

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 2010.

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 2010 except for the adoption of new standards, amendments to standards and IC Interpretations that are mandatory for the Group for the financial year beginning 1 January 2011.

In the current period ended 31 March 2011, the Group adopted the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretations which are applicable to its financial statements and are relevant to its operations:

FRSs, Amendments to FRSs and Interpretations

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment: Group Cash-settled Share-based payment transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 138	Intangible Assets
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
Improvements to FRSs (2010)	

Adoption of the above FRSs, Amendments to FRSs and IC Interpretations did not result in any significant changes in the accounting policies and presentations of the financial results of the Group.

A1. Basis of preparation of interim financial reports (continued)

The following revised FRSs, new IC Interpretations and Amendments to FRSs were issued but are not yet effective, and have yet to be adopted by the Group:

FRSs, Amendments to FRSs and Interpretations		Effective for financial periods beginning on or after
FRS 124	Related Party Disclosures	1 January 2012
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14	Prepayment of a Minimum Funding Requirement	1 July 2011
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012

IC Interpretation 15 is not expected to have any impact on the Financial Statements of the Group as they are not relevant to the operations of the Group.

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 was 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) Share Capital

During the three-month period ended 31 March 2011, the issued and paid-up share capital of the Company increased from 1,182,657,772 ordinary shares of RM0.10 each to 1,185,185,272 ordinary shares of RM0.10 each by way of issuance of:

- i. 1,807,500 new ordinary shares of RM0.10 each pursuant to the conversion of 7,230,000 ICsLS of RM0.10 each on the basis of RM0.40 per ordinary share.
- ii. 720,000 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	Transport Solutions RM'000	Energy Logistics RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
<u>2011</u>						
<u>Revenue</u>						
External sales	257,060	79,186	-	1,147	-	337,393
Inter-segment sales	-	-	-	12,038	(12,038)	-
Total revenue	<u>257,060</u>	<u>79,186</u>	<u>-</u>	<u>13,185</u>	<u>(12,038)</u>	<u>337,393</u>
<u>Results</u>						
Segment result	32,147	(1,015)	-	(1,412)	-	29,720
Finance income						1,094
Finance cost						(16,089)
Share of result of						
- associated companies	-	-	2,515	-	-	2,515
- jointly controlled entities	(439)	-	-	-	-	(439)
Profit before taxation						<u>16,801</u>
Taxation						<u>(5,234)</u>
Profit after taxation						<u>11,567</u>
<u>2010</u>						
<u>Revenue</u>						
External sales	329,986	128,923	-	348	-	459,257
Inter-segment sales	-	-	-	11,014	(11,014)	-
Total revenue	<u>329,986</u>	<u>128,923</u>	<u>-</u>	<u>11,362</u>	<u>(11,014)</u>	<u>459,257</u>
<u>Results</u>						
Segment result	27,512	13,744	-	8,473	(10,549)	39,180
Finance income						323
Finance cost						(18,502)
Share of result of						
- associated companies	-	-	9,404	-	-	9,404
- jointly controlled entities	(555)	-	-	-	-	(555)
Profit before taxation						<u>29,850</u>
Taxation						<u>(10,782)</u>
Profit after taxation						<u>19,068</u>

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 material events subsequent to the end of the quarter under review.

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

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

	RM ` 000
Bank guarantees given to third party in respect of performance guarantee given by subsidiaries	100,746
Various legal claims of subsidiaries	4,334
Share of contingent liabilities in associate	14,388
	<u>119,468</u>

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
Property, plant and equipment	19,914	13,349	33,263
Development expenditure	-	5,632	5,632
Others	269	6,569	6,838
Total	<u>20,183</u>	<u>25,550</u>	<u>45,733</u>

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	5,490	11,104	660	17,254
Plant and Machinery	878	3,512	3,595	7,985
Others	1,342	833	-	2,175
Total	<u>7,710</u>	<u>15,449</u>	<u>4,255</u>	<u>27,414</u>

A14. Related Party Transactions

The following are the significant related party transactions:

	1st Quarter ended 31-Mar-11 RM'000	Year -to-date 31-Mar-11 RM'000
<i>Transactions with an associated company</i>		
- management fee charged	82	82
<i>Transactions with jointly controlled entity</i>		
- management fee charged	125	125
<i>Transactions with a company connected to a Director</i>		
- Purchase of airline ticketing services	629	629
- Share registration fee paid to Symphony	50	50

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

B1. Review of performance for the quarter ended 31st March 2011

B1 should be read in conjunction with A8 above.

The Group recorded a turnover of RM337.4 million for the current quarter compared to RM459.2 million for the corresponding quarter in 2010. The revenue was mostly generated by the **Oilfield Services Division** and the **Transport Solutions Division**.

The **Oilfield Services Division** generated revenue of RM257.1 million for the current quarter, representing a decrease of RM72.9 million (22%) over RM330.0 million recorded in the corresponding quarter in 2010. The decrease was mainly due to lower sales in the Middle East and Europe. The weakening of the US Dollar against the Ringgit has also substantially impacted the revenue reported for the period.

Revenue from the **Transport Solutions Division** was RM79.2 million. This was RM49.7 million (39%) lower than the revenue in the previous year's corresponding quarter of RM128.9 million mainly due to the disposal of Machine Shop in June 2010 as well as the lower value of work done from its ongoing Mumbai monorail project. Apart from this, the performance for the current quarter was also impacted by the depreciation of the Indian Rupee against the Malaysian Ringgit.

Net profit for the current quarter was RM10.0 million compared to net profit of RM13.6 million in the corresponding quarter of last year. The lower net profit for the current quarter is due principally to the loss in the Transport Solutions Division which suffered a foreign exchange loss of RM4.6 million.

B2. Variation of results against preceding quarter

The Group achieved a turnover of RM337.4 million for the current quarter compared to RM385.8 million in the preceding quarter, representing a decrease of RM48.4 million or 12%.

Net profit for the current quarter was RM10.0 million against a net loss of RM35.3 million in the preceding quarter which was affected largely by the depreciation of the US Dollar and Indian Rupee against the Malaysian Ringgit as well as the hyperinflationary adjustments in Venezuela.

B3. Current year prospects

The Group's performance in 2011 will largely be driven by the global economic conditions.

The **Oilfield Services Division's** performance for the first quarter of 2011 remained driven by Asia and Malaysia. Western Hemisphere is expected to continue its gradual improvement especially in the North America market on the back of higher rig count. Overall, the division anticipates a busier second half of the year as it prepares to bid for several upcoming tenders and contracts globally. The focus shall remain on managing cost and increased product offering in the drilling services.

The **Transport Solutions Division** is anticipated to be positive as its business performance is expected to improve with contribution from the KL Monorail project and new potential monorail projects. The Division will continuously pursue opportunities in monorail projects especially in Malaysia, Brazil and India to capitalize on the increasing demand and opportunities for infrastructure development in these countries. The Division continues to focus on project execution and cost management.

The **Energy Logistics Division** remains challenging although there is increasing demand for such services in the region. The exercise to dispose the Indonesian operations is ongoing and targeted for completion towards the end of financial year 2011.

B4. Variance of actual and revenue or profit estimate

The Company has not announced or disclosed any revenue or profit estimate, forecast, projection or internal targets for the group for the period under review.

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Mar-11 RM`000	Preceding Year Quarter 31-Mar-10 RM`000	Current Year Quarter 31-Mar-11 RM`000	Preceding Year Quarter 31-Mar-10 RM`000
Current tax:				
Malaysian income tax	833	128	833	128
Foreign tax	5,558	9,759	5,558	9,759
	<u>6,391</u>	<u>9,887</u>	<u>6,391</u>	<u>9,887</u>
Under/(Over)provision of income tax in prior years	(37)	-	(37)	-
	<u>6,354</u>	<u>9,887</u>	<u>6,354</u>	<u>9,887</u>
Deferred tax	<u>(1,120)</u>	<u>895</u>	<u>(1,120)</u>	<u>895</u>
Total income tax expense	<u>5,234</u>	<u>10,782</u>	<u>5,234</u>	<u>10,782</u>

Domestic current income tax is calculated at the statutory tax rate of 25% (2010: 25%) 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:-

- higher statutory corporate tax rates for certain foreign subsidiaries;
- non-deductibility of certain expenses for tax purposes; and
- partly offset against effect of utilization of unrecognized of tax losses

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-11 RM'000	31-Mar-10 RM'000	31-Mar-11 RM'000	31-Mar-10 RM'000
Purchases (at cost)	-	-	1,389	-
Sale proceeds	-	-	-	-
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	<u>3,983</u>
Total investments at carrying value	<u>1,516</u>
Total investments at market value	<u>1,540</u>

B8. Status of corporate proposals

Scomi Group Bhd

The status of utilisation of proceeds raised from the disposal of Scomi NTC Sdn Bhd is as follows:

Purpose	Proposed utilisation	Actual utilisation	Intended timeframe	Deviation		Note
	RM'000	RM'000		RM'000	%	
Working capital	9,290	9,020	End March 2011	270	2.9	1
Expenses incidental to disposal	100	80	End March 2011	20	20	1
	<u>9,390</u>	<u>9,100</u>		<u>290</u>		

Note:

- 1) Actual utilisation completed within the intended timeframe and is within the estimated utilisation amount.

B9. Group borrowings and debt securities

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

	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
	RM'000	RM'000	RM'000
<u>Borrowings</u>			
Secured	431,210	637,835	1,069,045
<u>Debt securities</u>			
Secured	3,412	2,866	6,278
Unsecured	30	30	60
	<u>434,652</u>	<u>640,731</u>	<u>1,075,383</u>

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

	<u>RM`000</u>
Ringgit Malaysia	857,962
US Dollar	147,428
Sterling Pound	25,177
Indian Rupee	34,878
Singapore Dollar	15
Others	9,923
Total	<u>1,075,383</u>

B10. Derivative financial instruments

Summary of outstanding derivatives as at 31 March 2011 are as follows:

Type of derivatives	Contract/Notional value RM'000	Fair value RM'000
Cross Currency Interest Rate Swaps (CCIRS)		
- Less than 1 year	75,000	8,763
- 1 year to 3 years	222,000	17,691
- More than 3 years	166,500	6,333
Forward foreign exchange contracts		
- Less than 1 year	31,984	1,512

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 dividend has been declared for the current quarter under review.

B13. Earnings per share

Net profit attributable to shareholders (RM'000)	10,025	13,569	10,025	13,569
Weighted average number of shares ('000)	1,391,352	1,175,435	1,391,352	1,175,435
Basic earnings per share (sen)	0.72	1.15	0.72	1.15

Diluted earnings per share

Net profit attributable to shareholders (RM'000)	10,025	13,569	10,025	13,569
Weighted average number of shares ('000)	1,391,352	1,175,435	1,391,352	1,175,435
Dilutive effect of unexercised share option and warrants (RM'000)	3,402	18,520	3,402	18,520
	1,394,754	1,193,955	1,394,754	1,193,955
Diluted earnings per share (sen)	0.72	1.14	0.72	1.14

B14. Realised and Unrealised Profits/Losses Disclosure

The retained profits as at 31 March 2011 and 31 December 2010 is analysed as follows:

	As at 31-Mar-11 RM'000	As at 31-Dec-10 RM'000
Total retained profits of company and its subsidiaries:		
- Realised	653,010	649,790
- Unrealised	66,921	55,476
	<hr/> 719,931	<hr/> 705,266
Total share of accumulated losses from associated companies:		
- Realised	(27,405)	(35,109)
- Unrealised	(10,082)	(4,893)
Total share of (accumulated losses)/retained profits from jointly controlled entities:		
- Realised	(53)	4,713
- Unrealised	-	(144)
	<hr/> 682,391	<hr/> 669,833
Less: Consolidation adjustments	(195,314)	(192,816)
Total group retained profits as per consolidated accounts	<hr/> <hr/> 487,077	<hr/> <hr/> 477,017

B15. 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 26 May 2011.