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 MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Listing Requirements and should be read in conjunction with the Company's annual audited financial statements for the year ended 31 December 2011. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards (FRSs).

This Condensed Report is the Group's first MFRS compliant Condensed Report and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards (MFRS 1) has been applied.

The following MFRSs and IC Interpretations have been issued by the MASB and are not yet effective:

<u>Effective for annual periods commencing on or after 1 July 2012</u>
Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)

<u>Effective for annual periods commencing on or after 1 January 2013</u>

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associate and Joint Ventures
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to MFRS 7	Disclosures- Offsetting Financial Assets and Financial Liabilities

<u>Effective for annual periods commencing on or after 1 January 2014</u>

Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities

<u>Effective for annual periods commencing on or after 1 January 2015</u>

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)

IC Interpretation 20 will not have any financial impact to the Group as it is not relevant to the Group's operations.

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 except as disclosed in note B12.

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 2012, the issued and paid-up share capital of the Company increased from 1,187, 687,647 ordinary shares of RM0.10 each to 1,190,770,147 ordinary shares of RM0.10 each by way of issuance of:

i. 2,994,500 new ordinary shares of RM0.10 each pursuant to the conversion of 11,978,000 ICSLS of RM0.10 each on the basis of RM0.40 per ordinary share.

ii. 88,000 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	Other RM'000	Elimination RM'000	Group RM'000
2012						
Revenue						
Continuing operations						
External sales	292,111	73,008	-	64	-	365,183
Inter-segment sales	-	-	-	15	(15)	-
	292,111	73,008	-	79	(15)	365,183
Disontinued operations						
Revenue for the period	-	-	-	-	-	-
	292,111	73,008	-	79	(15)	365,183
Results						
Continuing operations						
Operating profit / (loss)	29,589	411	-	(618)	-	29,382
Share of result of						
- associated companies	-	-	6,985	-	-	6,985
- jointly controlled entities	-	-	-	-	-	-
Finance income	94	922	-	-	-	1,016
Finance cost	(7,451)	(1,284)	-	(3,663)	-	(12,398)
Segment results	22,232	49	6,985	(4,281)	-	24,985
Unallocated costs						(1,991)
Profit before taxation						22,994
Taxation						(8,526)
Profit after taxation						14,468
2011						
Revenue						
Continuing operations						
External sales	226,308	79,186	-	1,147	-	306,641
Inter-segment sales	-	-	-	12,038	(12,038)	-
	226,308	79,186	-	13,185	(12,038)	306,641
Disontinued operations						
Revenue for the period	30,752	-	-	-	-	30,752
	257,060	79,186	-	13,185	(12,038)	337,393
Results						
Continuing operations						
Operating profit / (loss)	27,515	(1,015)	-	2,320	-	28,820
Share of result of						
- associated companies	-	-	2,515	-	-	2,515
- jointly controlled entities	(439)	-	-	-	-	(439)
Finance income	963	51		80		1,094
Finance cost	(10,997)	(1,744)		(3,347)		(16,088)
	17,042	(2,708)	2,515	(947)	-	15,902
Disontinued operations						
Net profit for the period	3,327	-	-	-	-	3,327
Segment results	20,369	(2,708)	2,515	(947)	-	19,229
Unallocated costs						(2,428)
Profit before tax						16,801
Taxation						(5,234)
Profit after taxation						11,567

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

Other than the change in composition of the group disclosed in Note A12(c) and the corporate proposals disclosed in Note B6, there were no material events subsequent to the end of the quarter under review.

A11. Changes in composition of the group

a) On 9 March 2012, Scomi Oiltools AS ("SOAS"), an indirect subsidiary of Scomi Group Bhd ("the Company"), has ceased to be a subsidiary of the Company pursuant to the disposal of 100 ordinary shares with a par value of NOK 1,000 each, representing the entire issued and paid up share capital in SOAS, to Knud Holm Prosjekt AS, a Norwegian company, for a total cash consideration of NOK 115,000 (equivalent to approximately RM61,000).

b) On 13 March 2012, Scomi Group Bhd acquired 2 ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital in Global Learning and Development Sdn Bhd (Company No. 981992-D) ("GLAD"), for a cash consideration of RM2.00. GLAD has an authorised share capital of RM100,000 divided into 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares are issued and fully paid-up.

c) On 24 April 2012, the Company announced that Scomi Oiltools Kish Limited ("SOKL"), an indirect subsidiary of Scomi Group Bhd, has ceased to be a subsidiary of SGB on 11 April 2012, pursuant to the disposal of 498 registered shares of RIs 10,000.00 each representing 99.6% of the issued and paid up share capital in SOKL to Behnam Mousavi Moustafa, for a total cash consideration of USD17.0 million (approximately RM52.1 million).

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	334,889
Letter of credit	244
Share of contingent liabilities in associate	6,106
	341,239

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	27,128	8,414	35,542
Development expenditure	-	3,409	3,409
Others	-	5,865	5,865
Total	27,128	17,688	44,816

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	4,208	4,107	-	8,315
Plant and Machinery	885	3,540	3,407	7,832
Others	591	381	264	1,236
Total	5,684	8,028	3,671	17,383

A14. Related Party Transactions

The following are the significant related party transactions:

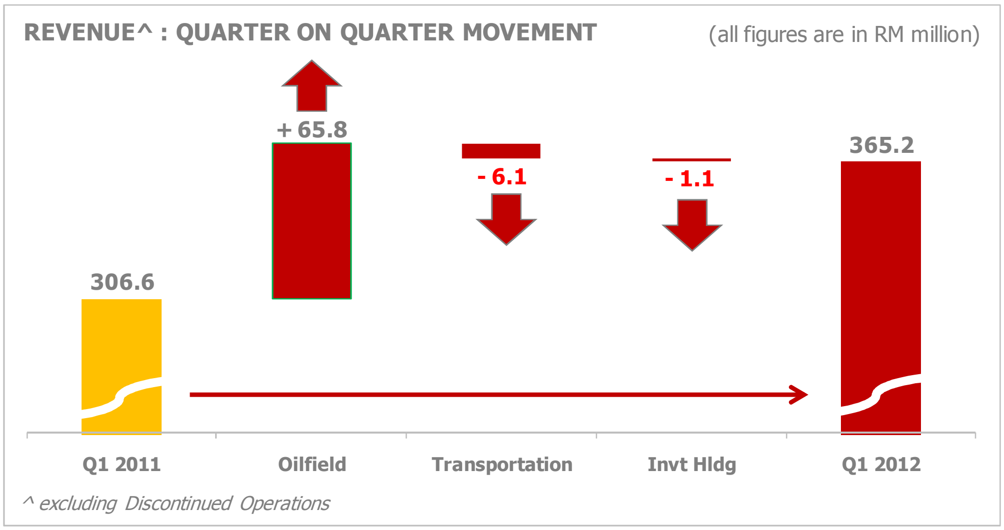
	1st Quarter ended 31-Mar-12 RM’000	Year -to-date 31-Mar-12 RM’000
Transactions with a company connected to a Director		
- Purchase of airline ticketing services	831	831
- Share registration fee paid to Symphony	25	25

PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES

B1. Review of Operating Segments

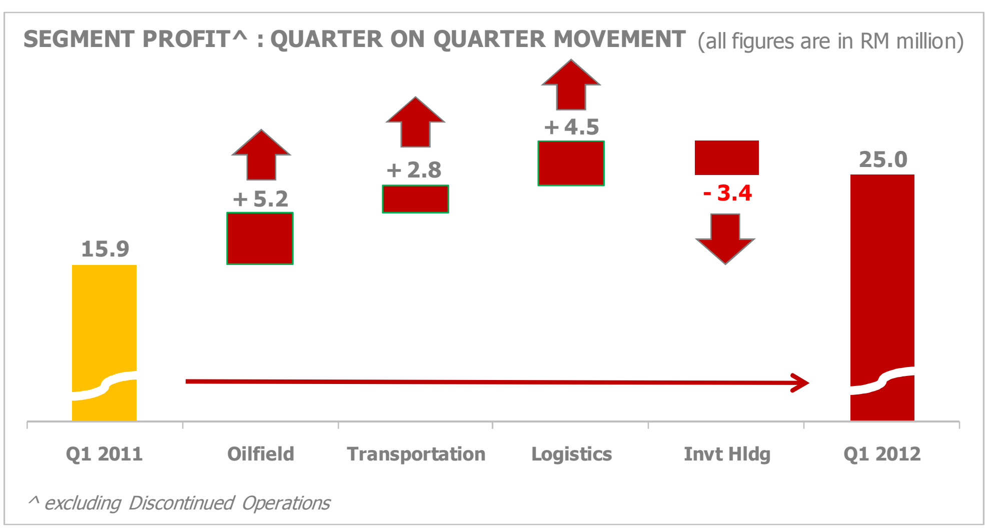
Current Quarter & Year to Date

Overall revenues for the current quarter and year ended 31 March 2012 ("Q1 2012") was RM365.2 million, an increase of 19.1% from RM306.6 million recorded in the corresponding quarter ("Q1 2011"). Details of the key factors driving the performance of each segment are provided in the respective section below.



Total segment results for 1Q 2012 and 1Q 2011 were as follows:

	1Q 2012 (RM'000)	1Q 2011 (RM'000)
Segment profit		
- Continuing operations	24,985	15,902
- Discontinued operations	-	3,327
	24,985	19,229

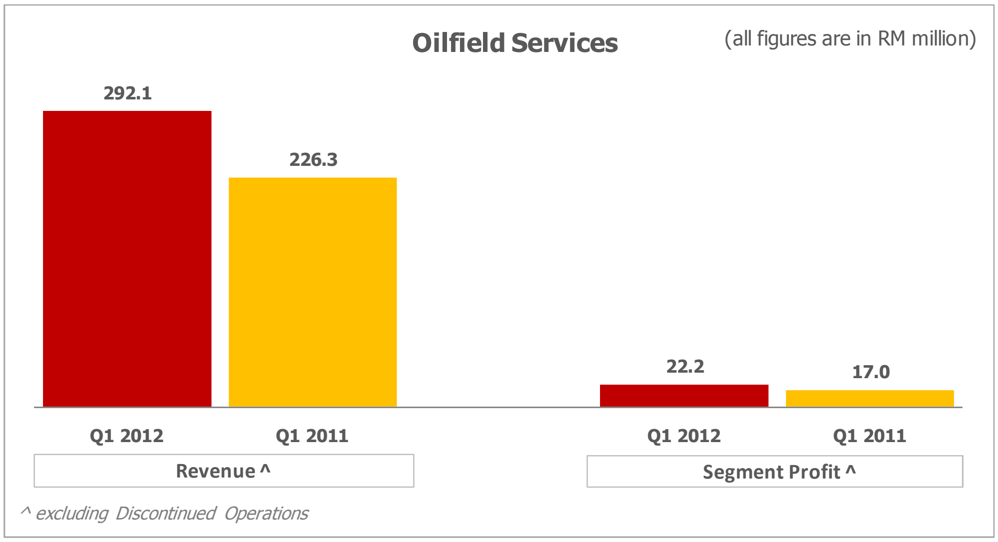


Consequently, the Group reported profit before tax for Q1 2012 of RM23.0 million, higher by RM6.2 million as compared to RM16.8 million reported for Q1 2011.

Details of the key factors driving the performance of each segment are provided in the respective section below.

Oilfield Services

The Oilfield Services division recorded higher revenues of RM292.1 million on the back of higher machine shop completed orders in Nigeria and increased drilling activities in Malaysia.



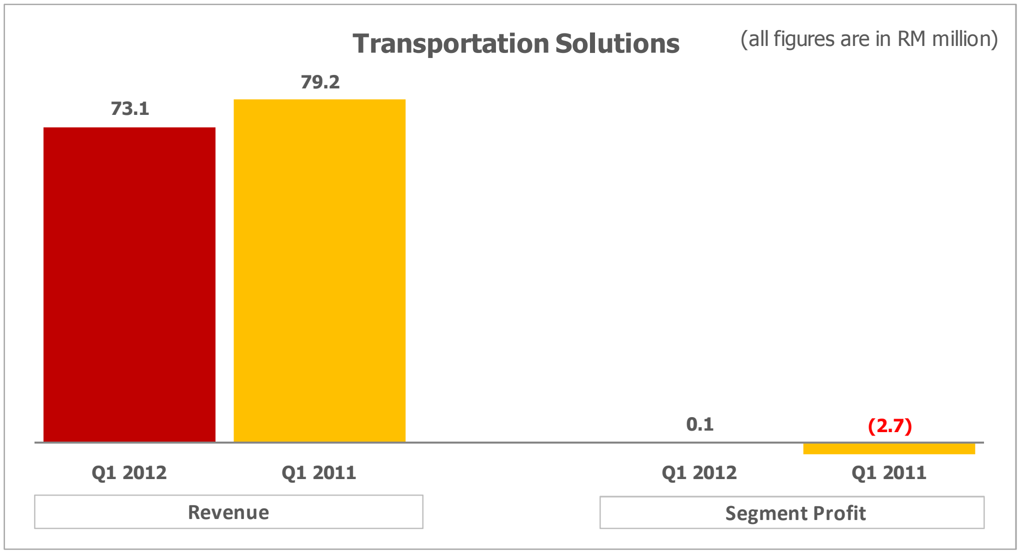
As tabulated below, the division benefited from the higher revenues recorded higher segment profit of RM22.2 million. The divisions had also incurred substantially lower finance costs following the part settlement of the KMCOB Murabahah Bonds from the sale proceeds of the DWM businesses by Scomi Oiltools Inc ("SOINC") and Scomi Oiltools De Mexico , S. De R.L de CV ("SMEX").

	Q1 2012 (RM'000)	**Q1 2011** (RM'000)
Continuing operations		
Operating profit	29,589	27,515
Finance income	94	963
Finance cost	(7,451)	(10,997)
	22,232	17,042
Discontinued operations ^		
Net profit for the period	-	3,327
Segment profit	22,232	20,369

^ *this comprise the results of the DWM businesses disposed by SOINC and SMEX.*

Transportation Solutions

The Transportation Solutions division recorded lower revenues of RM73.1 million on the back of lower attributable revenue-generating project costs in respect of the division's projects in Malaysia, India and Mumbai.



Despite the lower revenue, the division posted an operating profit of RM49 thousand on better management of operational and finance costs. In addition, the division also recorded higher finance income from better cash management. The segment result are as tabulated below.

	Q1 2012 (RM'000)	Q1 2011 (RM'000)
Continuing operations		
Operating profit / (loss)	411	(1,015)
Finance income	922	51
Finance cost	(1,284)	(1,744)
Segment profit	49	(2,708)

^ *this comprise the results of the DWM businesses disposed by SOINC and SMEX.*

Energy Logistics

Despite recording lower revenues due to lower coal tonnage carried, the Energy Logistics division (which is operated under Scomi Marine Bhd, a 42.75% associated company of SGB) posted substantially higher profits on the back of costs savings achieved through higher operational productivity, lower bunker consumption and interest expense.

Consequently, the Group's Q1 2012 share of results from the Energy Logistics division was substantially higher at RM7.0 million, as compared to RM2.5 million in Q1 2011.

B2. Material Change in Performance as Compared to Preceding Quarter

The Group in posted a profit before tax of RM23.0 million in Q1 2012 as compared to a loss before tax of RM148.0 million in the preceding quarter ("Q4 2011").

As tabulated below, the improved performance was principally due to a combination of contributing factors which include the following :

- significant improvement in the overall gross margin of 24.2% in the current quarter, as compared to 16.9% in the preceding quarter;
- non repeat of a hedge unwinding costs, impairment and other one-off charges amounting to approximately RM70.0 million in Q4 2011; and,
- better earnings posted by the Group's 42.75% owned associated company, Scomi Marine Bhd, which posted a profit as compared to a loss in the preceding quarter.

	Q1 2012 (RM'000)	Q4 2011 (RM'000)
Continuing operations		
Revenue	365,183	357,270
Cost of sales	(276,779)	(296,831)
Gross profit	88,404	60,439
Gross margin	24.2%	16.9%
Profit before tax, one-off hedge unwinding and impairment charges	16,009	(21,420)
Hedge unwinding cost, impairment and other one-off charges	-	(69,978)
Share of result of associated company	6,985	(56,643)
Profit before tax	22,994	(148,041)

B3. Current year prospects

The Group remains optimistic of benefitting from the growth in Oil & Gas exploration & production activities, specifically in the South East Asia region, and the anticipated increase in transportation infrastructure projects, in Malaysia, Brazil and India.

Oilfield Services Division is expected to maintain strong performance & growth strategies in the Eastern Hemisphere, especially in South East Asia, where large tenders from Total, Shell, PTTEP, Pertamina and Petronas have been announced. There are also signs of strong growth in the Middle-East, where an increase in the drilling activity is expected in countries such as Turkmenistan, Sudan and Oman. However, the Western Hemisphere will still remain challenging in the light of economic uncertainty.

Transport Solutions Division will continue pursuing opportunities in monorail projects especially in Malaysia, Brazil and India, to capitalize on the increasing demand for infrastructure development in these countries.

The rail operations continue to focus project execution for its KL and Brazil monorail projects and will endeavour to complete the Mumbai monorail project within the agreed timeline. As for Coach and SPV segment, management will continue to implement stringent costs management whilst taking measures to move the business forward with new product introduction.

Volatility of INR against RM may impact the performance of its Mumbai monorail project. Notwithstanding this, the segment continues to focus on project execution and will endeavour to complete the project by the approved extended time.

Energy Logistics is expected to continue to benefit from the higher operational productivity measures that it has successfully implemented. In addition, the division will be expanding its marine vessel fleet offering in line with the expected increase in the level of offshore support and coal transportation activities within the South East Asia region. The growth in the marine vessel demand is expected to absorb the flow of new vessels in the market, which should result in an increase in the daily charter rates.

In order to fully capitalize the growth of oil and gas exploration in the region, the Group in undergoing significant internal restructuring that will combine all offshore support services under one roof. The Group's offshore support division is to be strengthened with the integrated drilling services offered by Scomi Group Bhd's Oilfield Services. Upon completion, the Group will offer greater value proposition to existing clients as well as potential clients.

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-12 RM`000	Preceding Year Quarter 31-Mar-11 RM`000	Current Year Quarter 31-Mar-12 RM`000	Preceding Year Quarter 31-Mar-11 RM`000
Continuing operations				
Current tax:				
Malaysian income tax	1,617	833	1,617	833
Foreign tax	4,426	5,558	4,426	5,558
	6,043	6,391	6,043	6,391
Under/(Over)provision of income tax in prior years	(290)	-37	(290)	-37
	5,753	6,354	5,753	6,354
Deferred tax	2,773	-1,120	2,773	-1,120
Total from continuing operations	8,526	5,234	8,526	5,234
Total income tax (credit)/expense	8,526	5,234	8,526	5,234

Domestic current income tax is calculated at the statutory tax rate of 25% (2011: 25%) of the taxable profit for the year. Taxation for the other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax expense for the current quarter was mainly due to:-

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

ii. higher statutory corporate tax rates for certain foreign subsidiaries

B6. Corporate proposals

(A) Proposed SOL Disposal and Proposed SGB Offer

On 29 February 2012, the Company announced that it had entered into a heads of agreement with Scomi Marine Bhd ("SMB"), its associate company, for purposes amongst others, the following ("HOA"):

(a) Proposed disposal of Scomi Oilfield Limited ("SOL"), a 76.08% owned subsidiary of SGB to a newly incorporated company ("Newco") ("Proposed SOL Disposal"); and,

(b) Proposed restricted offer of part of the ordinary shares in Newco ("Newco Shares") held by SGB to all its shareholders to be satisfied via the cancellation of ordinary shares of RM0.10 each in SGB ("SGB Shares") and capitalisation of SGB's reserves ("Proposed SGB Offer").

The Proposed SOL Disposal shall be implemented after completion of :

(i) the proposed disposal by SOL of its equity interest in Scomi Oiltools Bermuda Limited ("SOBL") to the existing shareholders of SOL, namely SGB, Standard Chartered Private Equity Limited and Fuji Investment; followed by,

(ii) the proposed disposal by SOBL of its entire equity interest in the subsidiaries listed below to SOL.

- Scomi Oiltools Sdn Bhd;
- Scomi Oiltools Oman LLC;
- Scomi Oiltools Pty Ltd;
- KMCOB Capital Berhad;
- Scomi Oiltools Egypt SAE;
- Scomi Oiltools (Thailand) Ltd;
- KMC Oiltools BV;
- Vibratherm Limited;
- Scomi Oiltools (Cayman) Ltd (excluding its subsidiary, Scomi Oiltools Kish Limited);
- Scomi Oiltools Ltd;
- Scomi Oiltools (S) Pte Ltd (excluding its subsidiaries, Scomi Oiltools de Mexico S de RL de CV, Oilfield Services de Mexico S de RL de CV, PT Multi Jaya Persada and PT Inti Jatam Pura); and,
- Scomi Oiltools (Africa) Limited,

collectively, (i) and (ii) above are referred to as the "Proposed SOL Reorganisation".

Pursuant to the HOA, the parties have agreed to negotiate in good faith the detailed terms and conditions of the Proposed SMB Rationalisation (as defined below) with the intention to finalise and enter into a definitive agreement ("Definitive Agreement") by 30th June 2012 or such other extended period as the parties mutually agreed upon.

The Proposed SMB Rationalisation comprise of the following:

(a) Proposed scheme of arrangement under Section 176 of the Companies Act between SMB, the shareholders of SMB and Newco involving the exchange of ordinary shares of RM1.00 each in SMB with new Newco Shares at an exchange ratio to be determined later ("Proposed SMB Scheme");

(b) Proposed SOL Disposal by SGB after the completion of the Proposed SOL Reorganisation;

(c) Proposed exemption to be sought by SGB and persons acting in concert with it (if any) from the Securities Commission ("SC") from the obligation to undertake a mandatory take-over offer for the remaining Newco Shares not already owned by SGB and the PACs (if any) upon completion of the Proposed SOL Disposal ("Proposed Exemption"); and

(d) Admission of Newco to the Official List of the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") upon completion of the Proposed SMB Scheme and Proposed Acquisition, on place of SMB ("Proposed Newco Listing")

In conjunction with the Proposed Newco Listing, Newco is to undertake a placement of new Newco Shares to investors to be identified ("Proposed Placement").

The Proposed SOL Disposal shall be subject to the Proposed Exemption being obtained. The Proposed SGB Offer and the Proposed Placement shall be conditional upon the Proposed SMB Rationalisation, but not vice-versa. The Proposed SMB Scheme, Proposed SOL Disposal, Proposed Exemption and Proposed Newco Listing shall be inter-conditional upon each other.

The Proposed Disposal and Proposed SGB Offer are subject and conditional upon approvals being obtained from the (i) SC, (ii) the shareholders of SGB, (iii) the order of the High Court of Malaya under sanction 64 of the Act sanctioning the cancellation of SGB Shares and SGB's reserves pursuant to the Proposed SGB Offer and (iv) any other relevant authorities and/or parties, including the approval from creditors, lenders, bondholders and/ or financiers (if required).

As at the date of this announcement, the Proposed SOL Disposal and Proposed SGB Offer is pending the completion of the Proposed SOL Reorganisation and the negotiation in good faith the detailed terms and conditions of the Proposed SMB Rationalisation.

(B) Proposed Disposal of Scomi Nigeria Pte Ltd and Oiltools Africa Limited

On 17 May 2012, the Company announced it had entered into a conditional share sale agreement ("SSA") with AOS Orwell Limited ("AOSO") for the disposal of its 100% equity interest in Scomi Nigeria Pte Ltd ("SNPL") and 2% equity interest in Oiltools Africa Limited ("OAL") ("Sale Shares") for a total cash consideration of USD39.77 million (subject to adjustments, if any) (or an equivalent of approximately RM123.90 million based on the exchange rate of USD1:RM3.1155).

As at the date of this announcement, the proposed disposal of SNPL and OAL is pending completion of the conditions precedent.

B7. Group borrowings and debt securities

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

	Current RM'000	**Non-current RM'000**	**Total RM'000**
Borrowings			
Secured	786,241	338,736	1,124,977
Debt securities			
Secured	2,344	-	2,344
Unsecured	(17)	22	5
	788,568	338,758	1,127,326

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

	RM`000
Ringgit Malaysia	820,812
US Dollar	208,164
Sterling Pound	19,806
Indian Rupee	66,250
Singapore Dollar	6
Others	12,288
Total	1,127,326

B8. 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.

B9. Proposed Dividend

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

B10. Earnings per share

	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11
Basic earnings per share				
Net profit attributable to shareholders (RM'000)	10,239	10,025	10,239	10,025
Weighted average number of shares ('000)	1,392,067	1,391,352	1,392,067	1,391,352
Basic earnings per share (sen)	0.74	0.72	0.74	0.72
Diluted earnings per share				
Net profit attributable to shareholders (RM'000)	10,239	10,025	10,239	10,025
Weighted average number of shares ('000)	1,392,067	1,391,352	1,392,067	1,391,352
Dilutive effect of unexercised share option and warrants (RM'000)	5,005	3,402	5,005	3,402
	1,397,071	1,394,754	1,397,071	1,394,754
Diluted earnings per share (sen)	0.73	0.72	0.73	0.72

B11. Realised and Unrealised Profits/Losses Disclosure

The breakdown of retained profits as at reporting date is analysed as follows:

	As at 31-Mar-12	As at 31-Dec-11
	RM'000	RM'000
Total retained profits of company and its subsidiaries:		
- Realised	339,301	319,181
- Unrealised	(8,773)	(3,805)
	330,528	315,376
Total share of accumulated losses from associated companies:		
- Realised	(70,554)	(86,459)
- Unrealised	(10,998)	(2,077)
Total share of (accumulated losses)/retained profits from jointly controlled entities:		
- Realised	-	(19)
	248,976	226,821
Consolidation adjustments	163,150	151,770
Total group retained profits as per consolidated accounts	412,126	378,591

B12. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	3 months ended 31-Mar-12 RM'000	**Current year ended 31-Mar-12 RM'000**
Interest income	(1,016)	(1,016)
Interest expense	18,139	18,139
Gain on disposal of property, plant and equipment	199	199
Unrealized Foreign exchange losses	4,691	4,691
Realized Foreign exchange losses	3,914	3,914
Depreciation and amortisation	11,790	11,790
Allowance for and write off of inventories	901	901
Allowance for doubtful debt and bad debt written off	(1,110)	(1,110)
Other income including investment income	(6,985)	(6,985)
Gain or loss on derivative	-	-
Impairment of assets	-	-

B13. 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 28 May 2012.