

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:

Effective for annual periods commencing on or after 1 July 2012

Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)

Effective for annual periods commencing on or after 1 January 2013

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

Effective for annual periods commencing on or after 1 January 2014

Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities

Effective for annual periods commencing on or after 1 January 2015

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.

Early adoption of FRS 10

During the financial period ended 31 March 2013, the Group opted to early adopt FRS 10 and consequently, determined that it has control and power in respect of its 42.75% interest (the interest has subsequently increased to 65.65% on 11 March 2013 as disclosed in Note A11(i) below) in Scomi Energy Services Berhad ("SESB", formerly known as Scomi Marine Bhd) 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 SESB as a subsidiary for the period ended 31 March 2013. The comparative information in this interim financial statement has retrospectively been restated to take into account the effects of the consolidation of SESB 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 SESB 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.

Proforma Statements

The preparation of the interim financial reports included the accounting for a Put Option Liability in respect of non-controlling interest ("NCI") in Scomi Oilfield Limited ("SOL") where the Changes in the Fair Value of the Put Option Liability are adjusted to the Consolidated Statement of Comprehensive Income.

The Proposed SOL Reorganisation to carve out its Eastern and Western Hemisphere businesses into two separate legal entities, which was completed 8 March 2013, had resulted in an increase fair values of the underlying assets pertaining to the SOL Put Option. Despite the increase in the underlying assets, it resulted in the fair value loss of RM89.0 million and RM61.1 million for the 3 month and 15 month periods ended 31 March 2013 respectively in the Group's Consolidated Statement of Comprehensive Income.

Although the fair value loss adjustment to the Consolidated Statement of Comprehensive Income is consistent with the current accounting policy of the Group and is in compliance with IAS 32 and IAS 39, the Group shares the views that were deliberated by the IFRS Interpretation Committee in that it does not reflect the economic substance of NCI put option transaction and has resulted in counterintuitive outcomes where the increase in the value of the underlying assets related to the SOL Put Option is taken as a loss to the Group's Consolidated Statement of Comprehensive Income, and vice versa.

In conjunction with the first-time adoption of the MFRS Framework and in view that there is presently diversity in the accounting treatment for subsequent measurements of the financial liability that is recognised in respect of NCI put options, the Group is considering a change in its accounting policy where the changes in the Fair Value of the Put Option Liability are adjusted to Equity in accordance with paragraph 30 of IAS 27 and paragraph 23 of IFRS 10 which states that changes in the parent's ownership interest in a subsidiary that do not result in the parent losing control are equity transactions. This accounting policy has been adopted by various local and international organisations and is considered by the Group as resulting in a fairer reflection of the economic substance of NCI put option transactions.

For illustration purposes, the proforma statements have been prepared assuming the changes in the Fair Value of the Put Option Liability are adjusted to Equity.

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 fifteen-month period ended 31 March 2013, the issued and paid-up share capital of the Company increased from 1,187,687,647 ordinary shares of RM0.10 each to 1,564,539,854 ordinary shares of RM0.10 each by way of issuance of:

- i. 218,769,875 new ordinary shares of RM0.10 each pursuant to the conversion of 875,079,717 ICSSL of RM0.10 each on the basis of four(4) units of ICSSL for one (1) ordinary share of RM0.10 each;
- ii. 3,404,500 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;
- iii. 15,500,000 new ordinary shares of RM0.10 each pursuant to the exercise of options granted under the ESOS at the option price of RM0.24 per ordinary share;
- iv. 20,068,332 new ordinary shares of RM0.10 each pursuant to the conversion of 20,068,332 warrants of RM0.10 each; and

A6. Issuance and repayment of debt and equity securities (continued)

a) Share Capital (continued)

- v. 119,109,500 new ordinary shares of RM0.10 each, representing approximately 10% of the issued and paid-up share capital of the Company to IJM Bhd via private placement.

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

Actual

The segmental information where the Changes in the Fair Value of Put Option Liability are adjusted to Consolidated Statement of Comprehensive Income is as tabulated below.

Primary reporting format - business segments

	<u>Oilfield Services</u> RM'000	<u>Transport Solutions</u> RM'000	<u>Marine Services</u> RM'000	<u>Other</u> RM'000	<u>Elimination</u> RM'000	<u>Group</u> RM'000
Cumulative 15 month period ended 31 March 2013						
Revenue						
<u>Continuing operations</u>						
External sales	1,162,570	459,354	318,299	404	-	1,940,627
Inter-segment sales	-	-	-	(43)	43	-
	<u>1,162,570</u>	<u>459,354</u>	<u>318,299</u>	<u>361</u>	<u>43</u>	<u>1,940,627</u>
<u>Discontinuing operations</u>						
Revenue for the period	149,850	-	-	-	-	149,850
	<u>1,312,420</u>	<u>459,354</u>	<u>318,299</u>	<u>361</u>	<u>43</u>	<u>2,090,477</u>
Results						
<u>Continuing operations</u>						
Operating profit / (loss)	156,687	(15,789)	41,824	2,512	-	185,234
Share of result of						
- associated companies	-	-	133	-	-	133
- jointly controlled entities	-	-	6,568	-	-	6,568
Finance income	1,091	4,231	860	186	-	6,368
Finance cost	(45,019)	(4,504)	(3,387)	(15,759)	-	(68,669)
Profit / (loss) before fair value loss on put option and impairment charges	<u>112,759</u>	<u>(16,062)</u>	<u>45,998</u>	<u>(13,061)</u>	<u>-</u>	<u>129,634</u>
Fair value loss on put option	-	-	-	(61,060)	-	(61,060)
Impairment charges	-	(1,320)	(7,267)	-	-	(8,587)
	<u>112,759</u>	<u>(17,382)</u>	<u>38,731</u>	<u>(74,121)</u>	<u>-</u>	<u>59,987</u>
<u>Discontinuing operations</u>						
Net loss for the period	(69,405)	-	-	-	-	(69,405)
Segment results	<u>43,354</u>	<u>(17,382)</u>	<u>38,731</u>	<u>(74,121)</u>	<u>-</u>	<u>(9,418)</u>
Unallocated costs						(18,273)
						(27,691)
Taxation						(40,008)
Loss for the period						<u>(67,699)</u>

A8. Segmental Information (continued)

Proforma

The proforma segmental information assuming the Changes in the Fair Value of Put Option Liability are adjusted to Equity is as tabulated below.

Primary reporting format - business segments

	<u>Oilfield Services</u> RM'000	<u>Transport Solutions</u> RM'000	<u>Marine Services</u> RM'000	<u>Other</u> RM'000	<u>Elimination</u> RM'000	<u>Group</u> RM'000
Cumulative 15 month period ended 31 March 2013						
Revenue						
<u>Continuing operations</u>						
External sales	1,162,570	459,354	318,299	404	-	1,940,627
Inter-segment sales	-	-	-	(43)	43	-
	<u>1,162,570</u>	<u>459,354</u>	<u>318,299</u>	<u>361</u>	<u>43</u>	<u>1,940,627</u>
<u>Discontinuing operations</u>						
Revenue for the period	149,850	-	-	-	-	149,850
	<u>1,312,420</u>	<u>459,354</u>	<u>318,299</u>	<u>361</u>	<u>43</u>	<u>2,090,477</u>
Results						
<u>Continuing operations</u>						
Operating profit / (loss)	156,687	(15,789)	41,824	2,512	-	185,234
Share of result of						
- associated companies	-	-	133	-	-	133
- jointly controlled entities	-	-	6,568	-	-	6,568
Finance income	1,091	4,231	860	186	-	6,368
Finance cost	(45,019)	(4,504)	(3,387)	(15,759)	-	(68,669)
Profit / (loss) before impairment charges	<u>112,759</u>	<u>(16,062)</u>	<u>45,998</u>	<u>(13,061)</u>	<u>-</u>	<u>129,634</u>
Impairment charges	-	(1,320)	(7,267)	-	-	(8,587)
	<u>112,759</u>	<u>(17,382)</u>	<u>38,731</u>	<u>(13,061)</u>	<u>-</u>	<u>121,047</u>
<u>Discontinuing operations</u>						
Net loss for the period	(69,405)	-	-	-	-	(69,405)
Segment results	<u>43,354</u>	<u>(17,382)</u>	<u>38,731</u>	<u>(13,061)</u>	<u>-</u>	<u>51,642</u>
Unallocated costs						(18,273)
						<u>33,369</u>
Taxation						(40,008)
Loss for the period						<u>(6,639)</u>

A9. Valuation of property, plant and equipment

There is no revaluation of property, plant and equipment, as the Group does not adopt a revaluation policy on property, plant and equipment.

A10. Subsequent Events

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).
- b) 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.
- c) 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.
- d) 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).
- e) On 17 September 2012, Scomi Oilfield Limited, 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.
- f) On 28 September 2012, Scomi Oiltools Canada Inc., an indirect subsidiary of the Company, has been voluntarily dissolved.
- g) 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 to AOS Orwell Limited, for a total cash consideration of USD39.77 million.
- h) On 26 February 2013, Scomi Sosma Sdn Bhd became a wholly-owned subsidiary following the acquisition by Scomi Chemical Sdn Bhd, a wholly-owned subsidiary of the Company, of the remaining 60% interest from Ombak Elegan Sdn Bhd for a purchase consideration of RM3.9 million.
- i) On 11 March 2013, the Company's interest in Scomi Oilfield Limited, Scomi Sosma Sdn Bhd and Scomi Energy Services Bhd ("SESB", formerly known as Scomi Marine Bhd) changed to 65.65% following the completion of its proposed disposal to SESB.
- j) On 11 March 2013, Scomi Oiltools Bermuda Limited ("SOBL") became a wholly-owned subsidiary following the completion the proposed acquisition of 16.71% and 7.21% equity interest in SOBL from Standard Chartered Private Equity Limited and Fuji Investments I.
- k) On 12 March 2013, the Company's interest in Scomi KMC Sdn Bhd changed to 34.1%% following the completion of its proposed disposal to SESB.

A12. Contingent liabilities

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

	RM'000
Contingent liabilities arising from :	
- litigations	2,452
- tax matters	<u>6,100</u>

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	37,307	47,279	84,586
Vessels -docking cost	-	9,198	9,198
Others	-	33,943	33,943
Total	<u>37,307</u>	<u>90,420</u>	<u>127,727</u>

b) Operating lease commitments:

	Current Due within 1 year RM'000	Non-current Due within 1 & 5 years RM'000	Total RM'000
Land	527	67	594
Property	3,549	2,867	6,416
Plant and Machinery	1,769	147	1,916
Others	14,420	6,664	21,084
Total	<u>20,265</u>	<u>9,745</u>	<u>30,010</u>

A14. Related Party Transactions

The following are the significant related party transactions:

	Current 3 months 31 March 2013 RM'000	Cumulative 15 months 31 March 2013 RM'000
<i>Transactions with a company connected to a Director</i>		
Purchase of airline ticketing services	506	3,219
Share registration and related professional fee	173	273

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

B1. Review of Operating Segments

Actual

The performance where the Changes in the Fair Value of Put Option Liability are adjusted to Consolidated Statement of Comprehensive Income is as commented below.

Current Quarter

As tabulated below, the Group recorded revenues from continuing operations of RM346.0 million and a net loss of RM88.9 million for the current quarter ended 31 Mar 2013, due principally to fair value loss on put option of RM89.0 and impairment charges of RM8.5 million.

	Oilfield Services RM'000	Transport Solutions RM'000	Marine Services RM'000	Other RM'000	Adjustment/ Elimination RM'000	Group RM'000
Current Quarter ended 31 March 2013						
Revenue						
<u>Continuing operations</u>						
External sales	250,284	72,121	39,640	48	(16,063)	346,030
Inter-segment sales	-	-	-	(48)	48	-
	<u>250,284</u>	<u>72,121</u>	<u>39,640</u>	<u>-</u>	<u>(16,015)</u>	<u>346,030</u>
<u>Discontinuing operations</u>						
Revenue for the period	14,521	-	-	-	-	14,521
	<u>264,805</u>	<u>72,121</u>	<u>39,640</u>	<u>-</u>	<u>(16,015)</u>	<u>360,551</u>
Results						
<u>Continuing operations</u>						
Operating profit / (loss)	54,421	(2,605)	5,822	2,518	(2,650)	57,506
Share of result of	-	-	-	-	-	-
- associated companies	-	-	48	-	-	48
- jointly controlled entities	-	-	1,202	-	2,650	3,852
Finance income	40	1,180	176	65	-	1,461
Finance cost	(16,327)	(980)	(497)	(235)	-	(18,039)
Profit / (loss) before fair value loss on put option and impairment charges	<u>38,134</u>	<u>(2,405)</u>	<u>6,751</u>	<u>2,348</u>	<u>-</u>	<u>44,828</u>
Fair value loss on put option	-	-	-	(89,015)	-	(89,015)
Impairment charges	-	(1,320)	(7,267)	-	-	(8,587)
	<u>38,134</u>	<u>(3,725)</u>	<u>(516)</u>	<u>(86,667)</u>	<u>-</u>	<u>(52,774)</u>
<u>Discontinuing operations</u>						
Net loss for the period	(17,600)	-	-	-	-	(17,600)
Segment results	<u>20,534</u>	<u>(3,725)</u>	<u>(516)</u>	<u>(86,667)</u>	<u>-</u>	<u>(70,374)</u>
Unallocated costs						(5,911)
						(76,285)
Taxation						(12,695)
Loss for the period						<u>(88,980)</u>

Following the change in the Group's annual reporting date from 31 December 2012 to 31 March 2013, the figures for the 3 month period ended 31 March 2013 are in respect of the fifth quarter and accordingly, there is no corresponding quarter and commentary presented.

Year To Date

As tabulated in Note A8, the Group recorded revenues from continuing operations of RM1,940.6 million and a net loss of RM67.7 million for the 15 month period ended 31 Mar 2013, due principally to fair value loss on put option of RM61.0 and impairment charges of RM8.5 million.

B1. Review of Operating Segments (continued)

Proforma

The proforma performance assuming the Change in the Fair Value of Put Option Liability are adjusted to Equity is as commented below.

Current Quarter

As tabulated below, the Group recorded revenues from continuing operations of RM346.0 million and a net profit of RM35,000 for the current quarter ended 31 Mar 2013.

	<u>Oilfield Services</u> RM'000	<u>Transport Solutions</u> RM'000	<u>Marine Services</u> RM'000	<u>Other</u> RM'000	<u>Adjustment/ Elimination</u> RM'000	<u>Group</u> RM'000
Current Quarter ended 31 March 2013						
Revenue						
<u>Continuing operations</u>						
External sales	250,284	72,121	39,640	48	(16,063)	346,030
Inter-segment sales	-	-	-	(48)	48	-
	<u>250,284</u>	<u>72,121</u>	<u>39,640</u>	<u>-</u>	<u>(16,015)</u>	<u>346,030</u>
<u>Discontinuing operations</u>						
Revenue for the period	14,521	-	-	-	-	14,521
	<u>264,805</u>	<u>72,121</u>	<u>39,640</u>	<u>-</u>	<u>(16,015)</u>	<u>360,551</u>
Results						
<u>Continuing operations</u>						
Operating profit / (loss)	54,421	(2,605)	5,822	2,518	(2,650)	57,506
Share of result of	-	-	-	-	-	-
- associated companies	-	-	48	-	-	48
- jointly controlled entities	-	-	1,202	-	2,650	3,852
Finance income	40	1,180	176	65	-	1,461
Finance cost	(16,327)	(980)	(497)	(235)	-	(18,039)
Profit / (loss) before impairment charges	<u>38,134</u>	<u>(2,405)</u>	<u>6,751</u>	<u>2,348</u>	<u>-</u>	<u>44,828</u>
Impairment charges	-	(1,320)	(7,267)	-	-	(8,587)
	<u>38,134</u>	<u>(3,725)</u>	<u>(516)</u>	<u>2,348</u>	<u>-</u>	<u>36,241</u>
<u>Discontinuing operations</u>						
Net loss for the period	(17,600)	-	-	-	-	(17,600)
Segment results	<u>20,534</u>	<u>(3,725)</u>	<u>(516)</u>	<u>2,348</u>	<u>-</u>	<u>18,641</u>
Unallocated costs						(5,911)
						<u>12,730</u>
Taxation						(12,695)
Profit for the period						<u>35</u>

Following the change in the Group's annual reporting date from 31 December 2012 to 31 March 2013, the figures for the 3 month period ended 31 March 2013 are in respect of the fifth quarter and accordingly, there is no corresponding quarter and commentary presented.

Year To Date

As tabulated in Note A8, the Group recorded revenues from continuing operations of RM1,940.6 million and a net loss of RM6.6 million for the 15 month period ended 31 Mar 2013, due principally to impairment charges of RM8.5 million.

B2. Material Change in Performance as Compared to Preceding Quarter

Actual

In respect of the performance where the Changes in Fair Value of Put Option Liability are adjusted to Consolidated Statement of Comprehensive Income, the Group recorded a loss before tax from continuing operations of RM58.6 million in current quarter ended 31 March 2013 (Q5 2013) as compared to a profit of RM49.9 million in the preceding quarter ended 31 December 2012 ("Q4 2012").

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

- a) overall decrease in the gross profit margins, from 21.5% to 20.3%;
- b) fair value loss on put option of RM89.0 million in Q5 2013 as compared to a gain of RM28.0 million in Q4 2012; and,
- c) a loss posted by the Marine Services division of RM516K in Q5 2013 as compared to a profit of RM6.4 million in Q4 2012.

	Current Quarter <u>Q5 2013</u> RM'000	Previous Quarter <u>Q4 2012</u> RM'000
<u>Continuing operations</u>		
Revenue	346,030	401,040
Cost of revenue	(275,693)	(314,982)
Gross profit	<u>70,337</u>	<u>86,058</u>
Gross margin	20.3%	21.5%
<u>Segment results from continuing operations of :</u>		
- Oilfield Services Division	38,134	24,892
- Transportation Solution Division	(3,725)	(2,335)
- Marine Services Division	(516)	6,399
	<u>33,893</u>	<u>28,956</u>
Finance costs at SGB Corporate, net	(235)	(2,800)
	<u>33,658</u>	<u>26,156</u>
Fair value (loss) / gain on put option	(89,015)	27,955
	<u>(55,357)</u>	<u>54,111</u>
Other SGB corporate costs, net	(3,328)	(4,211)
(Loss) / Profit before tax	<u>(58,685)</u>	<u>49,900</u>

B2. Material Change in Performance as Compared to Preceding Quarter(continued)

Proforma

In respect of the proforma performance assuming the Changes in Fair Value of Put Option Liability are adjusted to Equity, the Group recorded a profit before tax from continuing operations of RM30.3 million in current quarter ended 31 March 2013 (Q5 2013) as compared to a profit of RM49.9 million in the preceding quarter ended 31 December 2012 ("Q4 2012").

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

- d) overall decrease in the gross profit margins, from 21.5% to 20.3%;
- e) a decrease in the attributable segment profit posted by the Oilfield Services division; and
- f) the loss posted by the Marine Services division of RM516K in Q5 2013 as compared to a profit of RM6.4 million in Q4 2012.

	Current Quarter <u>Q5 2013</u> RM'000	Previous Quarter <u>Q4 2012</u> RM'000 (restated)
<u>Continuing operations</u>		
Revenue	346,030	401,040
Cost of revenue	(275,693)	(314,982)
Gross profit	<u>70,337</u>	<u>86,058</u>
Gross margin	20.3%	21.5%
<u>Segment results from continuing operations of :</u>		
- Oilfield Services Division	38,134	52,847
- Transportation Solution Division	(3,725)	(2,335)
- Marine Services Division	(516)	6,399
	<u>33,893</u>	<u>56,911</u>
Finance costs at SGB Corporate,net	(235)	(2,800)
	<u>33,658</u>	<u>54,111</u>
Other SGB corporate costs, net	(3,328)	(4,211)
Profit before tax	<u>30,330</u>	<u>49,900</u>

B3. Future 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 record increased activity following the successful tenders that the Division has secured in Malaysia, Indonesia and Turkmenistan. With the continued emphasis on service quality and execution of contract, we expect higher customer retention which should translate to higher returns and profitability.

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

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.

Marine Services Division is optimistic that the increase in the level of activity of oil and gas industry in the South East Asia region will translate into higher daily charter rates and high utilization for its offshore support vessels. However, the coal transportation business remains challenging with the division's smaller fleet but continues to provide steady income from term contracts with major customers.

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 31 March 2013 RM'000	Cumulative Period 15 months ended 31 March 2013 RM'000
Continuing operations		
Current tax:		
Malaysian income tax	(1,005)	2,365
Foreign tax	4,534	21,961
	<u>3,529</u>	<u>24,326</u>
(Over)/ Under provision of income tax in prior years	714	1,534
	<u>4,243</u>	<u>25,860</u>
Deferred tax	8,452	14,148
Total from continuing operations	<u>12,695</u>	<u>40,008</u>
Discontinuing operations		
Current tax:		
Malaysian income tax	-	-
Foreign tax	-	3,819
	<u>-</u>	<u>3,819</u>
(Over)/ Under provision of income tax in prior years	(1)	(293)
	<u>(1)</u>	<u>3,526</u>
Deferred tax	-	483
Total from discontinuing operations	<u>(1)</u>	<u>4,009</u>
Total income tax expense	<u>12,694</u>	<u>44,017</u>

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 had announced the following transactions which are part of the proposed internal reorganisation of Scomi Oilfield Limited ("SOL") ("Proposed SOL Reorganisation") as follows:-

- a) The proposed disposal by Scomi Oiltools Bermuda Limited ("SOBL") to SOL of its 100% equity interest in Scomi Oiltools Sdn Bhd was completed on 20 February 2013;
- b) The proposed disposal by SOBL to SOL of its 51% equity interest in Scomi Oiltools Oman LLC was completed on 23 February 2013;
- c) SOL and SOBL had on 8 March entered into a completion letter and a trust deed in relation to the proposed disposal by SOBL to SOL of its 99.95% equity interest in Scomi Oiltools Egypt SAE ("SOES"), pursuant to which the economic rights in SOES shares has been transferred to SOL with effect from 28 February 2013.

Arising from (c) above, the Proposed SOL Reorganisation was completed on 8 March 2013.

The proposed acquisition by SGB of 16.71% and 7.21% equity interest in SOBL from Standard Chartered Private Equity Limited and Fuji Investments I ("Proposed SOBL Western Acquisition") was completed immediately after the Proposed SOL Disposal (as defined below) on 11 March 2013.

(B) Proposed Exemption to SGB and Proposed Disposals by SGB

The Proposed Exemption was approved by the Securities Commission via its letter dated 1 March 2013.

The Proposed Disposals by SGB which comprise the following transactions were completed as follows :

- a) the proposed disposal by SGB to SMB of its 76.08% equity interest in SOL ("Proposed SOL Disposal") was completed on 11 March 2013;
- b) the proposed disposal by SGB to SMB of its entire equity interest in Scomi Sosma Sdn Bhd was completed on 12 March 2013; and
- c) the Proposed disposal by SGB to SMB of its 48% equity interest in Scomi KMC Sdn Bhd was completed on 12 March 2013.

B7. Group borrowings and debt securities

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

	<u>Current</u> RM'000	<u>Non-</u> <u>current</u> RM'000	<u>Total</u> RM'000
Borrowings – secured	635,214	342,464	977,678
	<u>635,214</u>	<u>342,464</u>	<u>977,678</u>

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

	RM'000
Ringgit Malaysia	800,898
US Dollar	106,373
Indian Rupee	60,574
Others	<u>9,833</u>
Total	<u>977,678</u>

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

Actual

The computation for earnings per share where the Changes in the Fair Value of Put Option Liability are adjusted to Consolidated Statement of Comprehensive Income is as shown below.

		Current Quarter 3 months ended 31 March 2013	Cumulative Period 15 months ended 31 March 2013
Basic earnings per share			
Net (loss)/profit attributable to shareholders	(RM'000)	<u>(83,105)</u>	<u>(65,028)</u>
Weighted average number of shares	('000)	1,536,034	1,283,922
Basic earnings per share	(sen)	<u>(5.41)</u>	<u>(5.06)</u>
Diluted earnings per share			
Net (loss)/profit attributable to shareholders	(RM'000)	<u>(83,105)</u>	<u>(65,028)</u>
Weighted average number of shares	('000)	1,536,034	1,283,922
Dilutive effect of unexercised share option	('000)	4,271	4,271
	('000)	<u>1,540,305</u>	<u>1,288,193</u>
Diluted earnings per share	(sen)	<u>(5.40)</u>	<u>(5.05)</u>

Proforma

The computation for proforma earnings per share where the Changes in the Fair Value of Put Option Liability are adjusted to Equity is as shown below.

		Current Quarter 3 months ended 31 March 2013	Cumulative Period 15 months ended 31 March 2013
Basic earnings per share			
Net (loss)/profit attributable to shareholders	(RM'000)	<u>5,910</u>	<u>(3,968)</u>
Weighted average number of shares	('000)	1,536,034	1,283,922
Basic earnings per share	(sen)	<u>0.38</u>	<u>(0.31)</u>
Diluted earnings per share			
Net (loss)/profit attributable to shareholders	(RM'000)	<u>5,910</u>	<u>(3,968)</u>
Weighted average number of shares	('000)	1,536,034	1,283,922
Dilutive effect of unexercised share option	('000)	4,271	4,271
	('000)	<u>1,540,305</u>	<u>1,288,193</u>
Diluted earnings per share	(sen)	<u>0.38</u>	<u>(0.31)</u>

B11. Realised and Unrealised Retained Profits

Actual

The breakdown of retained earnings where the Changes in Fair Value of Put Option Liability are adjusted to Consolidated Statement of Comprehensive Income as at reporting date is analysed as follows :

	As at 31 March 2013 RM'000	As at 31 December 2011 RM'000 (restated)
Total retained profits of company and its subsidiaries:		
- Realised	272,489	237,362
- Unrealised	(10,427)	(30,842)
	<hr/> 262,062	<hr/> 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
	<hr/> 312,247	<hr/> 256,008
Consolidation adjustments	(153,442)	131,210
Total group retained profits as per consolidated accounts	<hr/> 158,805	<hr/> 387,218

Proforma

The breakdown of proforma retained earnings where the Changes in the Fair Value of Put Option Liability are adjusted to Equity as at reporting date is analysed as follows :

	As at 31 March 2013 RM'000	As at 31 December 2011 RM'000 (restated)
Total retained profits of company and its subsidiaries:		
- Realised	272,489	237,362
- Unrealised	(10,427)	(30,842)
	<hr/> 262,062	<hr/> 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
	<hr/> 312,247	<hr/> 256,008
Consolidation adjustments	(153,442)	(7,478)
Total group retained profits as per consolidated accounts	<hr/> 158,805	<hr/> 248,530

B12. Profit / (loss) for the period

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

	Current Quarter 3 months ended 31 March 2013 RM'000	Cumulative Period 15 months ended 31 March 2013 RM'000
Interest income	(1,461)	(6,368)
Interest expense	18,040	68,670
Unrealized foreign exchange (gain)/loss	(18,219)	25,550
Realized foreign exchange loss/(gain)	1,663	(7,782)
Depreciation and amortisation	16,450	113,479
(Reversal)/Allowance for and write off of inventories	3,708	3,634
Reversal of doubtful debt provision	6,336	1,020
Other income including investment income	-	(1,331)
Provision of impairment charges	8,587	49,642
Loss on disposal of property, plant and equipment	-	658
Loss on disposal of business	-	35,969
Fair value gain on put option	-	(27,955)
Gain on disposal of subsidiary	-	(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 31 May 2013.