

## **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 2014 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 2014.

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 year ended 31 March 2014.

As of 1 April 2014, the Group and the Company have adopted the following MFRSs and amendments which are effective for annual periods beginning on or after 1 January 2014.

#### Effective for annual periods commencing on or after 1 January 2014

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Investment Entities
Amendments to MFRS 127	Separate Financial Statements (2011): Investment Entities
Amendments to MFRS 132	<i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>
Amendments to MFRS 136	<i>Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to MFRS 139	<i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>
IC Interpretation 21	<i>Levies</i>

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 July 2014

Amendments to MFRS 1	<i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)</i>
Amendments to MFRS 2	<i>Share-based Payment (Annual Improvements 2010-2012 Cycle)</i>
Amendments to MFRS 3	<i>Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)</i>
Amendments to MFRS 8	<i>Operating Segments (Annual Improvements 2010-2012 Cycle)</i>
Amendments to MFRS 13	<i>Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)</i>
Amendments to MFRS 116	<i>Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)</i>
Amendments to MFRS 119	<i>Employee Benefits – Defined Benefit Plans: Employee Contributions</i>

Amendments to MFRS 124	<i>Related Party Disclosures (Annual Improvements 2010-2012 Cycle)</i>
Amendments to MFRS 138	<i>Intangible Assets (Annual Improvements 2010-2012 Cycle)</i>
Amendments to MFRS 140	<i>Investment Property (Annual Improvements 2011-2013 Cycle)</i>

Effective for annual periods commencing on or after 1 January 2016

MFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to MFRS 116	<i>Property, plant and equipment (Clarification of Acceptable Methods of Depreciation)</i>
Amendments to MFRS 138	<i>Intangibles Assets (Clarification of Acceptable Methods of Amortisation)</i>
Amendments to MFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>

Effective for a date yet to be confirmed

MFRS 9	<i>Financial Instruments (2009)</i>
MFRS 9	<i>Financial Instruments (2010)</i>
MFRS 9	<i>Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139</i>
Amendments to MFRS 7	<i>Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures</i>

The initial application of the abovementioned accounting standards, amendments and interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company except as mentioned below:

MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

**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.

	<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
<b>Cumulative 3 month period ended 30 June 2014</b>					
<b>Revenue</b>					
<u>Continuing operations</u>					
Revenue for the period	288,473	77,255	48,397	-	414,125
	<u>288,473</u>	<u>77,255</u>	<u>48,397</u>	<u>-</u>	<u>414,125</u>
<u>Discontinued operations</u>					
Revenue for the period	-	-	-	-	-
	<u>288,473</u>	<u>77,255</u>	<u>48,397</u>	<u>-</u>	<u>414,125</u>
<b>Results</b>					
<u>Continuing operations</u>					
Operating profit / (loss)	33,431	2,478	1,119	(540)	36,488
Share of result of					
- associated companies	-	(68)	-	-	(68)
- jointly controlled entities	-	1,059	-	-	1,059
Finance income	293	27	311	-	631
Finance cost	(6,280)	(168)	(1,374)	145	(7,677)
	<u>27,444</u>	<u>3,328</u>	<u>56</u>	<u>(395)</u>	<u>30,433</u>
<u>Discontinued operations</u>					
Net loss for the period	(461)	-	-	-	(461)
Segment results	<u>26,983</u>	<u>3,328</u>	<u>56</u>	<u>(395)</u>	<u>29,972</u>
Unallocated costs					(3,369)
					<u>26,603</u>
Taxation					(8,536)
Profit for the period					<u>18,067</u>

**Primary reporting format - business segments**

	<u>Oilfield Services</u> RM'000	<u>Marine Services</u> RM'000	<u>Transport Solutions</u> RM'000	<u>Elimination</u> RM'000	<u>Group</u> RM'000
<b>Cumulative 3 month period ended 30 June 2013</b>					
<b>Revenue</b>					
<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>Discontinued 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>Discontinued operations</u>					
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>

**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

On 10 June 2014, Scomi Oiltools Bermuda Limited, a wholly-owned subsidiary of Scomi Group Bhd, has disposed one hundred (100) ordinary shares of USD1.00 each representing the entire issued share capital of Scomi Oiltools South America Ltd ("SOSAL") to Transporte El Trebol, Corp, for a total disposal consideration of USD1,600,000.00. As a result, SOSAL together with its wholly-owned subsidiaries, Scomi Oiltools de Venezuela S.A. and Premium Industrial Machining S.A., have ceased to be subsidiaries of the Scomi Group.

There were no other 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:

	<b>RM'000</b>
Contingent liabilities arising from :	
- tax matters	<u>1,600</u>

### A13. Capital and operating lease commitments

a) Capital commitments:

	<b>Approved and contracted for RM'000</b>	<b>Approved but not contracted for RM'000</b>	<b>Total RM'000</b>
Property, plant and equipment	87,986	53,989	141,975
Development expenditure	-	47,179	47,179
Others	-	18,901	18,901
Total	<u>87,986</u>	<u>120,069</u>	<u>208,055</u>

b) Operating lease commitments:

	<b>Current Due within 1 year RM'000</b>	<b>Non-current Due within 1 &amp; 5 years RM'000</b>	<b>Total RM'000</b>
Property	3,286	3,484	6,771
Plant and Machinery	1,281	644	1,925
Others	6,366	1,608	7,973
Total	<u>10,933</u>	<u>5,736</u>	<u>16,669</u>

#### **A14. Related Party Transactions**

The following are the significant related party transactions:

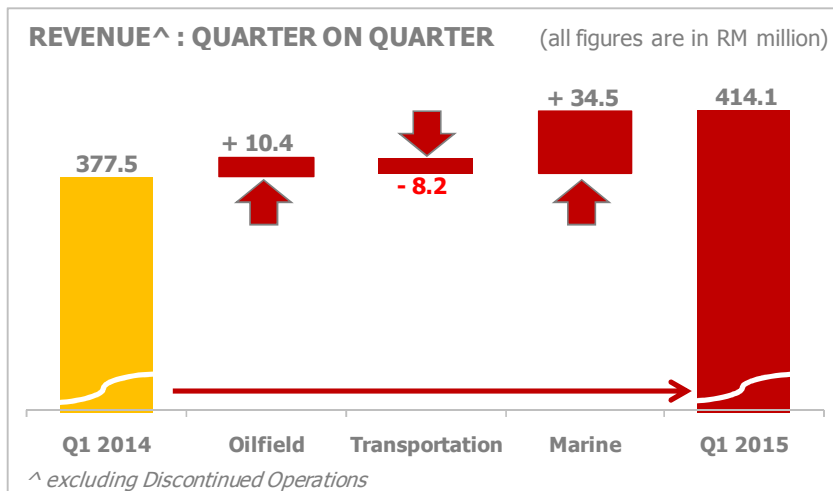
	<b>Current 3 months 30 June 2014 RM'000</b>	<b>Cumulative 3 months 30 June 2014 RM'000</b>
<b><i>Transactions with a company connected to a Director</i></b>		
Share registration and related professional fee	4	4
Human resources processing	88	88
	<hr/> <hr/>	<hr/> <hr/>

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

**B1. Review of Operating Segments**

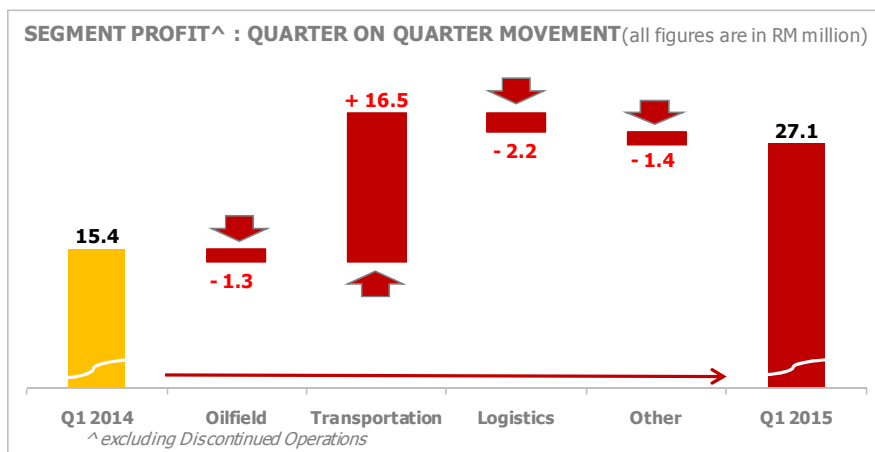
**Current Quarter**

Overall revenues for the current quarter ended 30 June 2014 ("Q1 2015") was RM414.1 million, an increase of 9.7% from RM377.5 million recorded in the corresponding quarter ("Q1 2014"). Details of the key factors driving the performance of each segment are provided in the respective section below.



Total segment results for Q1 2015 and Q1 2014 were as follows:

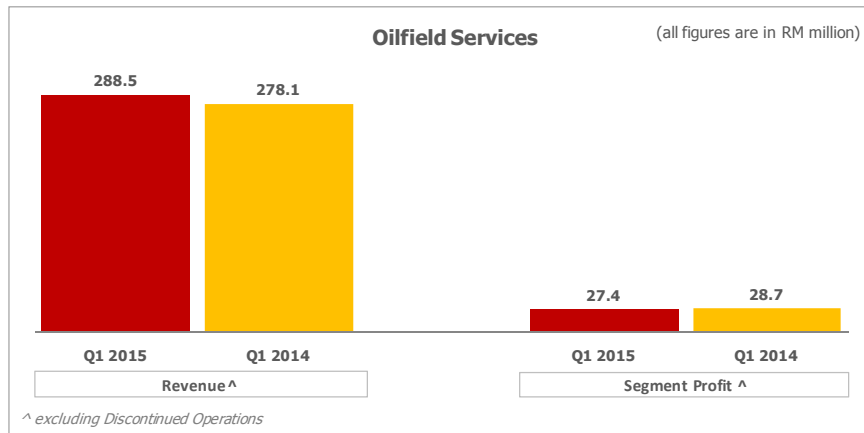
	<b>Q1 2015</b> RM'000	<b>Q1 2014</b> RM'000
<b>Results</b>		
<u>Continuing operations</u>		
Profit / (loss) before tax	27,064	15,448
<u>Discontinued operations</u>		
Net loss for the period	(461)	51
Profit before tax	<u>26,603</u>	<u>15,499</u>



Details of the key factors driving the performance of each segment are provided in the respective section below.

### **Oilfield Services**

The Oilfield Services division recorded higher revenue of RM288.5 million, as compared to RM278.1 million in Q1 2014, on the back of higher contribution from West Africa, Turkmenistan and Qatar.



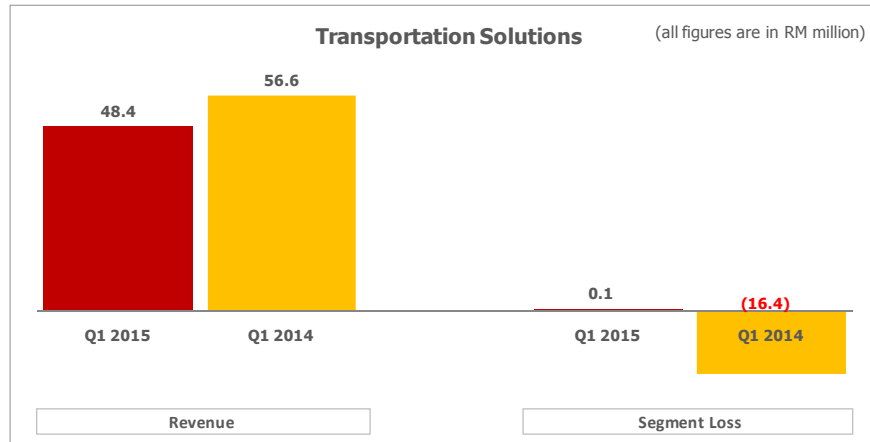
As tabulated below, the division posted a segment profit from continuing operations of RM27.4 million, as compared to a profit of RM28.7 million in Q1 2014. The decrease is due principally to lower profit from operations as well as higher finance cost.

<i>Oilfield Services</i>	<b><u>Q1 2015</u></b>	<b><u>Q1 2014</u></b>
<b>Results</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Continuing operations</u>		
Operating profit / (loss)	33,431	34,243
Finance income	293	80
Finance cost	(6,280)	(5,592)
Profit / (loss) before tax	<u>27,444</u>	<u>28,731</u>
<u>Discontinued operations</u>		
Net loss for the period	(461)	51
Segment results	<u><u>26,983</u></u>	<u><u>28,782</u></u>



## **Transport Solutions**

The Transport Solutions division recorded lower revenue of RM48.4 million, as compared to RM56.6 million in Q1 2014. This is principally due to lower attributable revenue-generating project in respect of the division's project in Malaysia, India and Brazil.

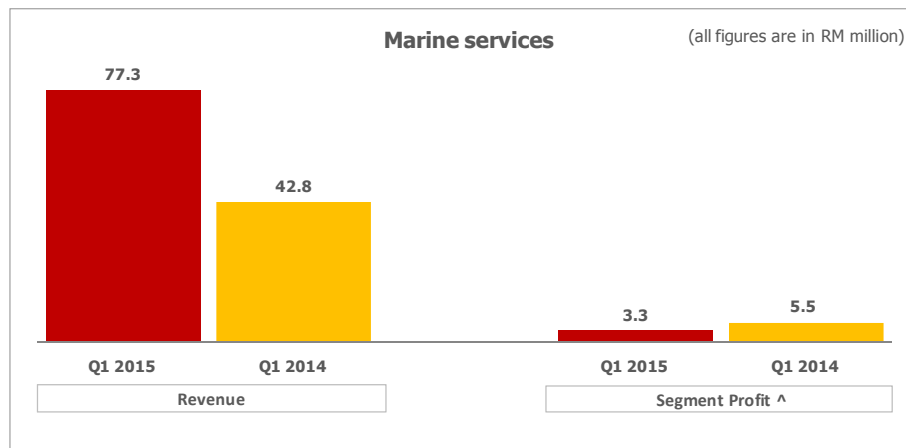


However, the division posted a profit RM0.1 million, as compared to a loss of RM16.4 million in Q1 2014. The improvement is due principally to unrealised forex gain recorded in the current quarter under review.

<i>Transport Solutions</i>	<b><u>Q1 2015</u></b>	<b><u>Q1 2014</u></b>
<b>Results</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Continuing operations</u>		
Operating profit / (loss)	1,119	(16,462)
Finance income	311	650
Finance cost	(1,374)	(597)
Segment results	<u>56</u>	<u>(16,409)</u>

## **Marine Services**

The Marine Services division recorded higher revenue of RM77.3 million in Q1 2015, due principally to higher activity from TNBF.



However, the division posted a lower profit RM3.3 million, as compared to RM5.5 million in Q1 2014, due principally to lower gross margin from operation.

<i>Marine Services</i>	<b><u>Q1 2015</u></b>	<b><u>Q1 2014</u></b>
<b>Results</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Continuing operations</u>		
Operating profit / (loss)	2,478	5,032
Share of result of		
- associated companies	(68)	(24)
- jointly controlled entities	1,059	1,463
Finance income	27	87
Finance cost	(168)	(1,050)
Segment results	<u>3,328</u>	<u>5,508</u>

## **B2. Material Change in Performance as Compared to Preceding Quarter**

The Group recorded a profit before tax from continuing operations of RM27.06 million in current quarter ended 30 June 2014 ("Q1 2015") as compared to RM27.03 million in the preceding quarter ended 31 March 2014 ("Q4 2014").

	<b><u>Current</u></b>	<b><u>Previous</u></b>
	<b><u>Quarter</u></b>	<b><u>Quarter</u></b>
	<b><u>Q1 2015</u></b>	<b><u>Q4 2014</u></b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Continuing operations</u></b>		
Revenue	414,125	421,319
Cost of revenue	(341,388)	(333,717)
Gross profit	<u>72,737</u>	<u>87,602</u>
Gross margin	17.6%	20.8%
<u>Segment results from continuing operations of :</u>		
- Oilfield Services Division	27,444	38,727
- Marine Services Division	3,328	(7,159)
- Transport Solutions Division	56	(652)
	<u>30,828</u>	<u>30,916</u>
Finance Income/(costs) at SGB Corporate, net	145	915
	<u>30,973</u>	<u>31,831</u>
Other SGB corporate costs, net	(3,909)	(4,801)
Profit before tax	<u>27,064</u>	<u>27,030</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** performance is expected to be positive in financial year 2015. Indonesia and West Africa are expected to spearhead the growth, supported by other South-East Asian operations, particularly Thailand and Malaysia. The division will focus on growing its core business while continuously improving efficiency and service quality.

**Marine Services Division** is optimistic that the increase in the level of activity of the 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. For the coal transportation business, the scale-down of mining activities as a result of lower coal prices in Indonesia has affected production output and consequently the volume of tonnage transported for the Coal segment.

**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.

### **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

	<b>Current Quarter 3 months ended 30 June 2014 RM'000</b>	<b>Cumulative Period 3 months ended 30 June 2014 RM'000</b>
<b>Continuing operations</b>		
Current tax:		
Malaysian income tax	175	175
Foreign tax	7,717	7,717
	<u>7,892</u>	<u>7,892</u>
Under provision of income tax in prior years	3	3
	<u>7,895</u>	<u>7,895</u>
Deferred tax	641	641
Total from continuing operations	<u><u>8,536</u></u>	<u><u>8,536</u></u>
<b>Discontinued operations</b>		
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 discontinued operations	<u><u>-</u></u>	<u><u>-</u></u>
Total income tax expense	<u><u>8,536</u></u>	<u><u>8,536</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:

	<b>As at 30 June 2014 RM'000</b>
<b>Composition:</b>	
Current	696,662
Non Current	252,354
Total	<u>949,016</u>

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

	<b>As at 30 June 2014 RM'000</b>
<b>Denominated in:</b>	
Ringgit Malaysia	699,786
US Dollar	156,540
Indian Rupee	54,985
Brazil Real	32,110
Others	5,595
Total	<u>949,016</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.

		<b>Current Quarter 3 months ended 30 June 2014</b>	<b>Cumulative Period 3 months ended 30 June 2014</b>
<b>Basic earnings per share</b>			
Net profit attributable to shareholders	(RM'000)	<u>11,342</u>	<u>11,342</u>
Weighted average number of shares			
Issued shares at opening	('000)	1,568,637	1,568,637
Treasury shares	('000)	(18,696)	(18,696)
Weighted average number of shares	('000)	<u>1,549,941</u>	<u>1,549,941</u>
Basic earnings per share	(sen)	<u>0.73</u>	<u>0.73</u>
<b>Diluted earnings per share</b>			
Net profit attributable to shareholders	(RM'000)	<u>11,342</u>	<u>11,342</u>
Issued shares at opening			
Effect of conversion of convertible Bonds	('000)	348,873	348,873
Weighted average number of shares	('000)	<u>1,898,814</u>	<u>1,898,814</u>
Diluted earnings per share	(sen)	<u>0.60</u>	<u>0.60</u>

### B11. Realised and Unrealised Retained Profits

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

	<b>As at 30 June 2014 RM'000</b>	<b>As at 31 March 2014 RM'000 (Audited)</b>
Total retained profits of company and its subsidiaries:		
- Realised	1,129,116	1,068,238
- Unrealised	(400,944)	(368,728)
	<hr/> 728,172	<hr/> 699,510
Total share of retained profits from associated companies:		
- Realised	(68)	(16,733)
- Unrealised	-	-
Total share of retained profits from jointly controlled entities:		
- Realised	1,059	23,348
- Unrealised	-	-
	<hr/> 729,163	<hr/> 706,125
Consolidation adjustments	(610,192)	(598,746)
<b>Total retained earnings</b>	<hr/> <b>118,971</b>	<hr/> <b>107,379</b>

### B12. Profit for the period

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

	<b>Current Quarter 3 months ended 30 June 2014 RM'000</b>	<b>Cumulative Period 3 months ended 30 June 2014 RM'000</b>
Interest income	(631)	(631)
Interest expense	14,425	14,425
Unrealized foreign exchange (gain)/loss, net	(3,015)	(3,015)
Realized foreign exchange loss/(gain), net	3,377	3,377
Depreciation and amortisation	23,595	23,595
Loss on disposal of property, plant and equipment	220	220

### 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 21 August 2014.