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 31 December 2008.

The significant accounting policies adopted for the interim financial statements are consistent with those in the audited financial statements for the year ended 31 December 2008.

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 current quarter, the issued and paid-up share capital of the Company increased from 1,021,838,800 ordinary shares of RM0.10 each to 1,022,466,800 ordinary shares of RM0.10 each by the issuance of 628,000 new ordinary shares of RM0.10 each pursuant to the exercise of options granted under the ESOS at the option price of RM0.17 per ordinary share.

(b) Treasury Shares

There were no repurchase of the Company's shares during the current quarter.

A7. Dividends Paid

No dividends were paid during the current quarter.

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
2009							
Revenue							
External sales	364,927	126,772	15,864	15,849	4,765	-	528,177
Inter-segment sales	-	-	-	-	528	(528)	-
Total revenue	364,927	126,772	15,864	15,849	5,293	(528)	528,177
Results							
Segment result	29,980	19,504	53	(4,252)	(6,455)	1,377	40,207
Finance income							624
Finance cost							(23,964)
Share of result of associated companies	-	-	-	4,752	-	-	4,752
Profit before taxation							21,619
Taxation							(7,401)
Profit after taxation							14,218
2008							
Revenue							
External sales	350,835	96,704	12,912	15,796	476	-	476,723
Inter-segment sales	-				3,496	(3,496)	-
Total revenue	350,835	96,704	12,912	15,796	3,972	(3,496)	476,723
Results							
Segment result	37,458	11,735	(597)	2,414	(1,343)	(1,513)	48,154
Finance income							728
Finance cost							(18,801)
Share of result of associated companies	121	-	-	4,409	-	-	4,530
Profit before taxation							34,611
Taxation							(5,844)
Profit after taxation							28,767

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

Scomi Group Bhd ("SGB") and ITS Tubular Services (Holdings) Ltd ("ITS") had on 6 May 2009 entered into a joint venture agreement and subsequently formed a joint venture company named ITS Scomi Pte Limited ("JVCo") in Singapore. The issued and paid up share capital is USD100.00 comprising 100 ordinary shares of USD1.00 each of which SGB holds 25 ordinary shares of USD1.00 each, representing 25% of the issued and paid-up share capital of the JVCo. The balance of 75 ordinary shares of USD1.00 each in the JVCo is held by ITS, representing 75% of the issued and paid-up share capital of the JVCo.

A12. Contingent liabilities

Details of contingent liabilities of the Group at the end of the quarter are as follows:

	RM`000
Share of contingent liabilities in associate	17,137

A13. Capital and operating lease commitments

Authorised capital commitments not provided for in the financial statements at the end of the quarter are as follows:

	Approved and contracted for RM`000	**Approved but not contracted for RM`000**	**Total RM`000**
Acquisition of shares in a subsidiary	366	-	366
Property, plant and equipment	74,213	35,994	110,207
Development expenditure	3,056	14,523	17,579
Others	-	9,071	9,071
Total	77,635	59,588	137,223

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	10,074	16,406	3,998	30,478
Plant and Machinery	1,908	7,297	8,414	17,619
Others	2,279	1,312	-	3,591
Total	14,261	25,015	12,412	51,688

A14. Related Party Transactions

The following are the significant related party transactions:

	1st Quarter ended 31-March-09	Year -to-date 31-March-09
	RM'000	**RM'000**
Transactions with companies with common Director(s)		
- chartering of marine vessels	4,314	4,314
Transactions with an associated company		
- management fee charged	62	62
Transactions with a company connected to a Director		
- Purchase of airline ticketing services	433	433
Transactions with a company connected to a subsidiary's Director		
- Trading arrangement	23,850	23,850

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

B1. Review of performance for the quarter ended 31st March 2009

B1 should be read in conjunction with A8 above.

The Group recorded turnover of RM528.2 million for the current quarter compared to RM476.7 million for the corresponding quarter in 2008. The major contribution came from the Oilfield Services Division and the Energy & Logistics Engineering Division which collectively generated about 93% of the Group's turnover.

The Oilfield Services Division generated revenue of RM364.9 million for the current quarter, representing an increase of RM14.1 million (4%) over the RM350.8 million recorded in the corresponding quarter in 2008. The increase was mostly from the drilling fluid business in Asia and the Middle East.

Revenue from the Energy & Logistics Engineering Division was RM126.8 million. This was RM30.1 million (31%) higher than the revenue in previous year's corresponding quarter of RM96.7 million as a result of higher sales from the rail unit.

The Production Enhancement Division recorded revenue of RM15.9 million, representing an increase of RM3.0 million (23%) over the RM12.9 million recorded in the corresponding quarter in 2008. This was mainly from the gas separation business.

Net profit for the current quarter was RM9.5 million compared to RM21.8 million in the corresponding quarter last year. The decline in net profit of RM12.3 million (56%) was mainly attributable to the higher cost of raw materials, higher personnel costs with additional manpower especially in the Energy & Logistics Engineering Division and increase in finance costs.

B2. Variation of results against preceding quarter

The Group achieved a turnover of RM528.2 million for the current quarter compared to RM601.1 million in the preceding quarter, representing a decrease of RM72.9 million (12%). The lower revenue was substantially from the Oilfield Services Division.

Net profit for the current quarter was RM9.5 million against RM40.9 million in the preceding quarter. The decline of RM31.4 million (77%) was mainly due to the recognition of substantial deferred tax assets in the preceding quarter together with margin erosion with the global economic slowdown and the increase in finance costs in the current quarter.

B3. Current year prospects

The uncertainty surrounding global markets, weaker consumer demand and tightening credit will continue to impact the Group's performance in 2009.

The results of the **Oilfield Services Division** for the current quarter showed the effect of lower drilling activity as a result of falling oil prices. This trend is expected to continue for the first half of this year as international oil majors reduce their capital expenditure. The USA will be affected in the short to medium term due to the rapidly declining rig count and the international market will also be impacted, although to a lesser extent. This Division's performance is cushioned by favourable contribution from Asia, mainly India and Malaysia due to continued drilling activities in the region.

The **Energy & Logistics Engineering Division** will also be operating under a similar challenging economic environment. This Division will continue to contribute positively to the Group in 2009 with fully operational new facilities in Saudi Arabia and Johor Bahru. Efforts to boost revenue include increasing machine utilization and developing a new connector product to expand market coverage in casings and connectors. The rail unit is anticipated to lead the performance of this Division in 2009 and is aggressively pursuing rail projects abroad. Despite the uncertainties in the global economy, the outlook for public transportation systems appears positive as investment in such infrastructure projects is expected to stimulate the domestic economy.

The **Energy Logistics Division** is leveraging on its strengths and strong fundamentals to face the challenges of reduced Exploration and Production activities for the offshore support vessel ("OSV") business and the uncertainty of coal demand. The marine business has existing long term contracts that will still be a significant revenue earner. The reduction in bunker prices, coupled with operational efficiency initiatives will ensure steady contribution from the coal barging business. The OSV business is expected to improve in the second half of the year with the acquisition of vessels. This division will leverage on the resilient OSV market in South East Asia by locking in long term contracts. CH Offshore Ltd, an associated company is anticipated to deliver strong performance in the next few years with its fleet expansion in 2008 of four new deepwater vessels and the expected addition of another two deepwater vessels by 2010.

The **Production Enhancement Division** remains focused on developing technologies and applications with investment in research and development to enhance capability and create new patented products. The introduction of certain new environmental products into the market has been put on hold due to the significant reduction in crude oil prices.

Recognizing the challenges ahead, the Group will continue to practise prudent cash and risk management together with measures to improve cost savings and productivity.

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 Quarter 31-Mar-09 RM`000	Preceding Year Quarter 31-Mar-08 RM`000	Current Year Quarter 31-Mar-09 RM`000	Preceding Year Quarter 31-Mar-08 RM`000
Current tax:				
Malaysian income tax	982	522	982	522
Foreign tax	6,572	8,156	6,572	8,156
	7,554	8,678	7,554	8,678
Under/(Over)provision of income tax in prior years	(67)	(1,499)	(67)	(1,499)
	7,487	7,179	7,487	7,179
Deferred tax	(86)	(1,335)	(86)	(1,335)
Total income tax expense	7,401	5,844	7,401	5,844

Domestic current income tax is calculated at the statutory tax rate of 25% (2008: 26%) 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 was higher mainly due:-

i. non-deductibility of certain expenses for tax purposes;

ii. losses in foreign subsidiaries & certain Malaysian subsidiaries which were not available for tax relief; partially offset by,

iii. effect of utilisation of previously unrecognised tax losses & capital allowance**.**

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-Mar-09 RM'000	**31-Mar-08 RM'000**	**31-Mar-09 RM'000**	**31-Mar-08 RM'000**
Purchases (at cost)	-	-	-	-
Sale proceeds	(1,500)	(200)	(1,500)	(200)
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	2,957
Total investments at carrying value	571
Total investments at market value	247

B8. Status of corporate proposal

Proposed Right Issue and Proposed Mandatory Take-over Offer ("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").

On 4 March 2009, CIMB Investment Bank Berhad, on behalf of the Company announced that the Board of Directors of the Company had decided to extend the timeframe to submit the application to the SC in relation to the Proposed Rights Issue and Proposed MO Exemption. The deferment will amongst others facilitate time for the Board of Directors to revisit the proposals when market sentiment has improved.

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	283,035
Long-term Borrowings	990,458
	1,273,493

The group borrowings are denominated in the following currencies:

	RM`000
Ringgit Malaysia	1,007,156
US Dollar	231,440
Sterling Pound	11,302
Canadian Dollar	12,786
Singapore Dollar	1,920
Others	8,889
Total	1,273,493

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 7 May 2009 (being 7 days from the date of issuance of the quarterly report) ranges from USD12.5million to USD25.0million with maturity period ranging from May 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 31st December 2008.

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

No interim dividend has been declared for the current quarter under review.

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 RM5,043,863 (2007: 12.5% less income tax of 26%, amounted to RM9,316,575).

B13. Earnings per share

	Individual Quarter		Cumulative Quarter	
	31-Mar-09	31-Mar-08	31-Mar-09	31-Mar-08
Basic earnings per share				
Net profit attributable to shareholders (RM'000)	9,510	21,812	9,510	21,812
Weighted average number of shares in issue ('000)	1,007,493	1,005,539	1,007,493	1,005,539
Basic earnings per share (sen)	0.94	2.17	0.94	2.17
Diluted earnings per share				
Net profit attributable to shareholders (RM'000)	9,510	21,812	9,510	21,812
Weighted average number of shares in issue ('000)	1,007,493	1,005,539	1,007,493	1,005,539
Dilutive effect of unexercised share option (RM'000)	5,291	20,798	5,291	20,798
	1,012,784	1,026,337	1,012,784	1,026,337
Diluted earnings per share (sen)	0.94	2.13	0.94	2.13

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 14 May 2009.