

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 September 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
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Effective for annual periods commencing on or after 1 April 2015

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

There were no issuances, cancellations, share buy-backs, resale of shares bought back or repayment of debt and equity securities 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 6 month period ended 30 September 2013					
Revenue					
<u>Continuing operations</u>					
External sales	568,891	82,347	110,851	13	762,102
Inter-segment sales	-	-	-	-	-
	<u>568,891</u>	<u>82,347</u>	<u>110,851</u>	<u>13</u>	<u>762,102</u>
<u>Discontinued operations</u>					
Revenue for the period	8,992	-	-	-	8,992
	<u>577,883</u>	<u>82,347</u>	<u>110,851</u>	<u>13</u>	<u>771,094</u>
Results					
<u>Continuing operations</u>					
Operating profit / (loss)	70,015	6,644	(24,055)	(513)	52,091
Share of result of					
- associated companies	-	(95)	-	-	(95)
- jointly controlled entities	-	2,940	-	-	2,940
Finance income	334	150	1,353	29	1,866
Finance cost	(12,944)	(2,028)	(2,084)	135	(16,921)
	<u>57,405</u>	<u>7,611</u>	<u>(24,786)</u>	<u>(349)</u>	<u>39,881</u>
<u>Discontinued operations</u>					
Net loss for the period	(3,409)	-	-	-	(3,409)
	<u>53,996</u>	<u>7,611</u>	<u>(24,786)</u>	<u>(349)</u>	<u>36,472</u>
Unallocated costs					(5,323)
					<u>31,149</u>
Taxation					(16,785)
Profit for the period					<u>14,364</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

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	6,024
- litigations	95
- tax matters	<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	12,981	75,125	88,106
Development expenditure	-	29,816	29,816
Vessels	111,696	32,617	144,314
Total	<u>124,677</u>	<u>137,558</u>	<u>262,236</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	35	492	527
Property	4,166	3,180	7,346
Plant and Machinery	1,209	1,961	3,170
Re-charter vessel contracts	8,002	1,094	9,097
Total	<u>13,413</u>	<u>6,728</u>	<u>20,141</u>

A14. Related Party Transactions

The following are the significant related party transactions:

	Current Quarter 3 months ended 30 September 2013 RM'000	Cumulative 6 months 30 September 2013 RM'000
<i>Transactions with a company connected to a Director</i>		
Purchase of airline ticketing services	449	798
Share registration and related professional fee	47	174
Claim processing and administration services	33	33

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 RM384.6 million and a net profit of RM8.0 million for the current quarter ended 30 September 2013.

	Q2 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 September 2013</u>					
Revenue					
<u>Continuing operations</u>					
External sales	290,780	39,588	54,228	13	384,609
Inter-segment sales	-	-	-	-	-
	<u>290,780</u>	<u>39,588</u>	<u>54,228</u>	<u>13</u>	<u>384,609</u>
<u>Discontinuing operations</u>					
Revenue for the period	-	-	-	-	-
	<u>290,780</u>	<u>39,588</u>	<u>54,228</u>	<u>13</u>	<u>384,609</u>
Results					
<u>Continuing operations</u>					
Operating profit / (loss)	35,772	1,612	(7,593)	(1,475)	28,316
Share of result of	-	-	-	-	-
- associated companies	-	(71)	-	-	(71)
- jointly controlled entities	-	1,477	-	-	1,477
Finance income	254	63	703	27	1,047
Finance cost	(7,352)	(978)	(1,487)	(114)	(9,931)
	<u>28,674</u>	<u>2,103</u>	<u>(8,377)</u>	<u>(1,562)</u>	<u>20,838</u>
<u>Discontinuing operations</u>					
Net profit for the period	(3,460)	-	-	-	(3,460)
	<u>25,214</u>	<u>2,103</u>	<u>(8,377)</u>	<u>(1,562)</u>	<u>17,378</u>
Unallocated costs					(1,728)
					<u>15,650</u>
Taxation					(7,631)
Profit for the period					<u>8,019</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 RM19.1 million in current quarter ended 30 September 2013 ("Q2 2014") as compared to a profit of RM15.4 million in the preceding quarter ended 30 June 2013 ("Q1 2014").

As tabulated below, the increase in the profit was principally due to a lower loss recorded by Transport Solution Division in Q2 2014 as compared to Q1 2014.

Performance as Compared to Preceding Quarter

	Current Quarter <u>Q2 2014</u> RM'000	Previous Quarter <u>Q1 2014</u> RM'000
<u>Continuing operations</u>		
Revenue	384,609	377,493
Cost of revenue	(302,641)	(289,685)
Gross profit	<u>81,968</u>	<u>87,808</u>
Gross margin	21.3%	23.3%
<u>Segment results from continuing operations of :</u>		
- Oilfield Services Division	28,674	28,731
- Marine Services Division	2,103	5,508
- Transport Solutions Division	(8,377)	(16,409)
	<u>22,400</u>	<u>17,830</u>
Finance costs at SGB Corporate, net	(38)	(20)
	<u>22,362</u>	<u>17,810</u>
Other SGB corporate costs, net	(3,252)	(2,362)
Profit before tax	<u><u>19,110</u></u>	<u><u>15,448</u></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, particularly a contract with an international oil major in Myanmar. With the continued emphasis on service quality and contract execution, the Division expect higher customer retention which should translate to higher returns and profitability.

The Division will actively participate for additional jobs in Indonesia, Thailand, Malaysia and the Middle East.

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 complete its portion of work on the phase 1 of the Mumbai monorail project by December 2013. 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 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 September 2013 RM'000	Cumulative Period 6 months ended 30 September 2013 RM'000
Continuing operations		
Current tax:		
Malaysian income tax	(2,909)	917
Foreign tax	4,834	8,330
	<u>1,926</u>	<u>9,248</u>
Under provision of income tax in prior years	0	3
	<u>1,926</u>	<u>9,251</u>
Deferred tax	5,705	7,534
Total from continuing operations	<u><u>7,631</u></u>	<u><u>16,785</u></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>	<u><u>-</u></u>
Total income tax expense	<u><u>7,631</u></u>	<u><u>16,785</u></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 September
	2013
	RM'000
Composition:	
Current	725,204
Non Current	294,071
Total	<u><u>1,019,275</u></u>

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

	As at
	30 September
	2013
	RM'000
Denominated in:	
Ringgit Malaysia	758,280
US Dollar	140,969
Indian Rupee	58,000
Brazil Real	54,025
Others	8,001
Total	<u><u>1,019,275</u></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 September 2013	Cumulative Period 6 months ended 30 September 2013
Basic earnings per share			
Net profit attributable to shareholders	(RM'000)	3,309	4,787
Weighted average number of shares	('000)	1,903,083	1,901,920
Basic earnings per share	(sen)	0.17	0.25
Diluted earnings per share			
Net profit attributable to shareholders	(RM'000)	3,309	4,787
Weighted average number of shares	('000)	1,903,083	1,901,920
Dilutive effect of unexercised share option	('000)	-	-
	('000)	1,903,083	1,901,920
Diluted earnings per share	(sen)	0.17	0.25

B11. Realised and Unrealised Retained Profits

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

	As at 30 September 2013 RM'000	As at 31 March 2013 RM'000 (Audited)
Total retained profits of company and its subsidiaries:		
- Realised	950,876	909,196
- Unrealised	(294,827)	(369,657)
	<u>656,049</u>	<u>539,539</u>
Total share of retained profits from associated companies:		
- Realised	39,912	40,031
- Unrealised	-	-
Total share of retained profits from jointly controlled entities:		
- Realised	21,751	17,348
- Unrealised	-	-
	<u>717,712</u>	<u>596,918</u>
Consolidation adjustments	(609,768)	(508,609)
Total retained earnings	<u><u>107,944</u></u>	<u><u>88,309</u></u>

B12. Profit for the period

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

	Current Quarter 3 months ended 30 September 2013 RM'000	Cumulative Period 6 months ended 30 September 2013 RM'000
Interest income	(1,047)	(1,866)
Interest expense	17,568	31,644
Unrealized foreign exchange (gain)/loss, net	(2,193)	9,897
Realized foreign exchange loss/(gain), net	5,343	4,477
Depreciation and amortisation	25,562	46,291
Reversal of impairment of receivables	(517)	(4,278)
Loss on disposal of property, plant and equipment	(387)	(691)

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 20 November 2013.