

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 March 2013 and the accompanying notes attached to the unaudited condensed consolidated financial statements.

Within the context of these condensed consolidated financial statements, the Group comprises the Company and its subsidiaries, and the Group's interest in associates and joint ventures as at and for the quarter ended 30 June 2013.

Except as described below, the same accounting policies and methods of computation are followed in the condensed consolidated financial statements as compared with the consolidated financial statements for 31 March 2013.

As of 1 April 2013, the Group and the Company have adopted the following MFRSs and amendments which are effective for annual periods beginning on or after 1 April 2013.

Effective for annual periods commencing on or after 1 April 2013

| | |
|-----------------------|---|
| MFRS 13 | Fair Value Measurement |
| Amendment to MFRS 101 | Presentation of items of other comprehensive income |
| Amendment to MFRS 119 | Employee benefits |
| Amendment to MFRS 7, | Financial Instruments: Disclosures |
| Amendment to MFRS 134 | Interim Financial Reporting |

The adoption of the above MFRSs and amendments does not have any material impact on the financial statements

The following MFRS, amendments and interpretations to existing standards that are applicable to the Group but not yet effective and have not been early adopted.

Effective for annual periods commencing on or after 1 April 2014

| | |
|-----------------------|-------------------------------------|
| Amendment to MFRS 132 | Financial Instruments: Presentation |
|-----------------------|-------------------------------------|

Effective for annual periods commencing on or after 1 April 2015

| | |
|--------|--|
| MFRS 9 | Financial instruments - classification and measurement of financial assets and financial liabilities |
|--------|--|

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 period ended 30 June 2013, the issued and paid-up share capital of the Company increased from 1,564,539,854 ordinary shares of RM0.10 each to 1,568,636,854 ordinary shares of RM0.10 each by way of issuance of:

- i. 1,597,000 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
- ii. 2,500,000 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.

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

The segmental information is as tabulated below.

Primary reporting format - business segments

| | <u>Oilfield Services</u> RM'000 | <u>Marine Services</u> RM'000 | <u>Transport Solutions</u> RM'000 | <u>Others/ Elimination</u> RM'000 | <u>Group</u> RM'000 |
|---|--|--------------------------------------|--|--|------------------------|
| Cumulative 3 month period ended 30 June 2013 | | | | | |
| Revenue | | | | | |
| <u>Continuing operations</u> | | | | | |
| External sales | 278,111 | 42,759 | 56,623 | - | 377,493 |
| Inter-segment sales | - | - | - | - | - |
| | <u>278,111</u> | <u>42,759</u> | <u>56,623</u> | <u>-</u> | <u>377,493</u> |
| <u>Discontinuing operations</u> | | | | | |
| Revenue for the period | 8,992 | - | - | - | 8,992 |
| | <u>287,103</u> | <u>42,759</u> | <u>56,623</u> | <u>-</u> | <u>386,485</u> |
| Results | | | | | |
| <u>Continuing operations</u> | | | | | |
| Operating profit / (loss) | 34,243 | 5,032 | (16,462) | 962 | 23,775 |
| Share of result of | | | | | |
| - associated companies | - | (24) | - | - | (24) |
| - jointly controlled entities | - | 1,463 | - | - | 1,463 |
| Finance income | 80 | 87 | 650 | 2 | 819 |
| Finance cost | (5,592) | (1,050) | (597) | 249 | (6,990) |
| | <u>28,731</u> | <u>5,508</u> | <u>(16,409)</u> | <u>1,213</u> | <u>19,043</u> |
| <u>Discontinuing operations</u> | | | | | |
| Net profit for the period | 51 | - | - | - | 51 |
| | <u>28,782</u> | <u>5,508</u> | <u>(16,409)</u> | <u>1,213</u> | <u>19,094</u> |
| Segment results | | | | | |
| | | | | | <u>(3,595)</u> |
| Unallocated costs | | | | | 15,499 |
| | | | | | <u>(9,154)</u> |
| Taxation | | | | | 6,345 |
| Profit for the period | | | | | <u>6,345</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

There were no material changes in composition of the Group during the quarter under review.

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 : | |
| - claims by sub-contractors | 5,724 |
| - litigations | 95 |
| - tax matters | 774 |
| | <u>774</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 | 27,379 | 93,721 | 121,100 |
| Development expenditure | - | 29,771 | 29,771 |
| Research and development | - | 133,927 | 133,927 |
| Total | <u>27,379</u> | <u>257,419</u> | <u>284,798</u> |

b) Operating lease commitments:

| | Current Due within 1 year RM'000 | Non-current Due within 1 & 5 years RM'000 | Total RM'000 |
|---------------------|---|--|-------------------------|
| Property | 3,034 | 2,056 | 5,090 |
| Plant and Machinery | 2,659 | 3,986 | 6,645 |
| Others | 13,515 | 2,807 | 16,322 |
| Total | <u>19,208</u> | <u>8,849</u> | <u>28,057</u> |

A14. Related Party Transactions

The following are the significant related party transactions:

| | Current 3 months 30 June 2013 RM'000 | Cumulative 3 months 30 June 2013 RM'000 |
|---|---|--|
| <i>Transactions with a company connected to a Director</i> | | |
| Purchase of airline ticketing services | 349 | 349 |
| Share registration and related professional fee | 127 | 127 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

B1. Review of Operating Segments

Current Quarter

As tabulated below, the Group recorded revenues from continuing operations of RM377.5 million and a net profit of RM6.3 million for the current quarter ended 30 June 2013.

| | Q1 2014 | | | | |
|--|---------------------------------|-------------------------------|-----------------------------------|------------------------------------|---------------------|
| | <u>Oilfield Services</u> | <u>Marine Services</u> | <u>Transport Solutions</u> | <u>Others / Elimination</u> | <u>Group</u> |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Current Quarter ended 30 June 2013</u> | | | | | |
| Revenue | | | | | |
| <u>Continuing operations</u> | | | | | |
| External sales | 278,111 | 42,759 | 56,623 | - | 377,493 |
| Inter-segment sales | - | - | - | - | - |
| | <u>278,111</u> | <u>42,759</u> | <u>56,623</u> | <u>-</u> | <u>377,493</u> |
| <u>Discontinuing operations</u> | | | | | |
| Revenue for the period | 8,992 | - | - | - | 8,992 |
| | <u>287,103</u> | <u>42,759</u> | <u>56,623</u> | <u>-</u> | <u>386,485</u> |
| Results | | | | | |
| <u>Continuing operations</u> | | | | | |
| Operating profit / (loss) | 34,243 | 5,032 | (16,462) | 962 | 23,775 |
| Share of result of | - | - | - | - | - |
| - associated companies | - | (24) | - | - | (24) |
| - jointly controlled entities | - | 1,463 | - | - | 1,463 |
| Finance income | 80 | 87 | 650 | 2 | 819 |
| Finance cost | (5,592) | (1,050) | (597) | 249 | (6,990) |
| Profit / (loss) before | <u>28,731</u> | <u>5,508</u> | <u>(16,409)</u> | <u>1,213</u> | <u>19,043</u> |
| <u>Discontinuing operations</u> | | | | | |
| Net profit for the period | 51 | - | - | - | 51 |
| Segment results | <u>28,782</u> | <u>5,508</u> | <u>(16,409)</u> | <u>1,213</u> | <u>19,094</u> |
| Unallocated costs | | | | | (3,595) |
| | | | | | <u>15,499</u> |
| Taxation | | | | | (9,154) |
| Profit for the period | | | | | <u>6,345</u> |

Following the change in the Group's annual reporting date from 31 December to 31 March 2013 in the previous financial period, there are no comparatives presented in respect of a corresponding quarter.

B2. Material Change in Performance as Compared to Preceding Quarter

The Group recorded a profit before tax from continuing operations of RM15.4 million in current quarter ended 30 June 2013 (Q1 2014) as compared to a loss of RM79.3 million in the preceding quarter ended 31 March 2013 ("Q5 2013").

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

- a) overall increase in the gross profit margins, from 18.9% to 23.1%;
- b) fair value loss on put option of RM89.0 million recorded in Q5 2013; and,
- c) a higher profit posted by the Oilfield Services Division and Marine Services division in the Q1 2014 as compared Q5 2013.

Performance as Compared to Preceding Quarter

| | Current Quarter Q1 2014 RM'000 | Previous Quarter Q5 2013 RM'000 |
|--|---|--|
| <u>Continuing operations</u> | | |
| Revenue | 377,493 | 327,771 |
| Cost of revenue | (289,685) | (265,810) |
| Gross profit | <u>87,808</u> | <u>61,961</u> |
| Gross margin | 23.3% | 18.9% |
| <u>Segment results from continuing operations of :</u> | | |
| - Oilfield Services Division | 28,731 | 21,347 |
| - Marine Services Division | 5,508 | (517) |
| - Transport Solutions Division | (16,409) | (7,424) |
| | <u>17,830</u> | <u>13,406</u> |
| Fair value loss on put option | - | (89,015) |
| Finance costs at SGB Corporate, net | (20) | (825) |
| | <u>17,810</u> | <u>(76,434)</u> |
| Other SGB corporate costs, net | (2,362) | (2,868) |
| Profit / (loss) before tax | <u>15,448</u> | <u>(79,302)</u> |

B3. Future prospects

The Group remains optimistic of benefiting 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.

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.

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.

Nevertheless, the division will continue to be challenged by project delays which are not within its control and the volatility of exchange rates.

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.

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 June 2013 RM'000 | Cumulative Period 3 months ended 30 June 2013 RM'000 |
|--|---|---|
| Continuing operations | | |
| Current tax: | | |
| Malaysian income tax | 3,826 | 3,826 |
| Foreign tax | 3,496 | 3,496 |
| | <u>7,322</u> | <u>7,322</u> |
| Under provision of income tax in prior years | 3 | 3 |
| | <u>7,325</u> | <u>7,325</u> |
| Deferred tax | 1,829 | 1,829 |
| Total from continuing operations | <u>9,154</u> | <u>9,154</u> |
| Discontinuing operations | | |
| Current tax: | | |
| Malaysian income tax | - | - |
| Foreign tax | - | - |
| | <u>-</u> | <u>-</u> |
| (Over)/ Under provision of income tax in prior years | - | - |
| | <u>-</u> | <u>-</u> |
| Deferred tax | - | - |
| Total from discontinuing operations | <u>-</u> | <u>-</u> |
| Total income tax expense | <u>9,154</u> | <u>9,154</u> |

Domestic current income tax is calculated at the statutory tax rate of 25% (2013: 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

There was no corporate proposal announced by the Company in the current quarter under review.

B7. Group borrowings and debt securities

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

| | As at 30 June 2013 RM'000 |
|---------------------|--|
| Composition: | |
| Current | 717,763 |
| Non Current | 302,484 |
| Total | <u>1,020,247</u> |

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

| | As at 30 June 2013 RM'000 |
|------------------------|--|
| Denominated in: | |
| Ringgit Malaysia | 775,052 |
| US Dollar | 126,178 |
| Indian Rupee | 57,004 |
| Brazil Real | 51,838 |
| Others | 10,175 |
| Total | <u>1,020,247</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

The computation for earnings per share is as shown below.

| | | Current Quarter 3 months ended 30 June 2013 | Cumulative Period 3 months ended 30 June 2013 |
|---|----------|--|--|
| Basic earnings per share | | | |
| Net profit attributable to shareholders | (RM'000) | 1,478 | 1,478 |
| Weighted average number of shares | ('000) | 1,901,920 | 1,901,920 |
| Basic earnings per share | (sen) | 0.08 | 0.08 |
| Diluted earnings per share | | | |
| Net profit attributable to shareholders | (RM'000) | 1,478 | 1,478 |
| Weighted average number of shares | ('000) | 1,901,920 | 1,901,920 |
| Dilutive effect of unexercised share option | ('000) | - | - |
| | ('000) | 1,901,920 | 1,901,920 |
| Diluted earnings per share | (sen) | 0.08 | 0.08 |

B11. Realised and Unrealised Retained Profits

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

| | As at 30 June 2013 RM'000 | As at 31 March 2013 RM'000 (Audited) |
|--|--|---|
| Total retained profits of company and its subsidiaries: | | |
| - Realised | 984,317 | 909,196 |
| - Unrealised | (328,734) | (369,657) |
| | 655,583 | 539,539 |
| Total share of retained profits from associated companies: | | |
| - Realised | 40,007 | 40,031 |
| - Unrealised | - | - |
| Total share of retained profits from jointly controlled entities: | | |
| - Realised | 18,811 | 17,348 |
| - Unrealised | - | - |
| | 714,401 | 596,918 |
| Consolidation adjustments | (609,764) | (508,609) |
| Total retained earnings | 104,637 | 88,309 |

B12. Profit for the period

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

| | Current Quarter 3 months ended 30 June 2013 RM'000 | Cumulative Period 3 months ended 30 June 2013 RM'000 |
|---|---|---|
| Interest income | (819) | (819) |
| Interest expense | 14,076 | 14,076 |
| Unrealized foreign exchange (gain)/loss, net | 12,090 | 12,090 |
| Realized foreign exchange loss/(gain), net | (866) | (866) |
| Depreciation and amortisation | 20,729 | 20,729 |
| Reversal of doubtful debt provision | (3,761) | (3,761) |
| Loss on disposal of property, plant and equipment | (304) | (304) |
| | <hr/> <hr/> | <hr/> <hr/> |

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 23 August 2013.