PART A: EXPLANATORY NOTES AS PER FRS 134

A1. Basis of preparation of interim financial reports

The interim financial statements are prepared in accordance with the requirements of the Financial Reporting Standards ("FRS") 134: "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") 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 31st December 2007.

The significant accounting policies adopted for the interim financial statements are consistent with those in the audited financial statements for the year ended 31st December 2007 except for the following revised Financial Reporting Standards (FRSs) and new Interpretations effective for financial periods beginning on or after 1 January 2008. These revised FRSs and Interpretations do not have any significant impact on the financial statement of the Group.

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

FRSs and Interpretations		**Effective for financial periods beginning on or after**
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010

The adoption of the above FRSs and Interpretations upon their effective dates are not expected to have any significant impact on the interim financial statements of the Group. The Group is exempted from disclosing the possible impact, if any, to the financial statements upon its initial application of FRS 139.

A2. Qualification of financial statements

The preceding year annual financial statements were not subject to any qualification.

A3. Seasonal and cyclical factors

The group's results were not materially affected by any major seasonal or cyclical factors.

A4. Unusual and extraordinary items

There were no exceptional and/or extraordinary items affecting assets, liabilities, equity, net income or cashflows during the current quarter under review.

A5. Material 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. Issuance and repayment of debt and equity securities

Save as disclosed below, there were no issuances, cancellations, share buy-backs, resale of shares bought back or repayment of debt and equity securities:

(a) Employee Share Options Scheme ("ESOS")

During the twelve-month period ended 31st December 2008, the issued and paid-up share capital of the Company increased from 1,019,705,300 ordinary shares of RM0.10 each to 1,021,838,800 ordinary shares of RM0.10 each by the issuance of 2,133,500 new ordinary shares of RM0.10 each pursuant to the exercise of options granted under the ESOS at the option prices between RM0.17 and RM1.12 per ordinary share.

(b) Treasury Shares

For the twelve-month period ended 31st December 2008, the treasury shares of the Company increased from 14,424,200 to 14,426,200 with the repurchased of with the repurchased of 2,000 of its issued ordinary shares from the open market at an average price of RM0.69 per share. The total consideration paid for the repurchase including transactions costs was RM1,372.39. This shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

A7. Dividends Paid

	2008	**2007**
	RM'000	**RM'000**
Interim dividend of 7.5% less income tax of 27% in respect of financial year ending 31 December 2007	-	5,506
Final dividend of 15% less income tax of 27% in respect of financial year ending 31 December 2006	-	11,036
Final dividend of 12.5% less income tax of 26% in respect of financial year ending 31 December 2007	9,317	-
Total dividend paid	9,317	16,542

A8. Segmental Information

Primary reporting format - business segments

	Oilfield Services RM'000	Energy & Logistics Engineering RM'000	Production Enhance-ment RM'000	Energy Logistics RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
2008							
Revenue							
External sales	1,536,817	428,759	84,587	51,027	8,103	-	2,109,293
Inter-segment sales	-	-	-	-	27,427	(27,427)	-
Total revenue	1,536,817	428,759	84,587	51,027	35,530	(27,427)	2,109,293
Results							
Segment result	98,177	26,737	2,364	12,645	66,831	(22,151)	184,603
Finance income							1,939
Finance cost							(72,988)
Share of result of associated companies	271	-	-	27,769	-	-	28,040
Profit before taxation							141,594
Taxation							(4,837)
Profit after taxation							136,757
2007							
Revenue							
External sales	1,444,522	368,803	79,875	59,130	3,200	-	1,955,530
Inter-segment sales	-				29,504	(29,504)	-
Total revenue	1,444,522	368,803	79,875	59,130	32,704	(29,504)	1,955,530
Results							
Segment result	157,503	50,723	2,493	3,700	204,114	(73,773)	344,760
Finance income							6,032
Finance cost							(87,946)
Share of result of associated companies	370	-	-	23,200	-	-	23,570
Profit before taxation							286,416
Taxation							(4,261)
Profit after taxation							282,155

A9. Valuation of property, plant and equipment

There is no revaluation of property, plant and equipment, as the group does not adopt a revaluation policy on property, plant and equipment.

A10. Subsequent Events

There were no materials events subsequent to the quarter under review.

A11. Changes in composition of the group

(a) On 4 January 2008, Scomi Sosma Sdn Bhd ("Scomi Sosma"), an indirect wholly-owned subsidiary of the Company, completed its disposal of 300,000 ordinary shares of RM1.00 each in Clarimax Consolidated Sdn Bhd ("Clarimax") representing 60% of the total issued and paid-up share capital of Clarimax at a total consideration of RM330,000 at the conclusion of and pursuant to the terms and conditions of the sale. Subsequent to the disposal, Clarimax had ceased to be a subsidiary company of the Group.

(b) On 11 March 2008, Scomi Oiltools (Europe) Limited, an indirect subsidiary of the Company, had incorporated a limited liability company known as Scomi Oiltools (Rus) Limited Liability Company in Russia. The authorized and paid up share capital is 1,000,000 rubles (approximately RM140,608.69).

(c) On 31 March 2008, Scomi Engineering Bhd ("SEB"), a subsidiary of the Company, completed its disposal of 500,000 ordinary shares of RM1.00 each in Scomi Transportation Solutions Sdn Bhd ("SCOTS") representing 100% of the total issued and paid-up share capital of SCOTS to ALD Automotive Sdn Bhd for a total cash consideration of RM3.8 million, pursuant to which SCOTS and its subsidiary, Asian Rent-A-Car Sdn Bhd, had ceased to be subsidiary companies of the Group.

(d) On 7 May 2008, Scomi OMS Oilfield Holdings Sdn Bhd ("SOOHSB"), a subsidiary of Scomi Engineering Bhd, which in turn is a subsidiary of the Company, had incorporated a limited liability company known as Scomi OMS Oilfield Services Arabia Limited ("SOOSAL") in the Kingdom of Saudi Arabia. The share capital of SOOSAL is SR1,500,000 comprising of 1,500 ordinary shares of SR1,000 each of which SOOHSB holds 1,050 shares.

(e) On 3 September 2008, Scomi Oiltools Bermuda Limited, an indirect subsidiary of the Company, had acquired 3,000 shares of RO1.00 each in Scomi Oiltools Oman LLC *(formerly known as KMC Oiltools Oman LLC)*, from Zubair Oil & Gas LLC, for a total cash consideration of RO19,200 (Rial Omani: Nineteen Thousand and Two Hundred Only) pursuant to which the Company's effective interest in Scomi Oiltools Oman LLC has increased from 39.25% to 40.85%.

(f) Pursuant to the completion of the transfer of shares in Scomi Anticor S.A. ("SASA") in respect of the first and second tranch of the second Share Sale Agreement between Scomi Sosma Sdn Bhd ("Scomi Sosma"), a wholly owned subsidiary of Scomi Chemicals Sdn Bhd, and Pascal Groffe and Didier Groffe, the equity stake held by Scomi Sosma in SASA has increased to 93.33%.

(g) On 4 November 2008, the Company disposed 47,000 ordinary shares of RM1.00 each, representing 47% issued and paid up share capital in Scomi KMC Sdn Bhd for a total consideration of RM47,000.00.

(h) On 4 November 2008, Scomi Oiltools Sdn Bhd, a subsidiary of Scomi Oiltools Bermuda Limited which in turn a subsidiary of the Company, disposed 1,000 ordinary shares of RM1.00 each, representing 1% issued and paid up share capital in Scomi KMC Sdn Bhd for a total consideration of RM1,000.00.

A11. Changes in composition of the group (continued)

(i) On 4 December 2008, SEB and its wholly owned subsidiary, Scomi Rail Berhad ("SRB"), had incorporated a limited liability company known as Urban Transit Private Limited company in India. The authorized and paid up share capital is INR100,000 comprising of 10,000 shares of which SEB holds 9,999 equity shares of INR10 each and SRB holds 1 share of INR10.

A12. Contingent liabilities

Details of contingent liabilities of the Group as at 31st December 2008 are as follows:

	RM`000
Guarantee relating to borrowings of associates	-
Share of contingent liabilities in associate	15,732
	15,732

A13. Capital and operating lease commitments

Authorised capital commitments not provided for in the financial statements as at 31st December 2008:

	Approved and contracted for RM`000	Approved but not contracted for RM`000	Total RM`000
Acquisition of shares in Anticor Chimie S.A. *	366	-	366
Property, plant and equipment	104,820	37,510	142,330
Others	-	1,375	1,375
Development expenditures	-	13,968	13,968
Total	105,186	52,853	158,039

* This is the balance of minimum €50,000 and an estimated performance payment as stated in the share sale and variation agreements dated 31 August 2006 and 26 October 2007, respectively, to acquire the remaining 6.67% shareholding in Scomi Anticor S.A. (formerly known as Anticor Chimie S.A.) by July 2009. During the year, 6.66% shareholding had been acquired as disclosed in note A11 (f).

Operating lease commitments:

Future minimum lease rental payable	Due within 1 year RM'000	Due within 1 & 5 years RM'000	Due after 5 years RM'000	Total RM'000
Property	9,880	14,550	5,993	30,423
Plant and Machinery	1,190	3,922	4,604	9,716
Others	1,642	1,387	-	3,029
Total	12,712	19,859	10,597	43,168

A14. Related Party Transactions

The following are the significant related party transactions:

	4th Quarter ended 31-December-08	Year -to-date 31-December-08
	RM'000	**RM'000**
Transactions with companies with common Director(s)		
- chartering of marine vessels	7,044	20,239
Transactions with an associated company		
- management fee charged	344	1,683
Transactions with a company connected to a Director		
- Purchase of airline ticketing services	701	4,263
Transactions with a company connected to a subsidiary's Director		
- Trading arrangement	26,376	196,986

PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

B1. Review of performance for the quarter ended 31st December 2008

B1 should be read in conjunction with A8 above.

The group recorded turnover of RM601.1 million for the quarter ended 31st December 2008, compared to RM522.4 million for the corresponding quarter in 2007, with approximately 90% of the turnover contributed by two key divisions, namely, Oilfield Services Division and the Energy & Logistics Engineering Division.

Oilfield Services Division generated revenue of RM430.5 million for the quarter ended 31st December 2008, representing an increase of 13.0% or RM49.5 million over the RM381.0 million recorded in corresponding quarter in 2007. The increase was largely a result of the increase in the drilling fluids activities in India and Malaysia.

The Energy & Logistics Engineering Division recorded revenue of RM108.5 million, representing an increase of 8.7% or RM8.7 million over the RM99.8 million recorded in the corresponding quarter in 2007, contributed by higher sales of the Energy Engineering Division and higher Rail sales.

The Production Enhancement Division recorded revenue of RM35.9 million, representing an increase of 40.2% or RM10.3 million over the RM25.6 million recorded in the corresponding quarter in 2007. The increase is mainly due to contributions from new projects on hand which commenced during the last quarter.

Net profit for the current quarter was at RM40.9 million representing a increase of 45.0% from RM28.2 million reported in the corresponding quarter in 2007. The increase in net profit is mainly a result of additional recognition of deferred tax assets from unabsorbed tax losses available. The increase is offset by reduced margin arising from higher material and handling and logistic charges. In addition, profit is also impacted by more stringent review of stock and receivables write down and project costs expensed off to ensure the Group is in better position to weather the effects of global financial crisis.

B2. Variation of results against preceding quarter

The group achieved a turnover of RM601.1 million for the current quarter ended 31st December 2008 compared to RM504.3 million in the preceding quarter ended 30th September 2008, representing an increase of 19.2% or RM96.8 million.

Net profit for the current quarter ended 31st December 2008 was RM40.9 million compared to RM19.3 million in the preceding quarter ended 30th September 2008, representing a increase of 111.9% or RM21.6 million, mainly due to additional recognition of deferred tax assets, offset by margin erosion with the slow down in global market.

B3. Current year prospects

The combined effect of the current global financial crisis and the declining trend in the crude oil price has impacted the Group's performance for the year. With the uncertainty around the global markets which has yet to show any sign of relenting, weaker consumer demand and tightening credit will continue to impact the Group's performance in 2009.

For the **Oilfield Services Division,** lower drilling activity as a result of falling oil prices is reflected in the current quarter's profits. We expect this trend to continue for the first half of this year as a result of international oil majors reducing their capital expenditure spend. The USA will be affected in the short term due to the rapidly declining rig count and the international market will also be impacted, albeit to a lesser extent. The Division's performance is cushioned by favorable contribution from Asia mainly India and Malaysia due to continuous drilling activities.

The **Energy & Logistics Engineering Division's** business will remain challenging amidst difficult operating conditions. The Machine Shop business will continue to contribute positively to the Group in 2009 with the new facilities in Saudi Arabia and Johor Bahru in full operations. The Division will continuously optimize its machine utilization to generate optimum revenue.

Contribution from the Rail Unit is anticipated to lead the performance of the Division in 2009. With its current international recognition, the Rail unit will aggressively pursue other overseas rail projects.

The **Energy Logistics Division** focuses on two core businesses of marine logistics and offshore support services targeting the South East Asia and Middle East regions.

The Marine business, especially the Offshore Support sector is affected by the current global financial crisis and declining crude oil prices. Nevertheless, the outlook for Offshore Support services remained positive as most of the contracts are long term (1-4 years) and are with oil majors. With its strong fundamentals, the Division is confident that it can overcome the challenges during this difficult period and continues to contribute positively to the Group's earnings.

The Marine Logistics division involved in coal transportation in Indonesia is on fixed long term contracts with established coal producers. The challenge for the division is to ensure efficiency in operation thru maximizing vessel utilization and optimizing running cost. The reduction in bunker prices will benefit the Division in the longer term.

The **Production Enhancement Division** will continue to focus on developing technologies and applications beyond its current conventional uses where plans to invest in research and development to enhance capability and achieve new patented products are also being put in place to provide the platform for the Group to pursue new markets and grow the business in this area. However, the introduction of new environmental products into the market has been delayed due largely to the significant reduction in crude oil prices. There are also delays in start up of certain projects.

B4. Variance of actual and revenue or profit estimate

The group has not provided any quarterly profit forecast for the period under review.

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Ouarter 31-Dec-08 RM`000	**Preceding Year Ouarter 31-Dec-07 RM`000**	**Current Year Ouarter 31-Dec-08 RM`000**	**Preceding Year Ouarter 31-Dec-07 RM`000**
Current tax:				
Malaysian income tax	(1,035)	1,435	2,506	2,999
Foreign tax	10,650	6,347	30,074	26,303
	9,615	7,782	32,580	29,302
Under/(Over)provision of income tax in prior years	(2,617)	4,223	(3,887)	3,245
	6,998	12,005	28,693	32,547
Deferred tax	(21,534)	(26,636)	(23,856)	(28,286)
Total income tax expense	(14,536)	(14,631)	4,837	4,261

Domestic current income tax is calculated at the statutory tax rate of 26% (2007: 27%) of the taxable profit for the year. Taxation for the other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The effective tax rate of the Group for the current quarter and financial year was lower mainly due to the effect of deferred tax recognised on tax benefit in respect of unutilised tax losses and unabsorbed capital allowances.

B6. Unquoted investments and/or properties

There were no disposals of unquoted investments or properties during the period under review.

B7. Quoted and marketable investments

(a) Details of purchases and disposals of quoted securities are as follows:

	Individual Quarter		Cumulative Quarter	
	31-Dec-08 RM'000	**31-Dec-07 RM'000**	**31-Dec-08 RM'000**	**31-Dec-07 RM'000**
Purchases (at cost)	-	-	800	-
Sale proceeds	-	-	-	(7,050)
Gain/(loss) on disposal	-	-	-	-

(b) Details of investments in quoted securities as at the reporting date are as follows:

	RM`000
Total investments at cost	4,457
Total investments at carrying value	2,288
Total investments at market value	1,821

B8. Status of corporate proposal

Proposed Right Issue and Proposed MO Exemption

On 5 December 2008, CIMB Investment Bank Berhad, on behalf of the Company announced that SGB proposed to undertake a renounceable rights issue of up to 554,418,350 new ordinary shares of RM0.10 each in SGB ("Rights Shares") on the basis of one (1) Rights Share for every two (2) SGB Shares held at an issue price of RM0.30 per Rights Share **("Proposed Rights Issue")**. The minimum amount to be raised from the Proposed Rights Issue is RM120 million ("Minimum Subscription Level").

Pursuant to the Proposed Rights Issue, Shah Hakim @ Shahzanim bin Zain ("Shah Hakim"), Dato' Kamaluddin bin Abdullah ("Dato' Kamaluddin") and persons acting in concert with them ("PAC") will seek an exemption from the Securities Commission ("SC") from the obligation to undertake a mandatory offer under Practice Note 2.9.1 of the Malaysian Code on Take-Overs and Mergers, 1998 ("Code") in the event the subscription for the Rights Shares by the special purpose vehicle ("SPV") results in the triggering of the mandatory offer **("Proposed MO Exemption")**.

Certain major shareholders of SGB, namely, Shah Hakim, Dato' Kamaluddin, Kaspadu Sdn Bhd and Onstream Marine Sdn Bhd shall renounce their respective rights entitlements to the SPV. The SPV, which will be jointly owned by Shah Hakim and Dato' Kamaluddin, shall subscribe for the Rights Shares to be renounced to it, and additional Rights Shares via excess application, if required, to enable SGB to meet the Minimum Subscription Level.

The Proposed Rights Issue is intended to primarily will raise minimum gross proceeds of RM120 million, based on the Minimum Subscription Level, whereby RM70 million shall be utilized for further investment(s) in its subsidiary(ies) and/or new businesses and the remaining balance for working capital purposes and to defray the estimated expenses incidental to the proposals.

The Proposed Rights Issue and Proposed MO Exemption are inter-conditional and subject to and conditional upon approvals being obtained from the relevant authorities and/or parties, and Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the Rights Shares on the Main Board of Bursa Securities.

B9. Group borrowings (Secured)

The group borrowings as at the end of the reporting period are as follows:

Group Borrowings	**RM'000**
Short-term Borrowings	272,020
Long-term Borrowings	982,997
	1,255,017

The group borrowings are denominated in the following currencies:

	RM`000
Ringgit Malaysia	987,803
US Dollar	232,682
Sterling Pound	11,721
Canadian Dollar	12,535
Singapore Dollar	2,025
Others	8,251
Total	1,255,017

B10. Off balance sheet financial instruments

Financial Instruments

The following are the Group's off balance sheet financial instruments for the quarter under review:

(a) The Group has some Cross Currency Interest Rate Swaps (CCIRS) which qualifies for hedge accounting for the Group's exposure to foreign exchange on its RM630million Murabahah Notes. The face or contract amount of the CCIRS entered to date amounts to RM613.5million, with the respective maturity dates as follows:

RM' million	Maturity Date
150.0	31.12.2010
150.0	31.12.2011
160.0	31.12.2012
153.5	31.12.2013
613.5	

(b) The Group has entered into some USD/MYR Target Redemption Forward (TRF) contracts as hedges for USD sales to manage exposure to fluctuations in USD exchange rates against MYR. The balance of the notional amount of the TRF as at 19 November 2009 (being 7 days from the date of issuance of the quarterly report) ranges from USD20.0million to USD40.0million with maturity period ranging from February to October 2009.

B10. Off balance sheet financial instruments (continued)

Credit and Market Risk

The credit risk to the aforesaid financial instruments is the credit risk of the financial institution, being the counterparty of the financial instruments, although such risk is remote given that these financial instruments are executed with creditworthy financial institution.

The market risk of the CCIRS consists of interest rate risk and foreign currency exchange risk which are offset by the corresponding risks of the financial instrument itself.

Security

The swap providers of the CCIRS will share the same security as that given to the bond holders.

There is no additional collateral requirement for the CCIRS, nor for the TRF.

Accounting Policy

The accounting policy on recognition of derivative instruments is consistent with those adopted in the annual financial statements for the year ended 31^{st} December 2007.

B11. Change in material litigation

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material adverse effect on the financial position of the Company or any of its subsidiaries and the Board does 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 the Company or any of its subsidiaries.

B12. Proposed Dividend

Subject to shareholders' approval at the forthcoming Annual General Meeting (AGM), the Directors have recommended a final ordinary single tier tax exempted dividend in respect of the financial year ended 31 December 2008 of 5% per share, amounting to a dividend payable of approximately RM 5,036,000 (2007: 12.5% less income tax of 26%, amounted to RM9,298,850).

B13. Earnings per share

	Individual Quarter		Cumulative Quarter	
	31-Dec-08	**31-Dec-07**	**31-Dec-08**	**31-Dec-07**
Basic earnings per share				
Net profit attributable to shareholders (RM'000)	40,865	28,248	116,553	257,129
Weighted average number of shares in issue ('000)	1,007,371	1,005,379	1,006,342	1,004,806
Basic earnings per share (sen)	4.06	2.81	11.58	25.59
Diluted earnings per share				
Net profit attributable to shareholders (RM'000)	40,865	28,248	116,553	257,129
Weighted average number of shares in issue ('000)	1,007,371	1,005,379	1,006,342	1,004,806
Dilutive effect of unexercised share option (RM'000)	9,667	33,116	9,667	32,285
	1,017,038	1,038,495	1,016,009	1,037,091
Diluted earnings per share (sen)	4.02	2.72	11.47	24.79

B14. Authorised for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27th February 2009.