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.

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

Accordingly, the Group now consolidates the results of SMB as a subsidiary for the period ended 30 September 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 nine-month period ended 30 September 2012, the issued and paid-up share capital of the Company increased from 1,187,687,647 ordinary shares of RM0.10 each to 1,210,559,971 ordinary shares of RM0.10 each by way of issuance of:

i. 22,712,324 new ordinary shares of RM0.10 each pursuant to the conversion of 90,849,296 ICSLS of RM0.10 each on the basis of four(4) units of ICSLS for one (1) ordinary share of RM0.10 each;
ii. 160,000 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; and
iii. Subsequent to the date of the statement of financial position, the Company issued 119,109,500 new ordinary shares of RM0.10 each, representing approximately 10% of the issued and paid-up share capital of the Company.

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
Cumulative 9 month period ended 30 September 2012						
Revenue						
Continuing operations						
External sales	686,150	268,950	238,168	289	-	1,193,557
Inter-segment sales	-	-	-	5	(5)	-
	686,150	268,950	238,168	294	(5)	1,193,557
Discontinuing operations						
Revenue for the period	113,468	-	-	-	-	113,468
	799,618	268,950	238,168	294	(5)	1,307,025
Results						
Continuing operations						
Operating profit / (loss)	69,543	(10,976)	28,107	(723)	-	85,951
Share of result of						
- associated companies	-	-	100	-	-	100
- jointly controlled entities	-	-	2,025	-	-	2,025
Finance income	688	2,478	4,145	192	-	7,503
Finance cost	(20,498)	(2,824)	(1,529)	(12,724)	-	(37,575)
Profit before impairment charges	49,733	(11,322)	32,848	(13,255)	-	58,004
Impairment charges	-	-	-	-	-	-
	49,733	(11,322)	32,848	(13,255)	-	58,004
Discontinuing operations						
Net profit for the period	13,936	-	-	-	-	13,936
Segment results	63,669	(11,322)	32,848	(13,255)	-	71,940
Unallocated costs						(7,505)
						64,435
Taxation						(21,944)
Profit for the period						42,491

A8. Segmental Information (continued)

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
Cumulative 9 month period ended 30 September 2011						
Revenue						
Continuing operations						
External sales	608,368	244,493	282,623	1,832	-	1,137,316
Inter-segment sales	-	-	-	13,989	(13,989)	-
	608,368	244,493	282,623	15,821	(13,989)	1,137,316
Discontinuing operations						
Revenue for the period	259,539	-	-	-	-	259,539
	867,907	244,493	282,623	15,821	(13,989)	1,396,855
Results						
Continuing operations						
Operating profit / (loss)	65,569	(5,371)	26,189	3,681	-	90,068
Share of result of						
- associated companies	-	-	(2,594)	-	-	(2,594)
- jointly controlled entities	(439)	-	1,775	-	-	1,336
Finance income	2,411	339	4,399	198	-	7,347
Finance cost	(26,139)	(5,111)	(2,261)	(12,151)	-	(45,662)
Profit before impairment charges	41,402	(10,143)	27,508	(8,272)	-	50,495
Impairment charges	-	-	(4,975)	-	-	(4,975)
	41,402	(10,143)	22,533	(8,272)	-	45,520
Discontinuing operations						
Net profit for the period	5,488	-	-	-	-	5,488
Segment results	46,890	(10,143)	22,533	(8,272)	-	51,008
Unallocated costs						(9,270)
						41,738
Taxation						(11,565)
Profit for the period						30,174

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 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, the Company acquired 2 ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital in Global Learning and Development Sdn Bhd ("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, Scomi Oiltools Kish Limited ("SOKL"), an indirect subsidiary of the Company, has ceased to be a subsidiary of the Company 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).

d) On 17 September 2012, Scomi Oilfield Limited ("SOL"), a direct subsidiary of the Company, has subscribed 1 ordinary share of US$1.00, representing the entire issued and paid-up share capital in Scomi Equipment Inc. ("SEI"), for a cash consideration of US$1.00.

e) On 28 September 2012, Scomi Oiltools Canada Inc. ("SOCI"), an indirect subsidiary of the Company, has been voluntarily dissolved.

d) On 17 October 2012, the Company has disposed 100% equity interest in Scomi Nigeria Pte Ltd ("SNPL") and 2% equity interest in Oiltools Africa Limited ("OAL") to AOS Orwell Limited, for a total cash consideration of USD39.77 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	195,344
Contingent liabilities arising from :	
- litigations	5,700
- tax matters	10,700

A13. Capital and operating lease commitments

a) Capital commitments:

	Approved and contracted for RM'000	Approved but not contracted for RM'000	Total RM'000
Property, plant and equipment	24,609	9,583	34,192
Vessels -docking cost	-	9,198	9,198
Others	-	4,944	4,944
Total	24,609	23,725	48,334

b) Operating lease commitments:

	Current Due within 1 year RM'000	Non-current Due within 1 & 5 years RM'000	Total RM'000
Land	28	-	28
Property	2,997	2,973	5,970
Plant and Machinery	1,763	589	2,352
Others	8,660	245	8,905
Total	13,448	3,807	17,255

A14. Related Party Transactions

The following are the significant related party transactions:

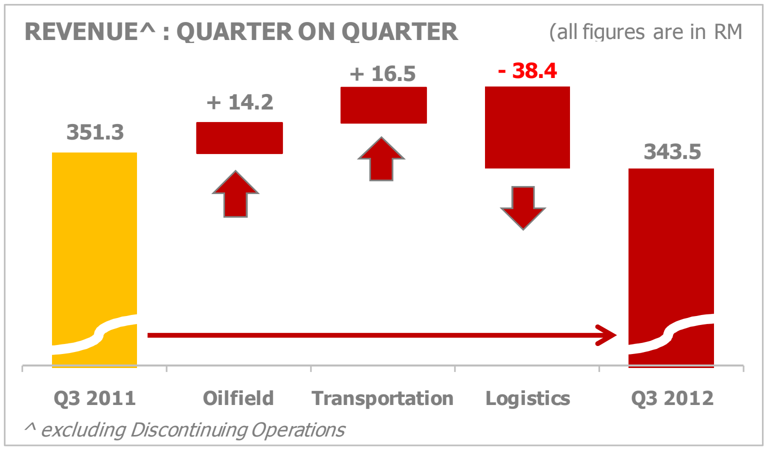
	Current 3 months 30 September 2012 RM'000	Cumulative 9 months 30 September 2012 RM'000
Transactions with a company connected to a Director		
- Purchase of airline ticketing services	665	2,467
- Share registration fee paid to Symphony	39	64

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

B1. Review of Operating Segments

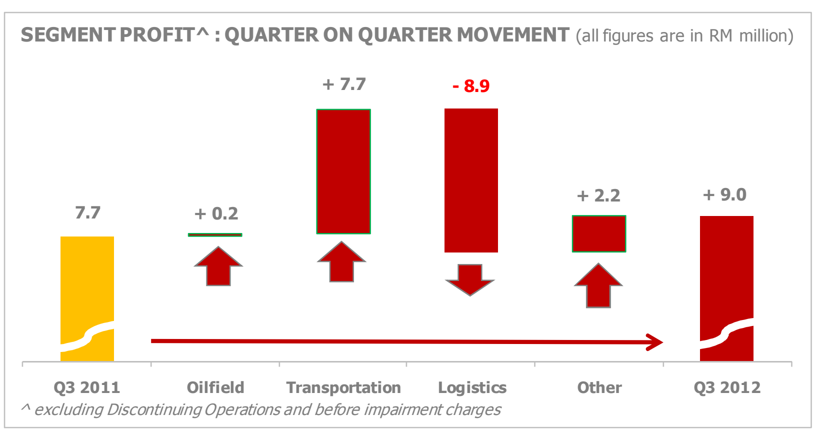
Current Quarter

Overall revenues for the current quarter ended 30 September 2012 ("Q3 2012") was RM343.5million, a decrease of 2.2% from RM351.3 million recorded in the corresponding quarter ("Q3 2011").



Total segment results for Q3 2012 and Q3 2011 were as follows:

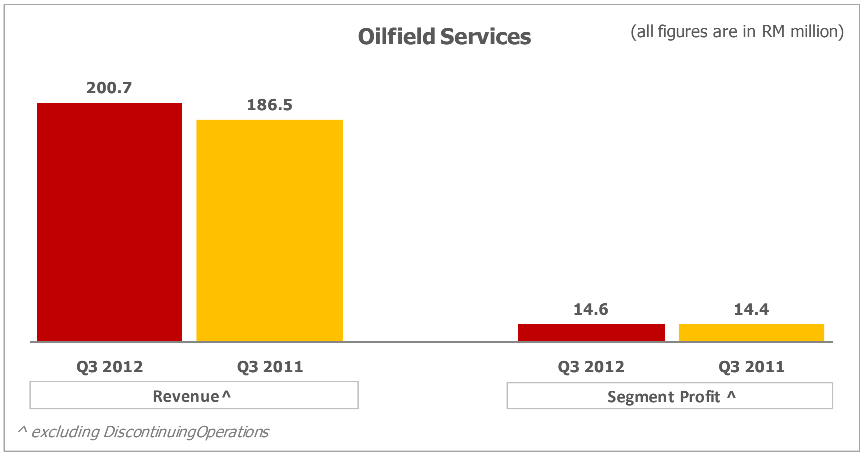
	Q3 2012 RM'000	Q3 2011 RM'000 (restated)
Continuing operations		
- Operating loss before impairment charges	8,954	7,718
- Impairment charges	-	(2,402)
Loss from continuing operations	8,954	5,316
Discontinuing operations		
Net profit / (loss) for the period	4,084	(14,129)
	13,038	(8,813)



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 RM200.7million, as compared to RM186.5 million in Q3 2011.



As tabulated below, the division posted a segment profit from continuing operations of RM14.6 million, as compared to a profit of RM14.4 million in Q3 2011.

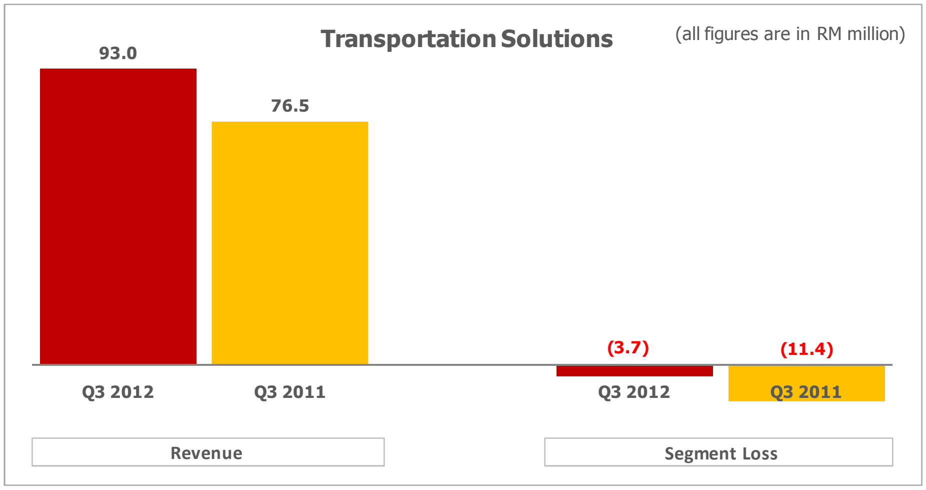
	Q3 2012 **RM'000**	**Q3 2011** **RM'000** **(restated)**
Continuing operations		
Operating profit	21,239	21,939
Finance income	515	2,117
Finance cost	(7,109)	(9,634)
Profit from continuing operations	14,645	14,422
Discontinuing operations ^		
Net profit / (loss) for the period	4,084	(14,129)
Segment profit	18,729	293

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

During the quarter under review, the division recognised the gain on disposal of Scomi Nigeria Pte. Ltd. of RM50.8 million which was classified under discontinuing operations. The gain on disposal have been deemed to have accrued in the current reporting quarter since, all the conditions precedent pursuant to the Proposed Disposal were completed on or before 30 September 2012.

Transportation Solutions

The Transportation Solutions division recorded higher revenues of RM93.0 million, as compared to RM76.5 million in Q3 2011, due principally to higher attributable revenue-generating project works in respect of the division's project in Malaysia.

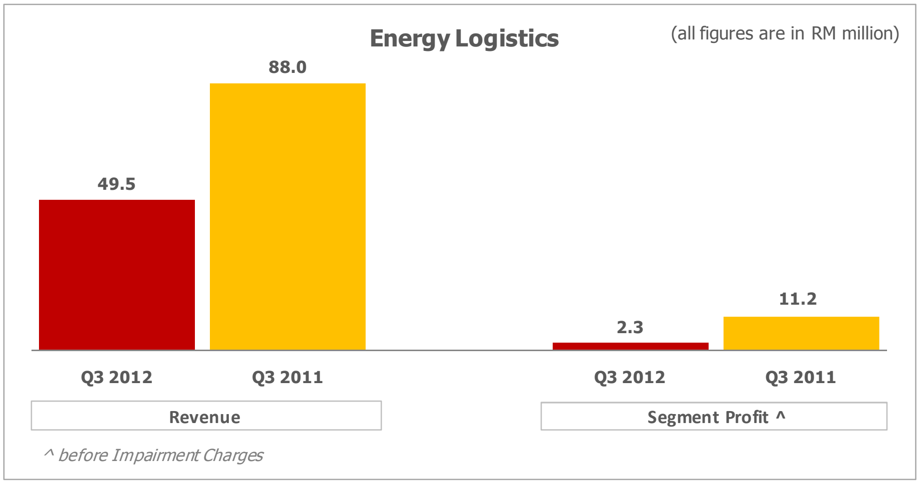


Consequently, the division posted a lower segment loss of RM3.7 million, as compared to RM11.4 million loss in Q3 2011.

	Q3 2012 RM'000	Q3 2011 RM'000 (restated)
Continuing operations		
Operating loss	(3,411)	(9,941)
Finance income	690	119
Finance cost	(1,014)	(1,574)
Segment loss	(3,735)	(11,396)

Energy Logistics

The Energy Logistics division recorded lower revenues of RM49.5 million, as compared to RM88.0 million in Q3 2011, due principally to the expiry of the contract from the major customer.

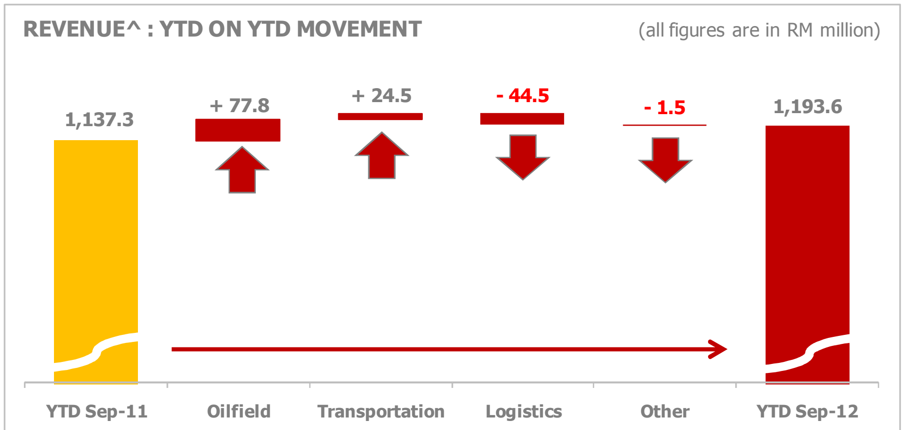


Consequently, the division posted a lower operating profit before impairment charges of RM2.3 million, as compared to RM11.2 million in Q3 2011.

	Q3 2012 RM'000	Q3 2011 RM'000 (restated)
Continuing operations		
Operating (loss)/profit	(1,148)	11,080
Finance income	3,676	514
Finance cost	(1,044)	(262)
	1,484	11,332
Share of results of :		
- associated companies	83	(805)
- jointly controlled entity	711	634
Profit before impairment charges	2,278	11,161
Impairment charges	-	(2,402)
Segment profit	2,278	8,759

Year To Date

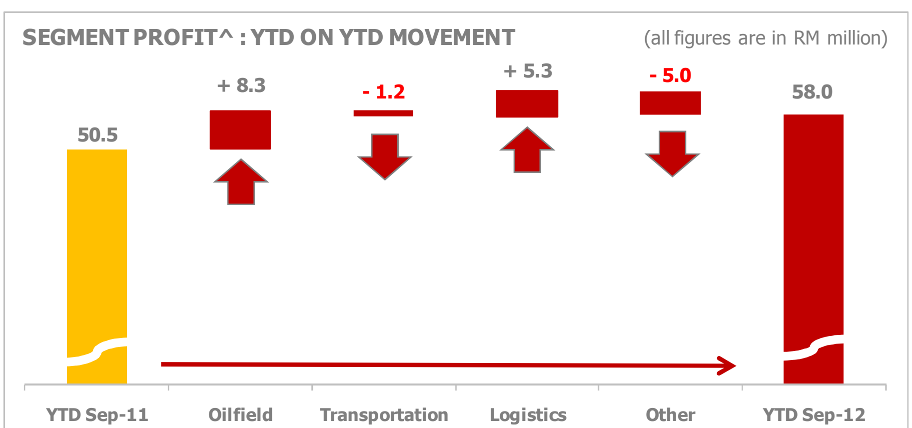
Overall revenues for the nine month period ended 30 September 2012 ("YTD Sep-12") was RM1,193.6 million, an increase of 5.0% from RM1,137.3 million recorded in the corresponding period ended 30 September 2011 ("YTD Sep-11").



^ excluding Discontinuing Operations

Total segment results for YTD Sep-12 and YTD Sep-11 were as follows:

	YTD **Sep-12** RM'000	YTD **Sep-11** RM'000 (restated)
Continuing operations		
- Operating profit before impairment charges	58,004	50,495
- Impairment charges	-	(4,975)
Profit from continuing operations	58,004	45,520
Discontinuing operations		
Profit from discontinuing operations	13,936	5,488
	71,940	51,009

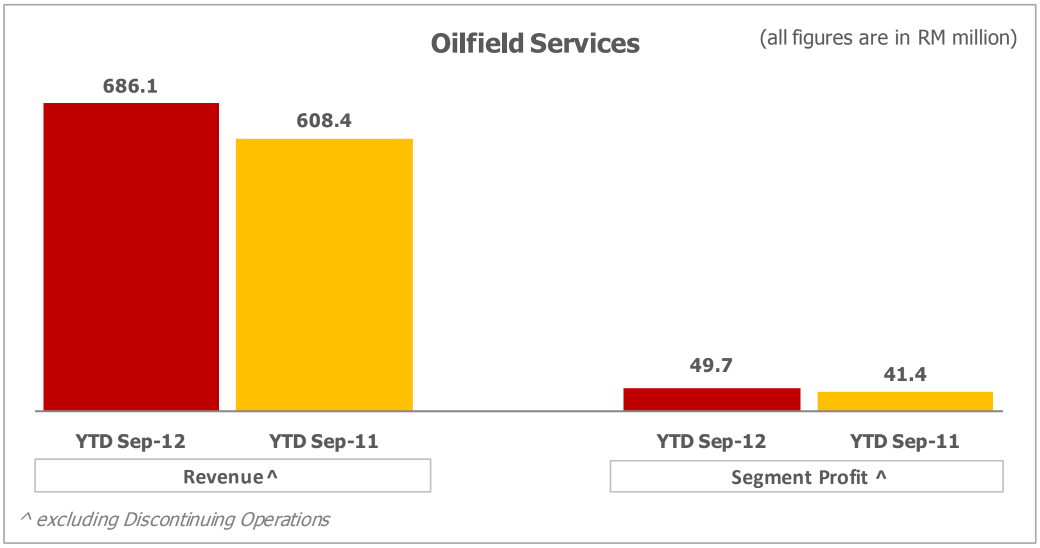


^ excluding Discontinuing Operations and before impairment charges

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 RM686.1million due principally to higher drilling activities in YTD Sep-12, as compared to RM608.4million in YTD Sep-11.



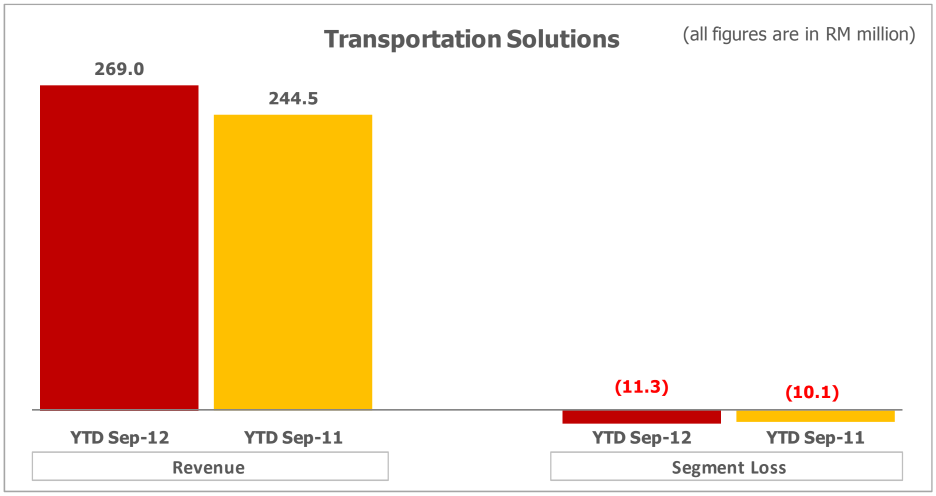
Consequently, the division posted a higher segment profit from continuing of RM49.7 million, as compared to RM41.4 million in YTD Sep-11.

	YTD Sep-12 RM'000	YTD Sep-11 RM'000 (restated)
Continuing operations		
Operating profit	69,543	65,569
Finance income	688	2,411
Finance cost	(20,498)	(26,139)
	49,733	41,841
Share of result of jointly controlled entity	-	(439)
Profit from continuing operations	49,733	41,402
Discontinuing operations ^		
Net profit for the period	13,936	5,488
Segment profit	63,669	46,890

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

Transportation Solutions

The Transportation Solutions division recorded higher revenues of RM269.0 million, as compared to RM244.5 million in YTD Sep-11, due principally to higher attributable revenue-generating project works in respect of the division's project in Malaysia.

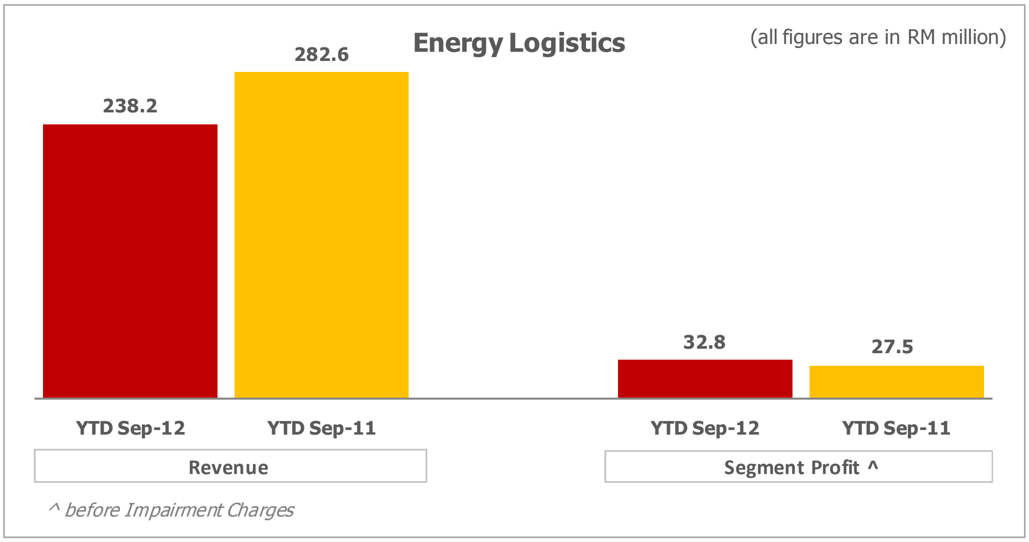


Despite the higher revenue, the division posted a segment loss of RM11.3 million, as compared to RM10.1 million loss in YTD Sep-11, due principally to project cost revision in Brazil, India and Malaysia.

	YTD Sep-12 RM'000	YTD Sep-11 RM'000
Continuing operations		
Operating loss	(10,976)	(5,371)
Finance income	2,478	339
Finance cost	(2,824)	(5,111)
Segment loss	(11,322)	(10,143)

Energy Logistics

The Energy Logistics division recorded lower revenues of RM238.2 million, as compared to RM282.6 million in YTD Sep-11, due principally to the expiry of the contract from the major customer.



Despite the lower revenue, the division posted a higher segment profit before impairment charges of RM32.8 million, as compared to RM27.5 million in YTD Sep-11, due principally to costs savings achieved through higher operational productivity, lower bunker consumption and interest expense.

	YTD Sep-12 RM'000	**YTD Sep-11 RM'000 (restated)**
Continuing operations		
Operating profit	28,107	26,189
Finance income	4,145	4,399
Finance cost	(1,529)	(2,261)
	30,723	28,327
Share of results of :		
- associated companies	100	(2,594)
- jointly controlled entity	2,025	1,775
Profit before impairment charges	32,848	27,508
Impairment charges	-	(4,975)
Segment profit	32,848	22,533

B2. Material Change in Performance as Compared to Preceding Quarter

The Group recorded a profit before tax from continuing operations of RM6.5million in Q3 2012 as compared to a profit of RM17.1 million in the preceding quarter ("Q2 2012").

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

a) a decline in the profit posted by the Oilfield Services division of RM5.6 million (due principally to the lower revenue recognise of RM16.3 million), as compared to a profit of RM20.3 million in Q2 2012; and

b) a decline in the profit posted by the Energy Logistics division of RM9.9 million to RM2.3 million (due principally to expiry of the contract from major customer), as compared to RM12.2 million in Q2 2012.

	Q3 2012 RM'000	**Q2 2012** RM'000
Continuing operations		
Revenue	343,480	442,866
Cost of revenue	(281,447)	(342,056)
Gross profit	62,033	100,810
Gross margin	18.1%	22.7%
Segment results from continuing operations of :		
- Oilfield Services Division	14,645	20,275
- Transportation Solution Division	(3,735)	(7,637)
- Energy Logistics Division	2,278	12,249
	13,188	24,887
Finance costs at SGB Corporate	(3,878)	(5,183)
	9,310	19,704
Other SGB corporate costs, net	(2,792)	(2,637)
Profit before tax for the period	6,518	17,067

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 remaining of the year 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 beyond the current year.

Energy Logistics 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, have generated 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.

The increase in the level of activity is expected to absorb the flow of new vessels in the market, which should result in steady to higher daily charter rates of offshore support vessels and high utilization.

The coal market continues to struggle as miners cut production in order to match the drop in demand. This is reflected in the drop in coal price and is not expected to improve by year end. Our coal logistics fleet is partly affected by the slowdown but continues to serve our major customers where we have term contracts for multiple years, albeit with a smaller fleet.

On the other hand, the proposed acquisitions (as was announced by SMB on 24 July 2012) will effectively allow the enlarged SMB group to expand its involvement in the drilling fluid solutions and drilling waste management businesses, while maintaining its position in the marine logistics and offshore support services businesses.

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

	Current Quarter 3 months ended 30 September 2012 RM'000	Current Quarter 3 months ended 30 September 2011 RM'000 (restated)	Cumulative 9 months ended 30 September 2012 RM'000	Cumulative 9 months ended 30 September 2011 RM'000 (restated)
Continuing operations				
Current tax:				
Malaysian income tax	(437)	1,301	2,881	2,972
Foreign tax	4,556	4,572	12,010	17,085
	4,118	5,873	14,891	20,057
Under/(Over)provision of income tax in prior years	285	(5,657)	742	(6,353)
	4,403	216	15,633	13,704
Deferred tax	4,092	(5,006)	6,311	(2,139)
Total from continuing operations	8,496	(4,790)	21,944	11,565
Discontinuing operations				
Current tax:				
Malaysian income tax	-	-	-	-
Foreign tax	1,376	1,478	3,828	3,992
	1,376	1,478	3,828	3,992
Over provision of income tax in prior years	48	84	(282)	42
	1,424	1,562	3,546	4,034
Deferred tax	-	-	481	-
Total from discontinuing operations	1,424	1,562	4,027	4,034
Total income tax expense/(credit)	9,920	(3,228)	25,971	15,599

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:

a) non-deductibility of certain expenses for tax purposes;
b) 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

Since the last update, SGB has announced the following transactions which are part of the proposed internal reorganisation of Scomi Oilfield Limited ("**SOL**") ("**Proposed SOL Reorganisation**") as follows:-

a) On 8 August 2012, SGB announced that it has on the same date received confirmations from its secretarial agent in Mexico on the completion of the proposed disposal by Scomi Oiltools (S) Pte Ltd ("**SOSPL**") of the following entities to Scomi Oiltools Bermuda Limited ("**SOBL**"):

   (i) 99.97% equity interest in Scomi Oiltools de Mexico S de RL de CV ("**Proposed SOMS Disposal**") and

   (ii) 99.97% equity interest in Oilfield Services de Mexico S de RL de CV ("**Proposed OSMS Disposal**")

b) On 4 October 2012, SGB announced that the proposed disposal by Scomi Oiltools (Europe) Limited of its 100% equity interest in Scomi Oiltools (RUS) Limited Liability Company to SOSPL ("**Proposed SORL Disposed**") was completed on 3 October 2012.

c) On 12 October 2012, SGB announced that the proposed disposal by SOBL of its 100% equity interest in SOSPL to SOL ("**Proposed SOSPL Disposal**") was completed on the same date.

d) On 12 November 2012, SGB announced that the proposed acquisition by SGB of 16.71% and 7.21% equity interest in SOBL from Standard Chartered Private Equity Limited and Fuji Investment I, for a total consideration of USD6.16 million (equivalent to approximately RM19.41 million) was completed on 8 November 2012.

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

On 15 October and 16 October 2012, SGB via Maybank Investment Bank Berhad ("**MIB**") announced that it has decided to abort the proposed renounceable offer for sale of up to 283,245,575 ordinary shares of RM0.45 each in Scomi Marine Bhd ("**SMB**") ("**SMB Shares**") held by SGB to its shareholders on the basis of 1 SMB Share for every 5 existing ordinary shares of RM0.10 each in SGB ("**SGB Shares**") held on an entitlement date to be determined ("**Proposed Offer for Sale**").

In respect of the proposed disposal by SGB to SMB of (i) its 76.08% equity interest in SOL, (ii) its entire issued and paid–up share capital of Scomi Sosma Sdn Bhd and (iii) its 48% of the issued and paid-up share capital of Scomi KMC Sdn Bhd (collectively referred as "**Proposed Disposals by SGB**"), SGB will be seeking the approval of its shareholders in due course at an extraordinary general meeting to be convened.

B6. Status of corporate proposals announced by the Company (continued)

(C) <u>Proposed Placement and Proposed Bonds Issue</u>

On 24 September 2012, SGB via MIB announced that it has on the same date entered into conditional subscriptions agreements with IJM Corporation Bhd ("**IJM**") for the following:

(i) The proposed placement of 119,109,500 new ordinary shares of RM0.10 each in SGB , representing approximately 10% of the issued and paid-up share capital of the Company (net of treasury shares) ("**Proposed Placement**"); and

(ii) The proposed RM110.0 million nominal value of zero coupon 3-year redeemable convertible secured bonds ("**Proposed Bonds Issue**")

Accordingly, the Proposed Placement was completed on 3 October 2012.

The Proposed Bonds Issue which are subject to the approvals from the Securities Commission, Bursa Securities and the shareholders of SGB are expected to be completed in the first quarter of 2013.

(D) <u>Proposed Disposal of Scomi Nigeria Pte Ltd and Oiltools Africa Limited to AOS Orwell Limited ("Proposed Disposal")</u>

AOS Orwell Limited remitted the disposal proceeds on 17 October 2012 and the Company announced to Bursa that the Proposed Disposal was completed on the same date.

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
<u>Borrowings</u>			
Secured	703,922	418,144	1,122,066
<u>Debt securities</u>			
Secured	641	-	641
	704,563	418,144	1,122,707

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

	RM'000
Ringgit Malaysia	849,891
US Dollar	199,040
Indian Rupee	63,677
Others	10,099
Total	1,122,707

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

		Current Qaurter 3 months ended 30 September		**Cumulative 9 months ended 30 September**	
		2012	**2011 (restated)**	**2012**	**2011 (restated)**
Basic earnings per share					
Net profit/(loss) attributable to shareholders	(RM'000)	25,470	(9,123)	45,007	15,894
Weighted average number of shares	('000)	1,409,551	1,391,876	1,392,134	1,391,642
Basic earnings per share	(sen)	1.81	(0.66)	3.23	1.14
Diluted earnings per share					
Net profit/(loss) attributable to shareholders	(RM'000)	25,470	(9,123)	45,007	15,894
Weighted average number of shares	('000)	1,409,551	1,391,876	1,392,134	1,391,642
Dilutive effect of unexercised share option and warrants	('000)	3,475	2,941	3,475	2,941
	('000)	1,413,025	1,394,817	1,395,608	1,394,583
Diluted earnings per share	(sen)	1.80	(0.65)	3.22	1.14

B11. Realised and Unrealised Retained Profits

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

	As at 30 September 2012 RM'000	As at 31 December 2011 RM'000 (restated)
Total retained profits of company and its subsidiaries:		
- Realised	270,007	237,362
- Unrealised	(6,760)	(30,842)
	263,247	206,520
Total share of retained profits from associated companies:		
- Realised	42,781	43,990
- Unrealised	1,821	1,864
Total share of retained profits from jointly controlled entities:		
- Realised	5,583	3,634
	313,432	256,008
Consolidation adjustments	115,839	136,753
Total group retained profits as per consolidated accounts	429,271	392,761

B12. Profit / (loss) for the period

Profit / (loss) for the period is stated after charging / (crediting):

	Current 3 months 30 September 2012 RM'000	Cumulative 9 months 30 September 2012 RM'000
Interest income	(4,975)	(7,503)
Interest expense	16,803	40,649
Unrealized foreign exchange (gain)/loss	(147)	26,005
Realized foreign exchange loss/(gain)	9,400	(1,391)
Depreciation and amortisation	24,148	74,213
(Reversal)/Allowance for and write off of inventories	(1,291)	260
Reversal of doubtful debt provision	(3)	(1,656)
Other income including investment income	-	(1,331)
Provision of impairment charges	13,326	13,326
Loss on disposal of property, plant and equipment	3,117	2,688
Loss on disposal of business	35,969	35,969
Gain on disposal of subsidiary	(50,829)	(50,829)

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 November 2012.