

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 period 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 31 December 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 the period ended 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 116	Property, plant and equipment
Amendment to MFRS 119	Employee benefits
Amendment to MFRS 7	Financial Instruments: Disclosures – offsetting financial assets and financial liabilities
Amendment to MFRS 134	Interim Financial Reporting
Amendment to MFRS 132	Financial Instruments: Presentation – Annual improvement 2009-2011

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 – offsetting financial assets and financial liabilities
Amendment to MFRS 136	Impairment of Assets – recoverable amount disclosures for non-financial assets
Amendment to MFRS 139	Financial Instruments: Measurement and Recognition – novation of derivatives and continuation of hedge accounting

Effective for annual periods commencing on or after 1 April 2015

MFRS 9	Financial instruments - classification and measurement of financial assets and financial liabilities
Amendment to MFRS 119	Define Benefit Plans: Employee Contributions
Amendment to MFRSs	Annual Improvement to MFRSs 2010-2012 Cycle
Amendment to MFRSs	Annual Improvement to MFRSs 2011-2013 Cycle

A2. Qualification of financial statements

The audited financial statements for the 15 months period ended 31 March 2013 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 by the Company.

A7. Dividends Paid

No dividends were paid during the current quarter.

A8. Segmental Information

The segmental information is as tabulated below.

	Oilfield Services	Marine Services	Transport Solutions	Others/ Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Cumulative 12 month period ended 31 March 2014					
Revenue					
<u>Continuing operations</u>					
Revenue for the period	1,236,519	179,448	236,894	167	1,653,028
	<u>1,236,519</u>	<u>179,448</u>	<u>236,894</u>	<u>167</u>	<u>1,653,028</u>
<u>Discontinued operations</u>					
Revenue for the period	41,986	-	-	-	41,986
	<u>41,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,986</u>
	<u>1,278,505</u>	<u>179,448</u>	<u>236,894</u>	<u>167</u>	<u>1,695,014</u>
Results					
<u>Continuing operations</u>					
Operating profit / (loss)	148,819	(1,080)	(32,277)	1,420	116,882
Share of result of					
- associated companies	-	(247)	-	-	(247)
- jointly controlled entities	-	5,310	-	-	5,310
Finance income	927	307	3,132	(778)	3,588
Finance cost	(27,765)	(2,789)	(5,499)	486	(35,567)
	<u>121,981</u>	<u>1,501</u>	<u>(34,644)</u>	<u>1,128</u>	<u>89,966</u>
<u>Discontinued operations</u>					
Net loss for the period	(9,257)	-	-	-	(9,257)
	<u>(9,257)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,257)</u>
Segment results	<u>112,724</u>	<u>1,501</u>	<u>(34,644)</u>	<u>1,128</u>	<u>80,709</u>
Unallocated costs					(12,908)
					<u>67,801</u>
Taxation					(44,674)
					<u>23,127</u>
Profit for the period					<u>23,127</u>

A9. Valuation of property, plant and equipment

Property, plant and equipment, are stated at cost less accumulated depreciation or amortisation and impairment loss, if any. 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

On 5 May 2014, Scomi Barite Sdn Bhd ("SBSB") and Scomi Oiltools (Kemaman) Sdn Bhd ("SOKSB"), both being wholly-owned subsidiaries of Scomi Oiltools Bermuda Limited, a wholly-owned subsidiary of the Group, have been struck off from the Register Companies Commission of Malaysia ("CCM") pursuant to Section 308 of the Companies Act, 1965.

The final notice of the striking off issued by CCM to SBSB and SOKSB dated 28 March 2014 was published in the Gazette under CCM's website on 5 May 2014.

SBSB and SOKSB have ceased their operations since year 1999 and 2010 respectively and the aforementioned striking off is part of the cost rationalisation efforts of the Group. The striking off of SBSB and SOKSB from the Register will not have any material financial and operational impact effect on the net assets and earnings of the Group for the financial year ending 31 March 2015.

A11. Changes in composition of the Group

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

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	8,564
- 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	11,315	106,638	117,953
Development expenditure	-	25,780	25,780
Vessels	83,304	-	83,304
Total	<u>94,619</u>	<u>132,418</u>	<u>227,037</u>

b) Operating lease commitments:

	Current Due within 1 year RM'000	Non-current Due within 1 to 5 years RM'000	Total RM'000
Land	79	1,587	1,666
Property	3,684	4,914	8,598
Plant and Machinery	2,021	760	2,781
Re-charter vessel contracts	9,210	2,197	11,407
Total	<u>14,994</u>	<u>9,458</u>	<u>24,452</u>

A14. Related Party Transactions

The following are the significant related party transactions:

	Current Quarter 3 months ended 31 March 2014 RM'000	Cumulative 12 months 31 March 2014 RM'000
<i>Transactions with a company connected to a Director</i>		
Purchase of airline ticketing services	1,060	2,211
Share registration and related professional fee	61	182
Claim processing and administration services	199	357

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 RM421.3 million and a net loss of RM1.6 million for the current quarter ended 31 March 2014.

	Q4 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 31 March 2014</u>					
Revenue					
<u>Continuing operations</u>					
Revenue for the period	331,675	41,303	48,143	167	421,288
	331,675	41,303	48,143	167	421,288
<u>Discontinued operations</u>					
Revenue for the period	9,769	-	-	-	9,769
	341,444	41,303	48,143	167	431,057
Results					
<u>Continuing operations</u>					
Operating profit / (loss)	40,857	(7,717)	578	1,427	35,145
Share of result of	-	-	-	-	-
- associated companies	-	(100)	-	-	(100)
- jointly controlled entities	-	970	-	-	970
Finance income	322	106	1,126	(905)	649
Finance cost	(7,307)	-	(2,358)	378	(9,287)
Profit / (loss) before tax	33,872	(6,741)	(654)	900	27,377
<u>Discontinued operations</u>					
Net loss for the period	(5,573)	-	-	-	(5,573)
Segment results	28,299	(6,741)	(654)	900	21,804
Unallocated costs					(4,348)
					17,456
Taxation					(19,104)
Loss for the period					(1,648)

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.

The high overall effective tax rate was due primarily to losses incurred by certain countries which cannot be offset against profit in other countries, expenses not deductible for tax and certain countries are taxed on revenue.

B2. Material Change in Performance as Compared to Preceding Quarter

The Group recorded a profit before tax from continuing operations of RM23.0 million in current quarter ended 31 March 2014 ("Q4 2014") as compared to a profit of RM19.4 million in the preceding quarter ended 31 December 2013 ("Q3 2014").

As tabulated below, the increase in the profit was principally due to a higher profit recorded by Oilfield Service Division as well as lower loss before tax recorded by Transport Solution Division in Q4 2014 as compared to Q3 2014.

Performance as Compared to Preceding Quarter

	Current Quarter <u>Q4 2014</u> RM'000	Previous Quarter <u>Q3 2014</u> RM'000
<u>Continuing operations</u>		
Revenue	421,288	469,638
Cost of revenue	(341,388)	(379,168)
Gross profit	<u>79,900</u>	<u>90,470</u>
Gross margin	19.0%	19.3%
<u>Segment results from continuing operations of :</u>		
- Oilfield Services Division	33,872	30,704
- Marine Services Division	(6,741)	631
- Transport Solutions Division	(654)	(9,204)
	<u>26,477</u>	<u>22,131</u>
Finance Income/(costs) at SGB Corporate, net	(527)	(27)
	<u>25,950</u>	<u>22,104</u>
Other SGB corporate costs, net	(2,921)	(2,633)
Profit before tax	<u><u>23,029</u></u>	<u><u>19,471</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 in Myanmar and West Africa. The outlook for the division remains positive.

The Division's continued emphasis on service quality, contract execution and active participation for new jobs in Indonesia, Thailand, Malaysia and the Middle East are expected to translate into 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. The division is also looking at adding to the existing fleet via acquisition or construction. However, the coal transportation business remains challenging with the scale-down of mining activities as a result of lower coal prices in Indonesia.

Transport Solutions Division continues to focus on project execution in its KL and Mumbai monorail projects which are expected to be completed in 2015. Mumbai Monorail Phase 1 was completed in February 2014 whereas for KL Monorail Extension Project, the first train set was delivered in Jan 2014 and trial operation was completed in April 2014. 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 and difficult operating environment in certain countries.

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 31 March 2014 RM'000	Cumulative Period 12 months ended 31 March 2014 RM'000
Continuing operations		
Current tax:		
Malaysian income tax	3,337	5,647
Foreign tax	10,903	29,768
	<u>14,240</u>	<u>35,415</u>
Over provision of income tax in prior years	-	-
	<u>14,240</u>	<u>35,415</u>
Deferred tax	4,864	9,259
Total from continuing operations	<u>19,104</u>	<u>44,674</u>
Discontinued operations		
Current tax:		
Malaysian income tax	-	-
Foreign tax	-	-
	<u>-</u>	<u>-</u>
Prior year:	-	-
	<u>-</u>	<u>-</u>
Deferred tax	-	-
Total from discontinued operations	<u>-</u>	<u>-</u>
Total income tax expense	<u>19,104</u>	<u>44,674</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 are no corporate proposal announced by the Company which are outstanding 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 31 March 2014 RM'000
Composition:	
Current	712,988
Non Current	256,688
Total	<u><u>969,676</u></u>

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

	As at 31 March 2014 RM'000
Denominated in:	
Ringgit Malaysia	719,551
US Dollar	141,346
Indian Rupee	66,385
Brazil Real	34,037
Others	8,357
Total	<u><u>969,676</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 31 March 2014	Cumulative Period 12 months ended 31 March 2014
Basic and Diluted earnings per share			
Net profit attributable to shareholders	(RM'000)	<u>(3,975)</u>	<u>5,144</u>
Weighted average number of shares	('000)	1,903,083	1,901,920
Basic and Diluted earnings per share	(sen)	<u>(0.21)</u>	<u>0.27</u>

B11. Realised and Unrealised Retained Profits

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

	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000 (Audited)
Total retained profits of company and its subsidiaries:		
- Realised	1,133,125	909,196
- Unrealised	(282,091)	(369,657)
	<u>851,034</u>	<u>539,539</u>
Total share of retained profits from associated companies:		
- Realised	39,784	40,031
- Unrealised	-	-
Total share of retained profits from jointly controlled entities:		
- Realised	22,658	17,348
- Unrealised	-	-
	<u>913,476</u>	<u>596,918</u>
Consolidation adjustments	(804,059)	(508,609)
Total retained earnings	<u><u>109,417</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 31 March 2014 RM'000	Cumulative Period 12 months ended 31 March 2014 RM'000
Interest income	(649)	(3,588)
Interest expense	19,735	68,522
Unrealized foreign exchange gain, net	(15,808)	(3,448)
Realized foreign exchange loss, net	3,365	7,020
Depreciation and amortisation	24,305	93,767
Reversal of impairment of receivables	(45)	(4,658)
(Gain)/loss on disposal of property, plant and equipment	491	(326)

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 May 2014.