

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 September 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
Cumulative 6 month period ended 30 September 2014					
Revenue					
<u>Continuing operations</u>					
Revenue for the period	605,807	149,275	122,269	-	877,351
	<u>605,807</u>	<u>149,275</u>	<u>122,269</u>	<u>-</u>	<u>877,351</u>
<u>Discontinued operations</u>					
Revenue for the period	-	-	-	-	-
	<u>605,807</u>	<u>149,275</u>	<u>122,269</u>	<u>-</u>	<u>877,351</u>
Results					
<u>Continuing operations</u>					
Operating profit / (loss)	65,465	1,275	1,603	(959)	67,384
Share of result of					
- associated companies	-	(120)	-	-	(120)
- jointly controlled entities	-	2,372	-	-	2,372
Finance income	188	222	628	-	1,038
Finance cost	(12,602)	(870)	(2,532)	653	(15,351)
	<u>53,051</u>	<u>2,879</u>	<u>(301)</u>	<u>(306)</u>	<u>55,323</u>
<u>Discontinued operations</u>					
Net loss for the period	(1,358)	-	-	-	(1,358)
	<u>51,693</u>	<u>2,879</u>	<u>(301)</u>	<u>(306)</u>	<u>53,965</u>
Segment results					
Unallocated costs					(7,523)
					<u>46,442</u>
Taxation					(16,775)
Profit for the period					<u>29,667</u>

	<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
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)
Profit / (loss) before tax	<u>57,405</u>	<u>7,611</u>	<u>(24,786)</u>	<u>(349)</u>	<u>39,881</u>
<u>Discontinued operations</u>					
Profit for the period	(3,409)	-	-	-	(3,409)
Segment results	<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

The Group has on 5 September 2014 received notice that the Court of Session at Edinburgh had on 29 August 2014 pursuant to the Insolvency Act 1986 in United Kingdom (the "Act") appointed James Bernard Stephen, of BDO LLP, 4 Atlantic Quay, 70 York Street, Glasgow (the "Interim Liquidator"), an Insolvency Practitioner and duly qualified under the Act as the interim liquidator of Scomi Oiltools (Europe) Limited ("SOEL"), a wholly-owned subsidiary of Scomi Oiltools Bermuda Limited, which is in turn a wholly-owned subsidiary of SGB. SOEL ceased its operations in May 2012. The appointment of the Interim Liquidator will not impact the operations of the Scomi group of companies.

On 18 November 2014, the Group announced to Bursa Malaysia Securities Berhad the striking off of KMC All Star Chemical Sdn Bhd, a 51% owned subsidiary of Scomi Oiltools Bermuda Limited, which in turn is a wholly-owned subsidiary of the Company from the Register of Companies Commission of Malaysia pursuant to Section 308 of the Companies Act, 1965 with effect from 17 November 2014.

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:

	RM'000
Contingent liabilities arising from :	
- tax matters	<u>1,600</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	90,554	96,685	187,239
Development expenditure	-	9,873	9,873
Total	<u>90,554</u>	<u>106,558</u>	<u>197,112</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	3,427	3,224	6,651
Plant and Machinery	1,060	618	1,678
Others	848	427	1,275
Total	<u>5,336</u>	<u>4,269</u>	<u>9,605</u>

A14. Related Party Transactions

The following are the significant related party transactions:

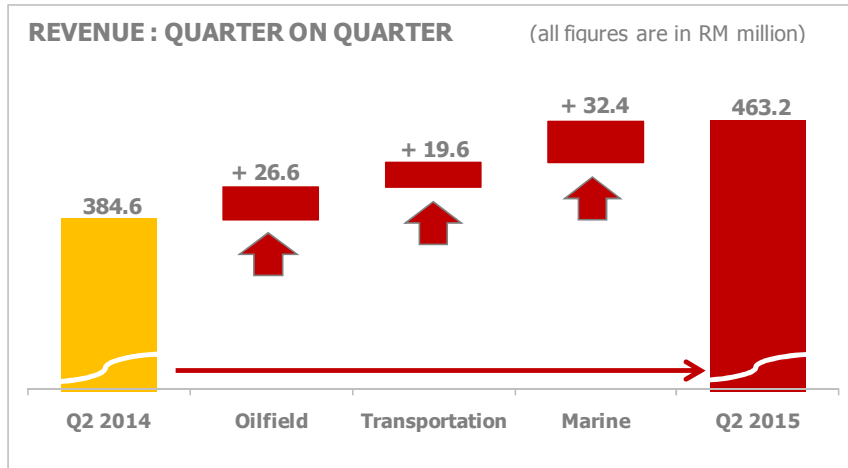
	Current Quarter 3 months ended 30 September 2014 RM'000	Cumulative 6 months ended 30 September 2014 RM'000
<i>Transactions with a company connected to a Director</i>		
Share registration and related professional fee	22	26
Human resources processing	40	128
	<u> </u>	<u> </u>

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

B1. Review of Operating Segments

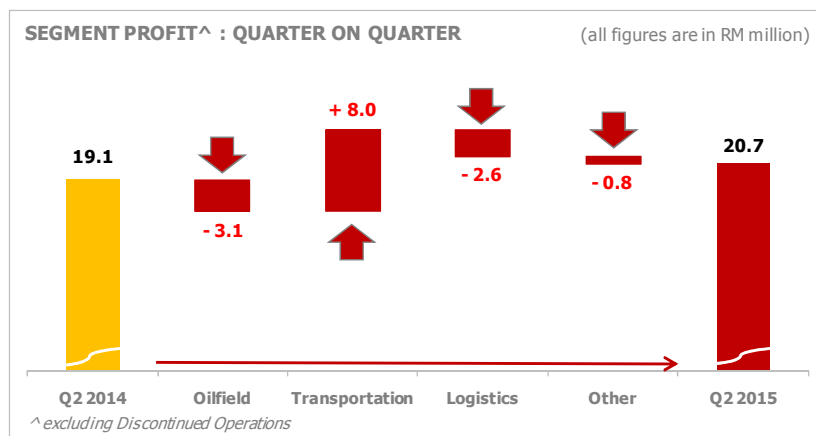
Current Quarter

Overall revenues for the current quarter ended 30 September 2014 ("Q2 2015") was RM463.2 million, an increase of 20.0% from RM384.6 million recorded in the corresponding quarter ("Q2 2014"). Details of the key factors driving the performance of each segment are provided in the respective section below.



Total segment results for Q2 2015 and Q2 2014 were as follows:

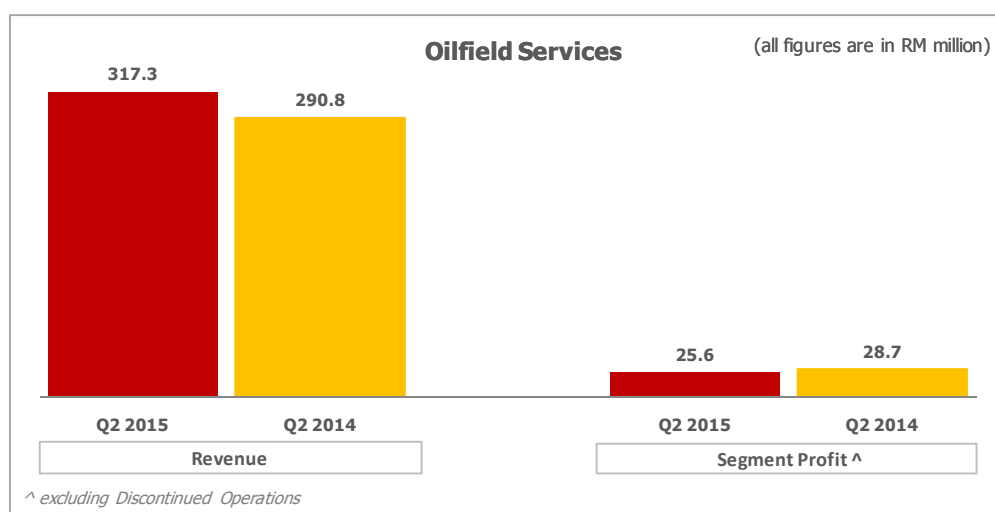
	Q2 2015 RM'000	Q2 2014 RM'000
Results		
<u>Continuing operations</u>		
Profit before tax	20,736	19,110
<u>Discontinued operations</u>		
Net loss for the period	(897)	(3,460)
Profit before tax	<u>19,839</u>	<u>15,650</u>



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

Oilfield Services

The Oilfield Services division recorded higher revenue of RM317.3 million, as compared to RM290.08 million in Q2 2014, on the back of higher contribution from Indonesia, Thailand and Qatar.

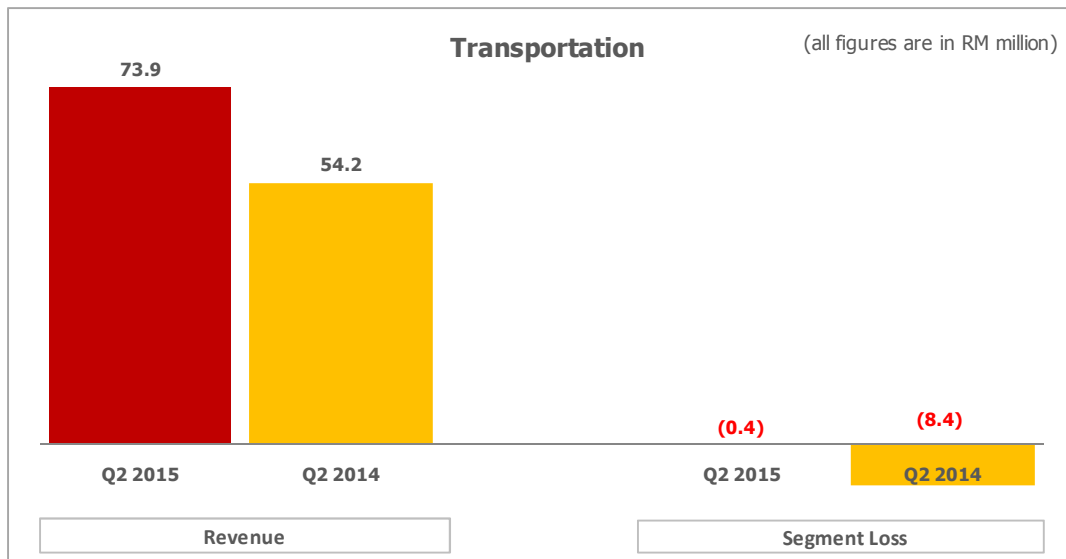


The division posted a segment profit from continuing operations of RM25.6 million, as compared to a profit of RM28.7 million in Q2 2014. The decrease is due principally to foreign exchange loss of RM1.4 million as compared to foreign exchange gain of RM3.2 million in Q2 2014.

	<u>Q2 2015</u>	<u>Q2 2014</u>
	RM'000	RM'000
Results		
<u>Continuing operations</u>		
Operating profit	32,034	35,772
Finance income	(105)	254
Finance cost	(6,322)	(7,352)
Profit before tax	<u>25,607</u>	<u>28,674</u>
<u>Discontinued operations</u>		
Net loss for the period	(897)	(3,460)
Segment results	<u><u>24,710</u></u>	<u><u>25,214</u></u>

Transport Solutions

The Transport Solutions division recorded higher revenue of RM73.9 million, as compared to RM54.2 million in Q2 2014. This is principally due to higher attributable revenue-generating project in respect of the division's project in Malaysia and India.

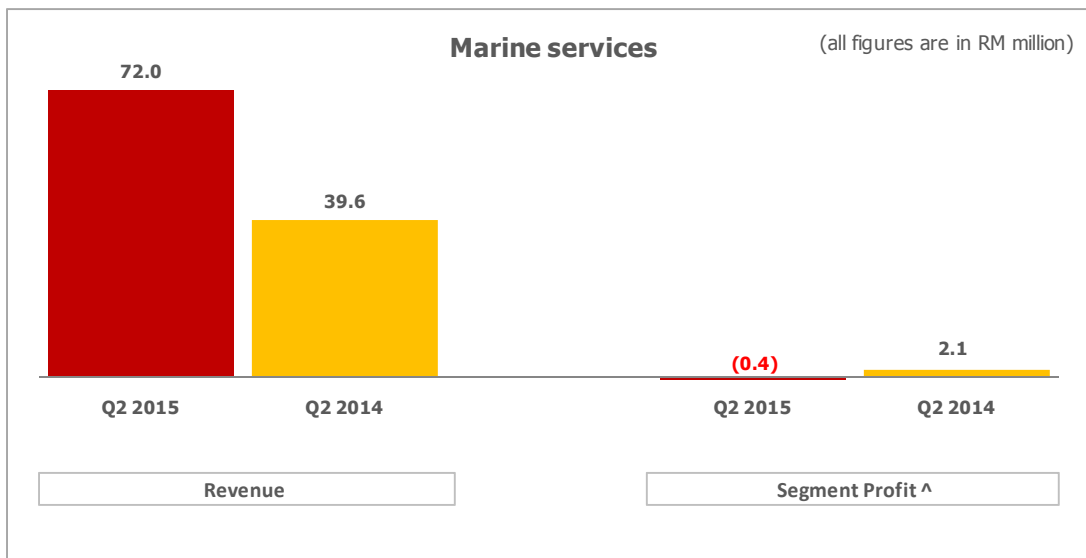


Consequently, the division recorded lower segment loss of RM0.4 million, as compared to RM8.4 million in Q2 2014.

	<u>Q2 2015</u> RM'000	<u>Q2 2014</u> RM'000
Results		
<u>Continuing operations</u>		
Operating profit / (loss)	484	(7,593)
Finance income	317	703
Finance cost	(1,158)	(1,487)
Segment results	<u>(357)</u>	<u>(8,377)</u>

Marine Services

The Marine Services division recorded higher revenue of RM72.0 million in Q2 2015, due principally to higher coal tonnage carried.

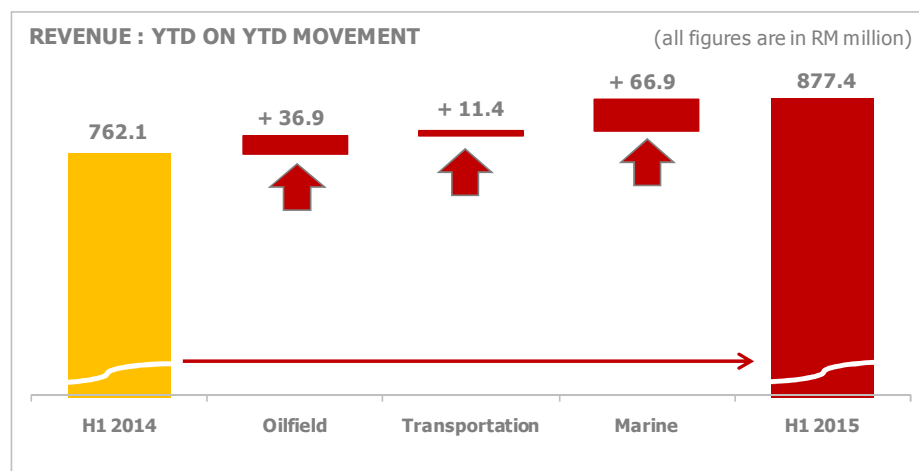


However, the division recorded a segment loss of RM0.4 million in Q2 2015, due principally to lower gross margin from coal business.

	<u>Q2 2015</u>	<u>Q2 2014</u>
	RM'000	RM'000
Results		
<u>Continuing operations</u>		
Operating (loss)/profit	(1,203)	1,612
Share of result of		
- associated companies	(52)	(71)
- jointly controlled entities	1,313	1,477
Finance income	195	63
Finance cost	(702)	(978)
Segment results	<u>(449)</u>	<u>2,103</u>

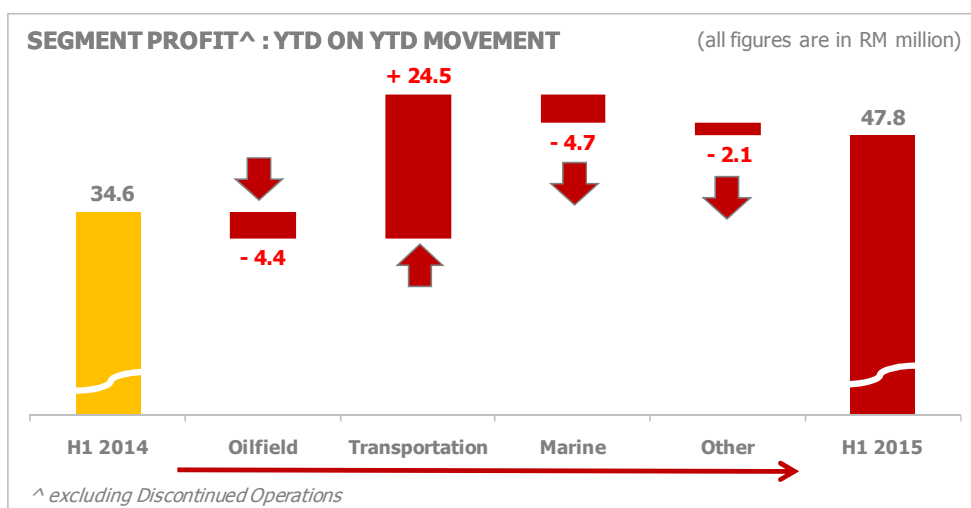
Year To Date

Overall revenues for the six month period ended 30 September 2014 ("H1 2015") was RM877.4 million, an increase of 15.1% from RM762.1 million recorded in the corresponding period ended 30 September 2013 ("H1 2014").



Total segment results for H1 2015 and H1 2014 were as follows:

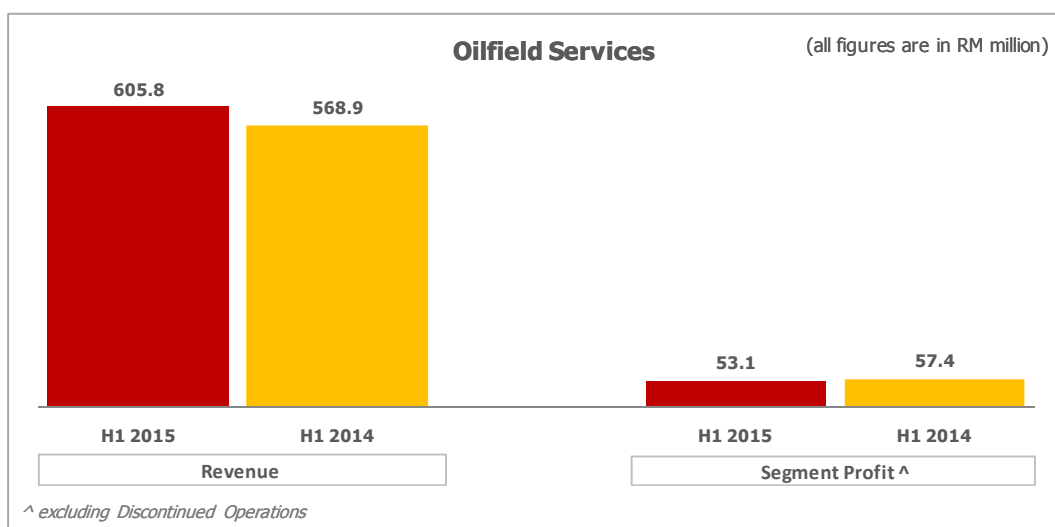
	H1 2015 RM'000	H1 2014 RM'000
Results		
<u>Continuing operations</u>		
Profit before tax	47,800	34,558
<u>Discontinued operations</u>		
Net loss for the period	(1,358)	(3,409)
Profit before tax	<u>46,442</u>	<u>31,149</u>



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

Oilfield Services

The Oilfield Services division recorded higher revenues of RM605.8 million due principally to higher drilling activities H1 2015, as compared to RM568.9 million in H1 2014.

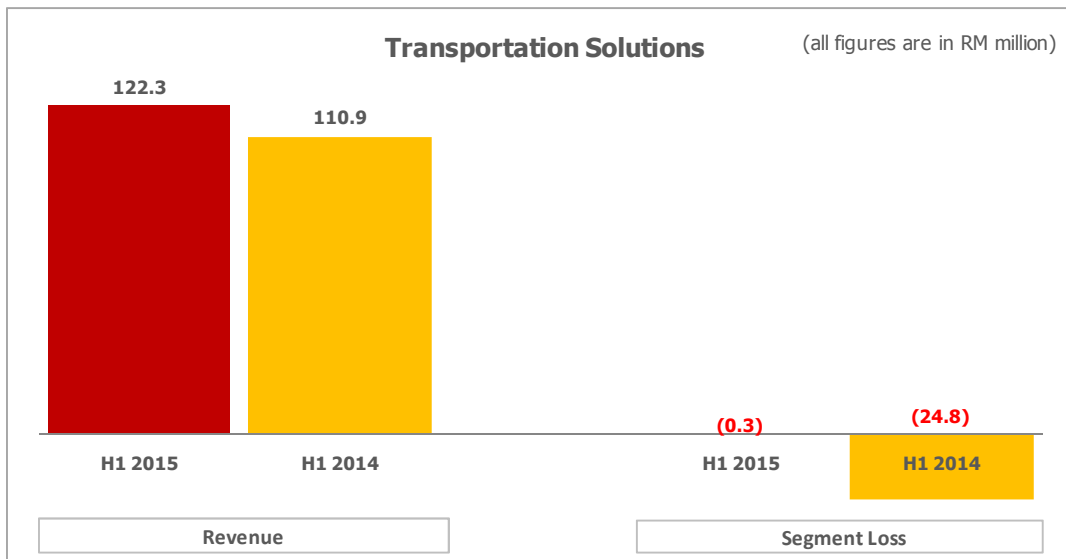


However, the division recorded lower segment profit from continuing operations of RM53.1 million, as compared to RM57.0 million in H1 2014, due principally to foreign exchange loss.

<i>Oilfield Services</i>	<u>H1 2015</u>	<u>H1 2014</u>
Results	RM'000	RM'000
<u>Continuing operations</u>		
Operating profit	65,465	70,015
Finance income	188	334
Finance cost	(12,602)	(12,944)
Profit before tax	53,051	57,405
<u>Discontinued operations</u>		
Net loss for the period	(1,358)	(3,409)
Segment results	51,693	53,996

Transportation Solutions

The Transportation Solutions division recorded higher revenues of RM122.3 million, as compared to RM110.9 million in H1 2014, due principally to higher attributable revenue-generating project works in respect of the division's project in Malaysia and India.

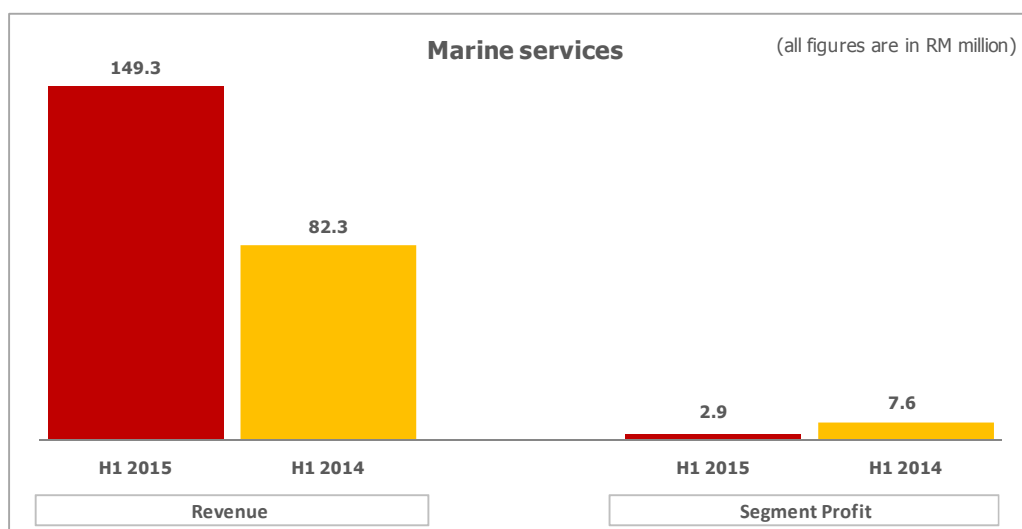


Consequently, the division posted lower segment loss of RM0.3 million, as compared to RM24.8 million in H1 2014.

	<u>H1 2015</u>	<u>H1 2014</u>
	RM'000	RM'000
Results		
<u>Continuing operations</u>		
Operating profit / (loss)	1,603	(24,055)
Finance income	628	1,353
Finance cost	(2,532)	(2,084)
Segment results	<u>(301)</u>	<u>(24,786)</u>

Marine Services

The Marine Services division recorded higher revenues of RM149.3 million, as compared to RM82.3 million in H1 2014, due principally to higher coal tonnage carried.



However, the division posted a lower segment profit of RM2.9 million, as compared to RM7.6 million in H1 2014, due principally to lower gross margin from coal business.

	<u>H1 2015</u> RM'000	<u>H1 2014</u> RM'000
Results		
<u>Continuing operations</u>		
Operating (loss)/profit	1,275	6,644
Share of result of		
- associated companies	(120)	(95)
- jointly controlled entities	2,372	2,940
Finance income	222	150
Finance cost	(870)	(2,028)
Segment results	<u>2,879</u>	<u>7,611</u>

B2. Material Change in Performance as Compared to Preceding Quarter

The Group recorded a profit before tax from continuing operations of RM20.7 million in current quarter ended 30 September 2014 ("Q2 2015") as compared to RM27.0 million in the preceding quarter ended 30 June 2014 ("Q1 2015").

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

- a) a segment loss posted by the Marine Services division of RM0.4 million (due principally to lower gross margin from coal business during the quarter), as compared to a profit of RM 3.2 million in the preceding quarter; and,
- b) a decline in the profit posted by the Oilfield Services division of RM2.1 million to RM25.6 million (due principally to foreign exchange loss incurred during the quarter), as compared to RM27.4 million in the preceding quarter.

	Current Quarter <u>Q2 2015</u> RM'000	Previous Quarter <u>Q1 2015</u> RM'000
<u>Continuing operations</u>		
Revenue	463,226	414,125
Cost of revenue	(302,641)	(341,388)
Gross profit	<u>160,585</u>	<u>72,737</u>
Gross margin	34.7%	17.6%
<u>Segment results from continuing operations of :</u>		
- Oilfield Services Division	25,607	27,444
- Marine Services Division	(449)	3,328
- Transport Solutions Division	(357)	56
	<u>24,801</u>	<u>30,828</u>
Finance Income/(costs) at SGB Corporate, net	89	145
	<u>24,890</u>	<u>30,973</u>
Other SGB corporate costs, net	(4,154)	(3,909)
Profit before tax	<u>20,736</u>	<u>27,064</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 has been affected by the scale-down of mining activities, where production output has decreased due to lower coal prices. For the offshore division, the division is working to improve the fleet utilization and add to its existing fleet via acquisition or construction. The division continues to rationalize its operations to ensure cost optimization and improve its 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. 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

	Current Quarter 3 months ended 30 September 2014 RM'000	Cumulative Period 6 months ended 30 September 2014 RM'000
Continuing operations		
Current tax:		
Malaysian income tax	1,021	1,196
Foreign tax	8,327	16,044
	<u>9,348</u>	<u>17,240</u>
Under provision of income tax in prior years	-	3
	<u>9,348</u>	<u>17,243</u>
Deferred tax	(1,109)	(468)
Total from continuing operations	<u><u>8,239</u></u>	<u><u>16,775</u></u>
Discontinued 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 discontinued operations	<u><u>-</u></u>	<u><u>-</u></u>
Total income tax expense	<u><u>8,239</u></u>	<u><u>16,775</u></u>

Domestic current income tax is calculated at the statutory tax rate of 25% (2014: 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 2014 RM'000
Composition:	
Current	742,597
Non Current	255,281
Total	<u>997,878</u>

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

	As at 30 September 2014 RM'000
Denominated in:	
Ringgit Malaysia	752,357
US Dollar	158,682
Indian Rupee	51,212
Brazil Real	30,049
Others	5,578
Total	<u>997,878</u>

B8. Change in material litigation

There has not been any change in material litigation (including status of any pending litigation) since the date of the last audited account of the Group.

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 2014	Cumulative Period 6 months ended 30 September 2014
Basic earnings per share			
Net profit attributable to shareholders	(RM'000)	5,914	17,256
Weighted average number of shares			
Issued shares at opening	('000)	1,568,637	1,568,637
Treasury shares	('000)	(14,427)	(14,427)
Weighted average number of shares	('000)	1,554,210	1,554,210
Basic earnings per share	(sen)	0.38	1.11
Diluted earnings per share			
Net profit attributable to shareholders	(RM'000)	5,914	17,256
Issued shares at opening	('000)	1,554,210	1,554,210
Effect of conversion of Convertible Bonds	('000)	348,873	348,873
Weighted average number of shares	('000)	1,903,083	1,903,083
Diluted earnings per share	(sen)	0.31	0.91

B11. Realised and Unrealised Retained Profits

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

	As at 30 September 2014 RM'000	As at 31 March 2014 RM'000 (Audited)
Total retained profits of company and its subsidiaries:		
- Realised	938,624	1,068,238
- Unrealised	(314,541)	(368,728)
	624,083	699,510
Total share of retained profits from associated companies:		
- Realised	(16,853)	(16,733)
- Unrealised	-	-
Total share of retained profits from jointly controlled entities:		
- Realised	25,720	23,348
- Unrealised	-	-
	632,950	706,125
Consolidation adjustments	(508,065)	(598,746)
Total retained earnings	124,885	107,379

B12. Profit for the period

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

	Current Quarter 3 months ended 30 September 2014 RM'000	Cumulative Period 6 months ended 30 September 2014 RM'000
Interest income	(411)	(1,042)
Interest expense	16,292	30,717
Unrealized foreign exchange (gain)/loss, net	2,160	(855)
Realized foreign exchange loss/(gain), net	(119)	3,258
Depreciation and amortisation	27,314	50,909
(Gain)/Loss on disposal of property, plant and equipment	(163)	57

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 2014.