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 Malaysian Financial Reporting Standards ("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 ("FRS") in Malaysia, restated by the early adoption of Financial Reporting Standard 10: Consolidated Financial Statements ("FRS 10") as described below.

The early adoption of FRS10 was made together with FRS 11: Joint Arrangements, FRS 12: Disclosure of Interests in Other Entities, FRS 127: Separate Financial Statements (Revised) and FRS 128: Investments in Associates and Joint Ventures (Revised). The early adoption of FRS11, FRS 12, FRS127 and FRS 128 did not have any impact on the interim financial statements of the Group.

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.

<u>Early adoption of FRS 10</u>

The Group has opted to early adopt FRS 10 and consequently, determined that it has control and power in respect of its 42.75% interest in Scomi Marine Berhad ("SMB") where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Accordingly, the Group now consolidates the results of SMB as a subsidiary for the period ended 30 June 2012. The comparative information in this interim financial statement has retrospectively been restated to take into account the effects of the consolidation of SMB from the date when control was first established. The difference between the amount of assets, liabilities and non-controlling interests recognised at the date of acquisition and the purchase consideration has been taken to retained earnings.

Previously, financial statement of SMB was not consolidated into the Group's results and the result was accounted as Equity Method under MFRS 128 Investments in Associate and Joint Ventures.

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 six-month period ended 30 June 2012, the issued and paid-up share capital of the Company increased from 1,187,687,647 ordinary shares of RM0.10 each to 1,193,692,622 ordinary shares of RM0.10 each by way of issuance of:

i. 5,860,975 new ordinary shares of RM0.10 each pursuant to the conversion of 23,443,900 ICSLS of RM0.10 each on the basis of four(4) units of ICSLS for one (1) ordinary share of RM0.10 each; and,.

ii. 144,000 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
Six-months ended 30-June-2012						
Revenue						
Continuing operations						
External sales	485,415	175,961	188,637	64	-	850,078
Inter-segment sales	-	-	-	5	(5)	-
	485,415	175,961	188,637	69	(5)	850,078
Discontinuing operations						
Revenue for the period	74,472	-	-	-	-	74,472
	559,887	175,961	188,637	69	(5)	924,549
Results						
Continuing operations						
Operating profit / (loss)	48,304	(7,566)	29,255	(272)	-	69,722
Share of result of						
- associated companies	-	-	17	-	-	17
- jointly controlled entities	-	-	1,314	-	-	1,314
Finance income	173	1,788	469	99	-	2,529
Finance cost	(13,389)	(1,810)	(485)	(8,846)	-	(24,531)
	35,088	(7,588)	30,571	(9,019)	-	49,052
Discontinuing operations						
Net profit for the period	9,852	-	-	-	-	9,852
Segment results	44,940	(7,588)	30,571	(9,019)	-	58,904
Unallocated costs						(5,071)
						53,833
Taxation						(13,449)
Profit after taxation						40,384
Six-months ended 30-June-2011 (restated)						
Revenue						
Continuing operations						
External sales	421,846	167,974	194,661	1,567	-	786,048
Inter-segment sales	-	-	-	13,003	(13,003)	-
	421,846	167,974	194,661	14,570	(13,003)	786,048
Discontinuing operations						
Revenue for the period	144,176	-	-	-	-	144,176
	566,022	167,974	194,661	14,570	(13,003)	930,224
Results						
Continuing operations						
Operating profit / (loss)	43,630	4,570	15,109	5,315	-	68,624
Share of result of						
- associated companies	-	-	(1,789)	-	-	(1,789)
- jointly controlled entities	(439)	-	1,141	-	-	702
Finance income	294	220	3,885	188	-	4,587
Finance cost	(16,505)	(3,537)	(1,999)	(7,306)	-	(29,347)
	26,981	1,252	16,347	(1,803)	-	42,777
Impairment charges	-	-	(2,573)	-	-	(2,573)
	26,981	1,252	13,774	(1,803)	-	40,204
Discontinuing operations						
Net profit for the period	19,617	-	-	-	-	19,617
Segment results	46,598	1,252	13,774	(1,803)	-	59,821
Unallocated costs						(5,678)
						54,143
Taxation						(16,354)
Profit after taxation						37,789

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 updates on 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).

   The disposal of SOAS to Knud Holm Prosjekt AS was preceded by the disposal of the assets and liabilities in the Norwegian Branch of Scomi Oiltools (Europe) Limited, an indirect subsidiary for a total sale consideration of RM10.4 million to SOAS.

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 issued to third parties in respect of performance guarantee by subsidiaries	134,902
Contingent liabilities arising from :	
- litigations	4,734
- tax matters	3,787

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	29,503	8,287	37,790
Vessels -docking cost	-	16,227	16,227
Development expenditure	-	3,031	3,031
Others	-	4,582	4,582
Total	29,503	32,127	61,630

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	4,413	3,178	-	7,591
Plant and Machinery	1,764	882	1,016	3,662
Rental of office premises	472	324		796
Re-charter vessel contracts	8,219	363		8,582
Others	897	425	275	1,597
Total	15,765	5,172	1,291	22,228

A14. Related Party Transactions

The following are the significant related party transactions:

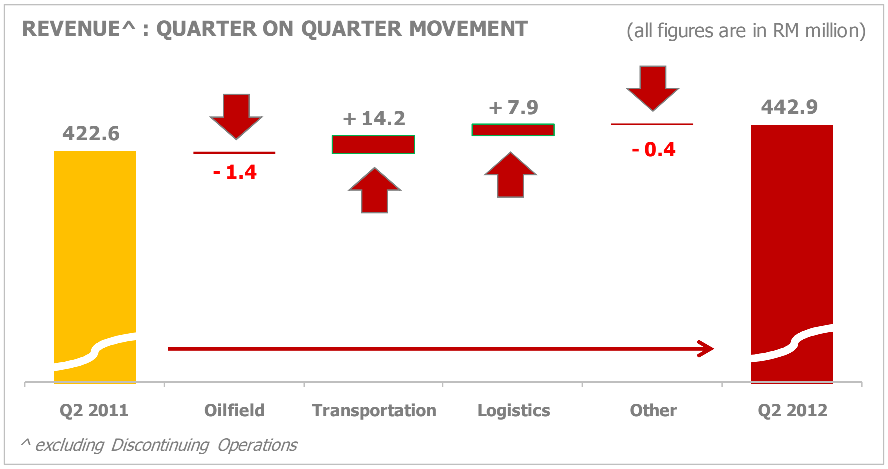
	3 months ended 30-Jun-12 RM'000	**Year-to-date ended 30-Jun-12 RM'000**
Transactions with a company connected to a Director		
- Purchase of airline ticketing services	971	1,802
- Share registration fee paid to Symphony	-	25

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

B1. Review of Operating Segments

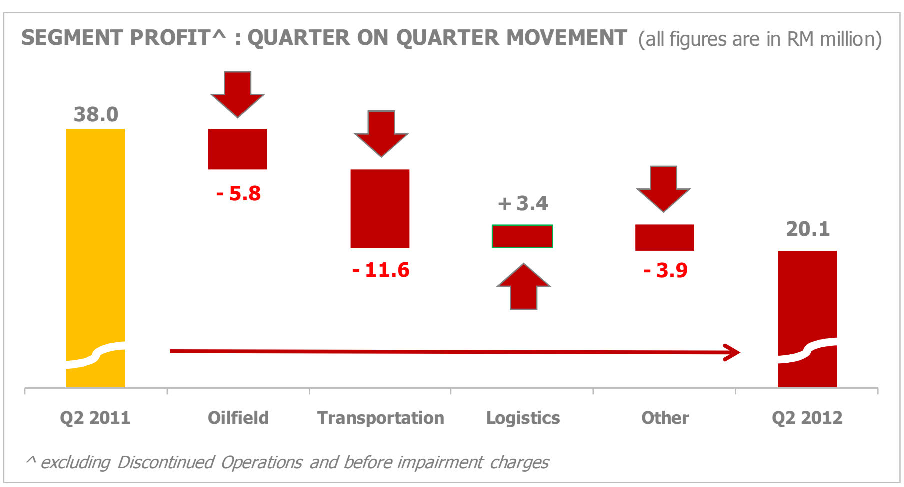
Current Quarter

Overall revenues for the current quarter ended 30 June 2012 ("Q2 2012") was RM442.9 million, an increase of 4.8% from RM422.6 million recorded in the corresponding quarter ("Q2 2011"). Details of the key factors driving the performance of each segment are provided in the respective section below.



Total segment results for Q2 2012 and Q2 2011 were as follows:

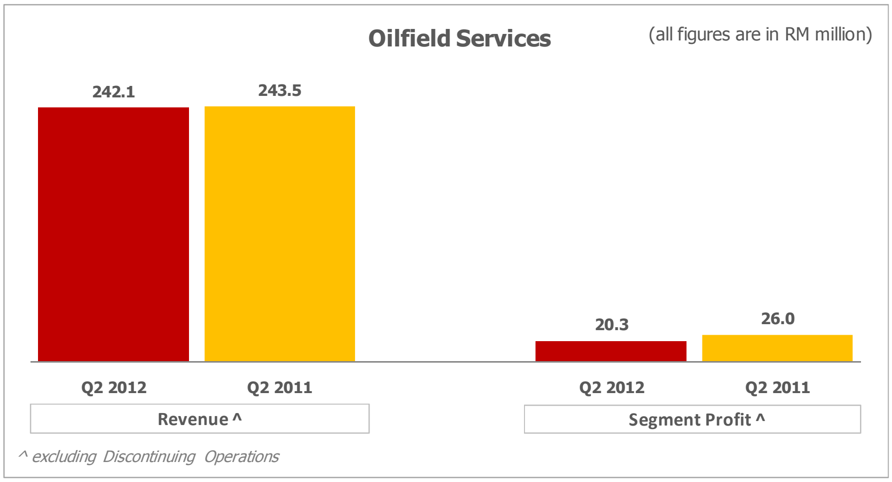
Segment profit	Q2 2012 RM'000	Q2 2011 RM'000 (restated)
Continuing operations		
- Operating profit before impairment charges	20,147	37,983
- Impairment charges	-	(2,573)
Profit from continuing operations	20,147	35,410
Profit from discontinuing operations	3,221	1,480
	23,368	36,891



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

Oilfield Services

The Oilfield Services division recorded lower revenues of RM242.1 million, as compared to RM243.5 million in Q2 2011.



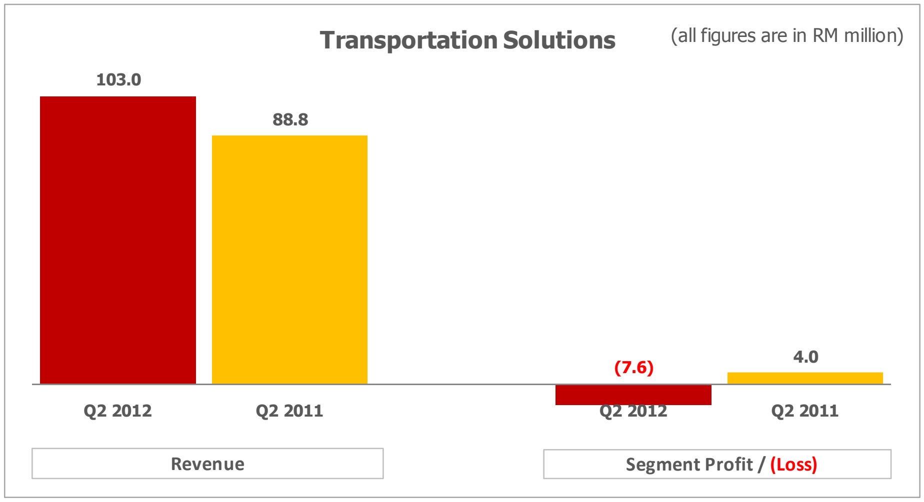
As tabulated below, the division recorded lower profit from continuing operations of RM20.3 million following the lower revenues and higher attributable direct costs, as compared to RM26.0 million in Q2 2011.

	Q2 2012 RM'000	**Q2 2011 RM'000 (restated)**
Continuing operations		
Operating profit	26,537	32,656
Finance cost, net	(6,263)	(6,610)
	20,274	26,046
Discontinuing operations ^		
Net profit for the period	3,221	1,480
Segment profit	23,495	27,526

^ *this comprise the results of the subsidiaries and DWM businesses which have either been or are in the process of being disposed.*

Transportation Solutions

The Transportation Solutions division recorded higher revenues of RM103.0 million, as compared to RM88.8 million in Q2 2011, due principally to higher attributable revenue-generating project works in respect of the division's project in Malaysia.

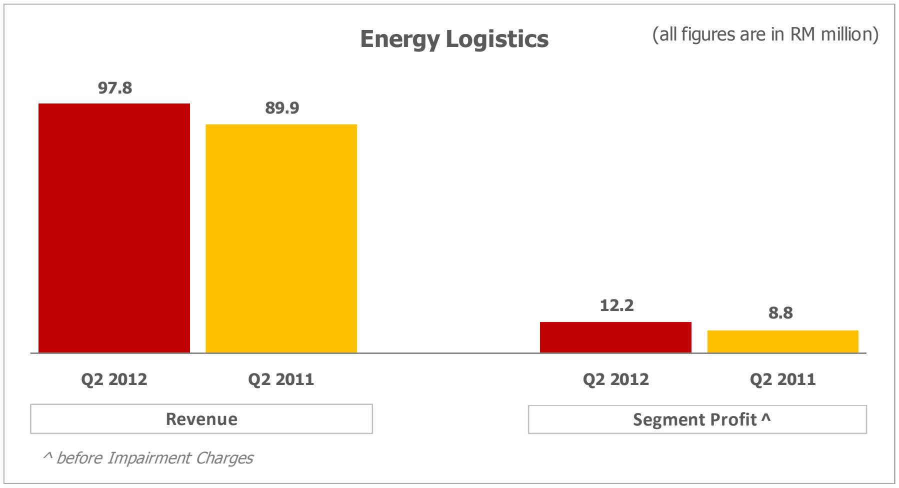


Despite the higher revenue, the division posted a segment loss of RM7.6 million, as compared to RM4.0 million profit in Q2 2011, due principally to unrealized foreign exchange loss of RM11.6 million from translation of receivables on Mumbai and Brazil projects as a result of further weakening of the Indian Rupee and Brazilian Real against Ringgit Malaysia.

	Q2 2012 RM'000	**Q2 2011** RM'000 (restated)
Continuing operations		
Operating (loss) / profit	(7,977)	5,585
Finance income	866	169
Finance cost	(526)	(1,793)
Segment (loss) / profit	(7,637)	3,961

Energy Logistics

The Energy Logistics division recorded higher revenues of RM97.8 million, as compared to RM89.9 million in Q2 2011, due principally to higher utilization of its marine vessel fleet.

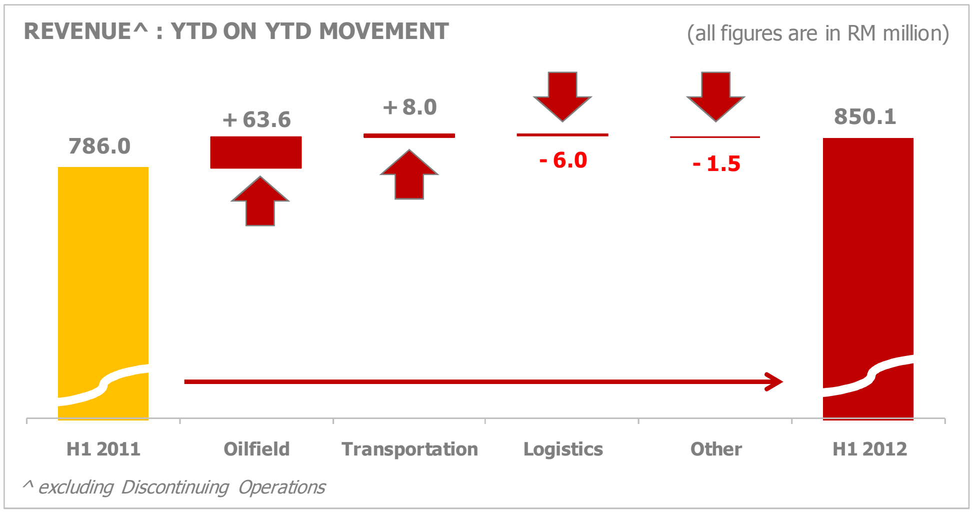


Consequently, the division posted a higher segment profit before impairment charges of RM12.2 million, as compared to RM8.8 million in Q2 2011, due principally to costs savings achieved through higher operational productivity, lower bunker consumption and interest expense.

	Q2 2012 RM'000	Q2 2011 RM'000 (restated)
Continuing operations		
Operating profit	11,810	8,256
Finance income	5	1,895
Finance cost	(222)	(874)
	11,593	9,277
Share of results of :		
- associated companies	(12)	(1,067)
- jointly controlled entity	668	622
	12,249	8,832
Impairment charges	-	(2,573)
Segment profit	12,249	6,259

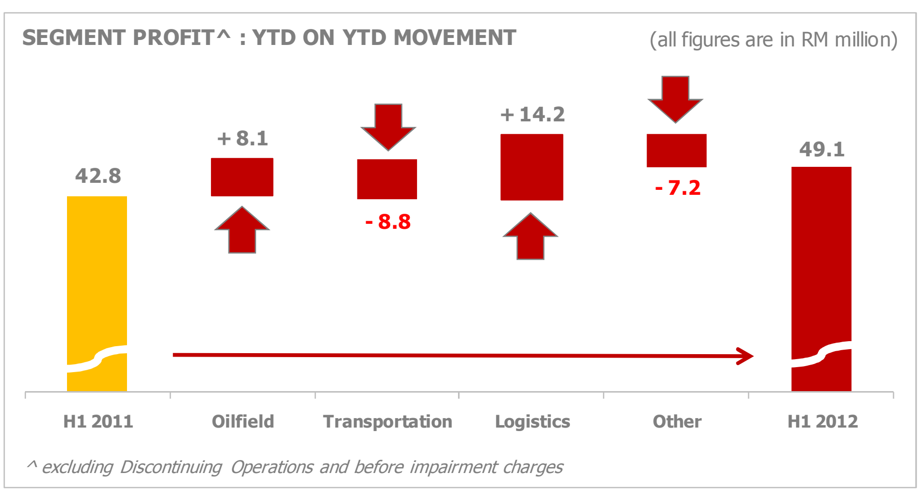
Year To Date

Overall revenues for the six month period ended 30 June 2012 ("H1 2012") was RM850.1 million, an increase of 8.2% from RM786.0 million recorded in the corresponding period ended 30 June 2011 ("H1 2011"). Details of the key factors driving the performance of each segment are provided in the respective section below.



Total segment results for H1 2012 and H1 2011 were as follows:

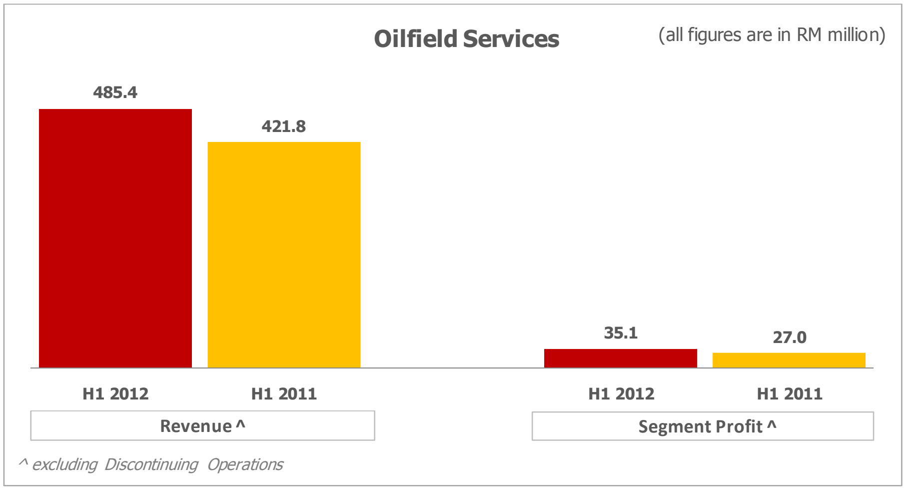
	H1 2012 RM'000	H1 2011 RM'000 (restated)
Segment profit		
Continuing operations		
- Operating profit before impairment charges	49,052	42,777
- Impairment charges	-	(2,573)
Profit from continuing operations	49,052	40,204
Profit from discontinuing operations	9,852	19,617
	58,904	59,821



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

Oilfield Services

The Oilfield Services division recorded higher revenues of RM485.4 million due principally to higher drilling activities Q1 2012, as compared to RM421.8 million in H1 2011.



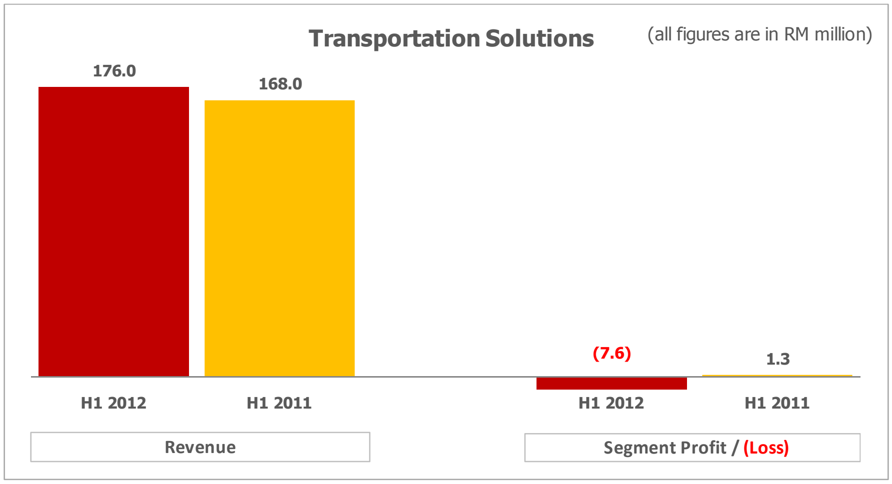
Consequently, the division recorded higher segment profit from continuing operations of RM35.1 million, as compared to RM27.0 million in H1 2011.

	H1 2012 RM'000	H1 2011 RM'000 (restated)
Continuing operations		
Operating profit	48,304	46,630
Finance cost, net	(13,216)	(16,210)
	35,088	27,420
Share of result of jointly controlled entity	-	(439)
	35,088	26,981
Discontinuing operations ^		
Net profit for the period	9,852	19,617
Segment profit	44,940	46,598

^ *comprise the results of the subsidiaries and DWM businesses which have either been or are in the process of being disposed.*

Transportation Solutions

The Transportation Solutions division recorded higher revenues of RM176.0 million, as compared to RM168.0 million in H1 2011, due principally to higher attributable revenue-generating project works in respect of the division's project in Malaysia and Brazil.

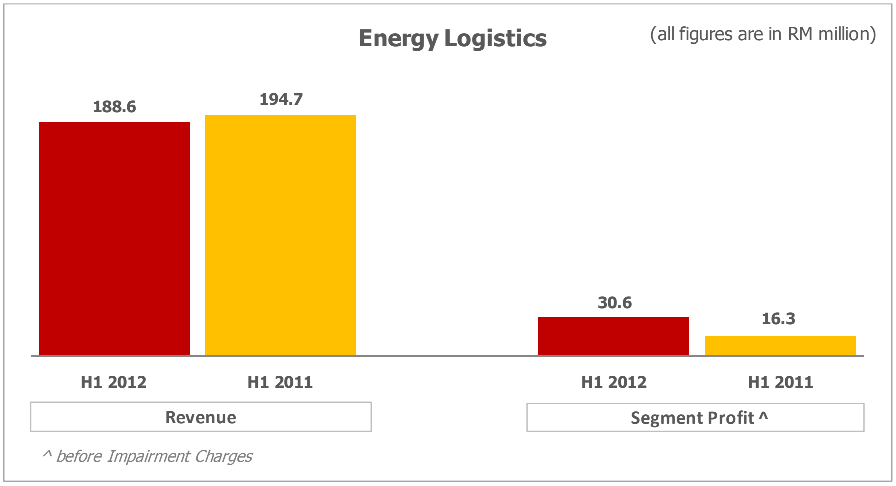


Despite the higher revenue, the division posted a segment loss of RM7.6 million, as compared to RM1.3 million profit in H1 2011, due principally to unrealized foreign exchange loss of RM11.1 million from translation of receivables on Mumbai and Brazil projects as a result of further weakening of the Indian Rupees ("INR") and Brazilian Real ("BRL") against Ringgit Malaysia ("RM").

	H1 2012 **RM'000**	**H1 2011** **RM'000** **(restated)**
Continuing operations		
Operating (loss) / profit	(7,566)	4,570
Finance income	1,788	220
Finance cost	(1,810)	(3,538)
Segment (loss) / profit	(7,588)	1,252

Energy Logistics

The Energy Logistics division recorded lower revenues of RM188.6 million, as compared to RM194.7 million in H1 2011, due principally to lower coal tonnage carried.



Consequently, the division posted a higher segment profit before impairment charges of RM30.6 million, as compared to RM16.3 million in H1 2011, due principally to costs savings achieved through higher operational productivity, lower bunker consumption and interest expense.

	H1 2012 RM'000	H1 2011 RM'000 (restated)
Continuing operations		
Operating profit	29,255	15,109
Finance income	470	3,885
Finance cost	(485)	(1,999)
	29,240	16,995
Share of results of :		
- associated companies	17	(1,789)
- jointly controlled entity	1,314	1,141
	30,571	16,347
Impairment charges	-	(2,573)
Segment profit	30,571	13,774

B2. Material Change in Performance as Compared to Preceding Quarter

The Group posted a profit before tax from continuing operations of RM17.1 million in Q2 2012, a decrease of RM9.8 million as compared to RM26.9 million in the preceding quarter ("Q1 2012").

As tabulated below, the decline in the profit was principally due to a combination of contributing factors which include the following:

- a segment loss posted by the Transportation Solution division of RM7.6 million (due principally to unrealized foreign exchange loss of RM11.6 million from translation of receivables on Mumbai and Brazil projects as a result of further weakening of the Indian Rupee and Brazilian Real against Ringgit Malaysia during the quarter), as compared to a profit of RM 49K in the preceding quarter;

- a decline in the profit posted by the Energy Logistics division of RM6.1 million to RM12.2 million (due principally to one-off staff right-sizing and corporate restructuring costs incurred during the quarter), as compared to RM18.3 million in the preceding quarter; and,

- an increase in the finance cost at SGB Corporate of RM1.5 million to RM5.2 million (due principally to one-off corporate restructuring costs), as compared to RM3.7 million in the preceding quarter.

	Q2 2012 **RM'000**	**Q1 2012** **RM'000** **(restated)**
Continuing operations		
Revenue	442,866	407,211
Cost of sales	(342,055)	(311,503)
Gross profit	100,811	95,708
Gross margin	22.8%	23.5%
Segment results from continuing operations of :		
- Oilfield Services Division	20,275	14,813
- Transportation Solution Division	(7,637)	49
- Energy Logistics Division	12,249	18,321
	24,887	33,183
Finance costs at SGB Corporate	(5,183)	(3,663)
	19,704	29,520
Other SGB corporate costs, net	(2,637)	(2,606)
Profit before tax	17,067	26,914

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 continue to benefit from the increasing drilling activities in Asia especially Malaysia, Thailand and Indonesia. Steady growth is also expected in the Middle East particularly the Gulf region.

Transport Solutions Division continues to focus on project execution in its KL and Brazil monorail projects and will endeavour to complete its portion of work on the Mumbai monorail project within agreed timelines. Management has been focusing on stringent costs management whilst taking measures to move the business forward and building up its order book.

The performance of the division in the second half of 2012 is expected to be satisfactory as its business is expected to improve with contribution from KL and Brazil monorail projects while Mumbai monorail project remains challenging as INR remains weak.

The division will continue to pursue opportunities in monorail projects especially in Malaysia, Brazil and India, to capitalize on the increasing demand for infrastructure development in these countries.

Energy Logistics is remains optimistic with the growth of oil and gas industry in the region. Along with enhanced economic activity in the region, energy demand is increasing which, combined with the high price of oil, generate interest in oil and gas exploration and production. The number of wells to be drilled and the number of new platforms scheduled to be installed are all set to increase incrementally through to 2013 before reaching a peak in 2014. 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 of offshore support vessels.

However, the coal market has softened and is experiencing suppressed demand for the commodity. This is reflected in the drop in coal price, which has translated into lower production numbers for Indonesia. Our coal logistics fleet will be affected by the slowdown but continues to serve our major customers, albeit with a smaller fleet. Thus, the overall performance of the division for the remaining year remains challenging.

The division has completed internal restructuring combining all offshore support services under one roof. Its offshore support division will be strengthened further with the integrated drilling services offered by the Group's oilfield services. Upon completion, the division will offer greater value proposition to existing clients as well as potential clients.

<u>Proposed Capital Repayment by Scomi Marine Bhd</u>

Scomi Marine Bhd ("SMB", a 42.75% subsidiary of the Company) had announced to the Bursa Malaysia that it will make a capital repayment to the shareholders of SMB via a cash distribution of RM135,606,753 or RM0.185 for every existing SMB Share held as at 17 August 2012 and make the capital repayment on 29 August 2012.

The proceeds to be received by the Company will be utilised to reduce its borrowings and will thereafter, reduce the Group's funding costs.

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 ended 30-Jun-12 RM'000	Individual Quarter ended 30-Jun-11 RM'000 (restated)	Cumulative Quarter ended 30-Jun-12 RM'000	Cumulative Quarter ended 30-Jun-11 RM'000 (restated)
Continuing operations				
Current tax:				
Malaysian income tax	1,697	782	3,319	1,670
Foreign tax	2,338	6,754	7,454	12,523
	4,035	7,536	10,773	14,193
Under/(Over)provision of income tax in prior years	456	(657)	456	-695
	4,491	6,879	11,229	13,498
Deferred tax	(76)	3,976	2,220	2,856
Total from continuing operations	4,415	10,855	13,449	16,354
Discontinuing operations				
Current tax:				
Malaysian income tax	-	-	-	-
Foreign tax	1,852	1,216	2,452	2,514
	1,852	1,216	2,452	2,514
Under/(Over)provision of income tax in prior years	(40)	-	(330)	-
	1,812	1,216	2,122	2,514
Deferred tax	4	-	481	-
Total from discontinued operations	1,816	1,216	2,603	2,514
Total income tax (credit)/expense	6,231	12,071	16,052	18,868

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. Status of corporate proposals announced by the Company

(A) Proposed SOL Reorganisation and Proposed SOBL Western Acquisition

The Company made separate announcements to Bursa Malaysia on 29 February 2012 and 24 July 2012, in respect of the following :

(i) Proposed internal reorganisation of Scomi Oilfield Limited ("**SOL**") Group of Companies which involves the Proposed SORL Disposal, Proposed SOSPL Group Disposal, Proposed SOSPL Disposal, Proposed SOBL Disposal and Proposed SOBL Group Disposal (as defined in the announcement) ("**Proposed SOL Reorganisation**"); and

(ii) Proposed Acquisition by SGB of 16.71% and 7.21% equity interest in Scomi Oiltools Bermuda Limited ("**SOBL**") from Standard Chartered Private Equity Limited ("**SCPE**") and Fuji Investments I ("**FII**") for a total consideration of USD6.16 million (equivalent to RM19.41 million) ("**Proposed SOBL Western Acquisition**").

(The Proposed SOL Reorganisation and Proposed SOBL Western Acquisition are collectively referred to as "**Proposals**").

The proposed disposal of by Scomi Oiltools (S) Pte Ltd to Scomi Oiltools Bermuda Limited of :

(i) 99.97% equity interest in Scomi Oiltools de Mexico S de RL de CV for a disposal consideration of USD1 (equivalent to RM3.15); and,

(ii) 99.97% equity interest in Oilfield Services de Mexico S de RL de CV for a disposal consideration of USD1 (equivalent to RM3.15),

which are a part of the Proposed SOL Reorganisation, was completed on 24 July 2012.

The Proposed SOBL Western Acquisition is subject to, the written approval and/or consent of the Bermuda Monetary Authority and any other authority and/ or third party having jurisdiction over the Proposed SOBL Western Acquisition; and any other authorities or parties as may be required.

The Proposed SOBL Western Acquisition is conditional upon the Proposed SOL Reorganisation and Proposed SOL Disposal (as defined in B (i) below).

The Proposals are expected to be completed by the fourth quarter of 2012.

(B) Proposed Disposals by SGB, Proposed Offer for Sale and Proposed Exemption to SGB

On 29 June 2012, SGB via Maybank Investment Bank Berhad ("**MIB**") announced the extension of time to sign the definitive agreements from 29 June 2012 to 31 July 2012 pursuant to the heads of agreement entered into between SGB and SMB on 29 February 2012.

On 24 July 2012, SGB via MIB announced that it has entered into the following conditional agreements:

(i) share sale agreement ("**SSA**") with SMB, SCPE and FII for the proposed disposal of the entire share capital of SOL to SMB for a total disposal consideration of RM1,020.02 million which comprises a base sum of RM756.12 million which is to be satisfied by the issuance of 1,608,765,957 new SMB Shares at an issue price of RM0.47 per SMB Share, and the SOL Receivables as defined in the announcement ("**Proposed SOL Disposal**").;

(ii) SSA with SMB for the proposed disposal of the entire issued and paid-up ordinary share capital of Scomi Sosma Sdn Bhd ("**SSSB**") for a disposal consideration of RM6.71 million and the assumption by SMB of an amount owing by SSSB to SGB to be satisfied by way of the SMB Assignment of Interco Loan (as defined in the announcement) and the balance to be satisfied in cash; ("**Proposed SSSB Disposal**"); and

(iii) SSA with SMB for the proposed disposal of 48% of the issued and paid-up ordinary shares of SKMC for a cash consideration of RM769,911 ("**Proposed SKMC Disposa**l").

(The Proposed SOL Disposal, Proposed SSSB Disposal and Proposed SKMC Disposal are collectively referred to as "**Proposed Disposals**").

For purposes of the Proposed SSSB Disposal, SGB has entered into a conditional SSA on 24 July 2012 with Scomi Chemicals Sdn Bhd ("**SCSB**"), a wholly-owned subsidiary of SGB, which holds 40% of the issued and paid-up ordinary share capital of SSSB for the proposed acquisition of the entire issued and paid-up ordinary share capital of SSSB ("**Proposed Acquisition by SGB**") and concurrent with the execution of the SSA, SCSB entered into a conditional SSA with Ombak Elegan Sdn Bhd to acquire the remaining 60% of the issued and paid-up ordinary share capital of SSSB ("**Proposed Acquisition by SCSB**") which will be completed prior to the Proposed Acquisition by SGB

In addition, SGB via MIB also announced that after the completion of the Proposed SOL Disposal, SGB intends to undertake a renounceable offer for sale of up to 283,245,575 SMB Shares ("**Offer Shares**") held by SGB to its shareholders on the basis of 1 SMB Share for every 5 existing SGB Shares held on an entitlement date to be determined by the Board and announced later by the Company ("**Proposed Offer for Sale**").

In conjunction with the Proposed SOL Disposal, SGB and Scomi Energy Sdn Bhd intends to seek an exemption from the Securities Commission Malaysia ("**SC**") from the obligation to undertake a mandatory offer for the remaining SMB Shares not already owned by them ("**Offer**") after the Proposed SOL Disposal ("**Proposed Exemption**").

The Proposed SOL Disposal, Proposed SSSB Disposal and Proposed SKMC Disposal are inter-conditional upon each other and shall be implemented after the completion of the Proposed Capital Repayment (as defined in the announcement), Proposed SOL Reorganisation and Proposed Acquisition by SGB (as defined in the announcement). The Proposed SOL Disposal and Proposed Exemption are inter-conditional upon each other. The Proposed Offer for Sale is conditional upon the Proposed SOL Disposal but not vice versa.

The Proposed Disposals, Proposed Offer for Sale and Proposed Exemption are subject to approvals from amongst others, the SC and the shareholders of SGB and SMB at an EGM to be convened.

The Proposed Disposals and Proposed Exemption are expected to be completed in the 4th quarter of 2012 whilst the Proposed Offer for Sale is only expected to be completed by the 1st quarter of 2013.

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

On 17 May 2012, SGB 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	710,909	386,520	1,097,429
Debt securities			
Secured	2,314	-	2,314
	713,223	386,520	1,099,743

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

	RM'000
Ringgit Malaysia	858,423
US Dollar	170,540
Sterling Pound	540
Indian Rupee	59,214
Singapore Dollar	3
Others	11,023
Total	1,099,743

B8. Change in material litigation

Other than as disclosed under contingent liabilities in Note A12 for litigations, 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

		Individual Quarter ended 30-Jun-12	Individual Quarter ended 30-Jun-11 (restated)	Cumulative Quarter ended 30-Jun-12	Cumulative Quarter ended 30-Jun-11 (restated)
Basic earnings per share					
Net profit attributable to shareholders	(RM'000)	8,006	14,995	19,537	25,019
Weighted average number of shares	('000)	1,618,238	1,391,693	1,393,081	1,391,523
Basic earnings per share	(sen)	0.49	1.08	1.40	1.80
Diluted earnings per share					
Net profit attributable to shareholders	(RM'000)	8,006	14,995	19,537	25,019
Weighted average number of shares	('000)	1,618,238	1,391,693	1,393,081	1,391,523
Dilutive effect of unexercised share option and warrants	('000)	3,499	3,137	3,499	3,137
	('000)	1,621,737	1,394,830	1,396,580	1,394,660
Diluted earnings per share	(sen)	0.49	1.08	1.40	1.79

B11. Realised and Unrealised Retained Profits / Accumulated Losses

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

	As at 30-Jun-12 RM'000	As at 31-Dec-11 RM'000 (restated)
Total retained profits / (accumulated losses) of company and its subsidiaries:		
- Realised	151,358	237,362
- Unrealised	(52,032)	(30,842)
	99,326	206,520
Total share of retained profits from associated companies:		
- Realised	44,708	43,990
- Unrealised	1,887	1,864
Total share of retained profits from jointly controlled entities:		
- Realised	5,061	3,634
	150,982	256,008
Consolidation adjustments	236,409	120,270
Total group retained profits as per consolidated accounts	387,391	376,278

B12. Profit before taxation

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

	3 months ended 30-Jun-12 RM'000	Year-to-date ended 30-Jun-12 RM'000
Interest income	(1,482)	(2,579)
Interest expense	15,089	33,479
Unrealized foreign exchange loss	21,296	26,151
Realized foreign exchange loss	6,663	10,791
Depreciation and amortisation	25,375	50,065
Allowance for and write off of inventories	650	1,551
Reversal of doubtful debt provision	(283)	(1,653)
Other income including investment income	5,654	(1,331)
Impairment of property, plant & equipment	2,060	2,060
Gain on disposal of property, plant and equipment	(435)	(429)
Loss on disposal of business	1,881	1,881

There was no gain / (loss) on derivatives, or from the disposal of quoted and unquoted investments during the period under review.

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 30 August 2012.