to be raised from the share issue under the ESOS options would amount to RM12,420,000. The utilisation of the total gross proceeds is as follows:

	RM
Working Capital	12,420,000

3. SHARE CAPITAL ACCOUNT

The movement on the issued and fully paid-up share capital will be as follows:

	No. of Shares	Value RM
As at 31st December, 2002	4	2
Share issue on acquisition of Scomi	87,670,996	43,835,498
Public issue	12,329,000	6,164,500
	100,000,000	50,000,000

4. SHARE PREMIUM ACCOUNT

The movement on the share premium account will be as follows:

	RM
As at 31st December, 2002	-
Premium arising from the issue of 87,670,996 new ordinary shares of RM0.50 each at an issue price of approximately RM0.535 per share for acquisition of Scomi	3,070,573
As per Pro forma I	
Premium arising from the public issue of 12,329,000 new ordinary shares of RM0.50 each at an issue price of RM1.38 per share	10,849,520
Estimated share issue expenses written off	(2,000,000)
	11,920,093
As per Pro forma II	
Premium arising from the issue of 9,000,000 new ordinary shares of RM0.50 each assuming full exercise of the 9,000,000 ESOS options at RM1.38 per share	7,920,000
As per Pro forma III	19,840,093

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12.4 REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED BALANCE SHEETS

[Prepared for inclusion in the Prospectus]

azman, wong, salleh & co.

akauntan bertauliah chartered accountants

11th April, 2003

The Board of Directors
Scomi Group Berhad
No. 16–2, 2nd Floor
Jalan 1/76C Desa Pandan
55100 Kuala Lumpur

Dear Sirs,

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31ST DECEMBER, 2002

We have examined the presentation of the proforma consolidated balance sheets of Scomi Group Berhad and its subsidiary companies ("the SGB Group") as at 31st December, 2002 together with the notes thereon as set out in the Prospectus to be dated 15th April, 2003 in connection with the public issue of 12,329,000 new ordinary shares of RM0.50 each at an issue price of RM1.38 each and the listing of and quotation for the entire enlarged issued and paid–up share capital of Scomi Group Berhad on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the proforma consolidated balance sheets, together with the notes thereon, which are prepared for illustrative purposes only, are presented on a basis consistent with the accounting policies normally adopted by the SGB Group and are in a form suitable for inclusion in the Prospectus.

Yours faithfully,

AZMAN, WONG, SALLEH & CO.
AF: 0012
Chartered Accountants

NG ENG KIAT
1064/03/05(J/PH)
Partner of the Firm

14, jalan tun sambanthan 3, p. o. box 12019, 50764 kuala lumpur.
tel: 03-22748900 fax: 03-22721108