

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 31 December 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 9 month period ended 31 December 2014					
Revenue					
<u>Continuing operations</u>					
Revenue for the period	956,199	218,372	187,341	-	1,361,912
	<u>956,199</u>	<u>218,372</u>	<u>187,341</u>	<u>-</u>	<u>1,361,912</u>
<u>Discontinued operations</u>					
Revenue for the period	-	-	-	-	-
	<u>956,199</u>	<u>218,372</u>	<u>187,341</u>	<u>-</u>	<u>1,361,912</u>
Results					
<u>Continuing operations</u>					
Operating profit/ (loss)	101,937	(1,241)	3,229	(2,406)	101,519
Share of result of					
- associated companies	-	(124)	-	-	(124)
- jointly controlled entities	-	3,549	-	-	3,549
Finance income	868	504	807	-	2,179
Finance cost	(18,488)	(1,721)	(4,467)	899	(23,777)
Profit/ (loss) before tax	<u>84,317</u>	<u>967</u>	<u>(431)</u>	<u>(1,507)</u>	<u>83,346</u>
<u>Discontinued operations</u>					
Net loss for the period	(1,547)	-	-	-	(1,547)
Segment results	<u>82,770</u>	<u>967</u>	<u>(431)</u>	<u>(1,507)</u>	<u>81,799</u>
Unallocated costs					(10,991)
					<u>70,808</u>
Taxation					(24,490)
Profit for the period					<u>46,318</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 9 month period ended 31 December 2013					
Revenue					
<u>Continuing operations</u>					
External sales	904,844	138,145	188,751	-	1,231,740
Inter-segment sales	-	-	-	-	-
	<u>904,844</u>	<u>138,145</u>	<u>188,751</u>	<u>-</u>	<u>1,231,740</u>
<u>Discontinued operations</u>					
Revenue for the period	32,217	-	-	-	32,217
	<u>937,061</u>	<u>138,145</u>	<u>188,751</u>	<u>-</u>	<u>1,263,957</u>
Results					
<u>Continuing operations</u>					
Operating profit / (loss)	107,962	6,637	(32,855)	(7)	81,737
Share of result of					
- associated companies	-	(147)	-	-	(147)
- jointly controlled entities	-	4,340	-	-	4,340
Finance income	605	201	2,006	127	2,939
Finance cost	(20,458)	(2,789)	(3,141)	108	(26,280)
	<u>88,109</u>	<u>8,242</u>	<u>(33,990)</u>	<u>228</u>	<u>62,589</u>
<u>Discontinued operations</u>					
Profit for the period	(3,684)	-	-	-	(3,684)
Segment results	<u>84,425</u>	<u>8,242</u>	<u>(33,990)</u>	<u>228</u>	<u>58,905</u>
Unallocated costs					(8,560)
					<u>50,345</u>
Taxation					(25,570)
Profit for the period					<u>24,775</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 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	94,398	78,534	172,932
Development expenditure	-	10,615	10,615
Total	<u>94,398</u>	<u>89,149</u>	<u>183,547</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	3,533	3,002	6,535
Plant and Machinery	965	430	1,395
Others	502	416	918
Total	5,000	3,848	8,848

A14. Related Party Transactions

The following are the significant related party transactions:

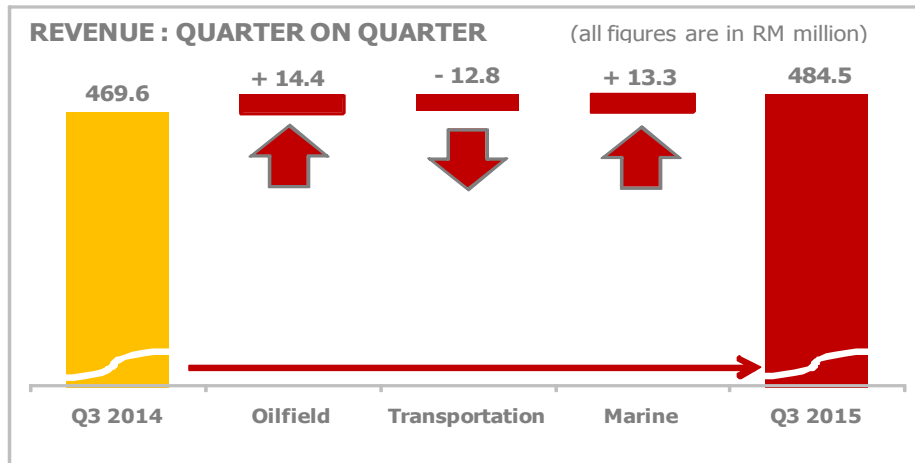
	Current Quarter 3 months ended 31 December 2014 RM'000	Cumulative 9 months ended 31 December 2014 RM'000
<i>Transactions with a company connected to a Director</i>		
Share registration and related professional fee	94	120
Human resources processing	57	185
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PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES

B1. Review of Operating Segments

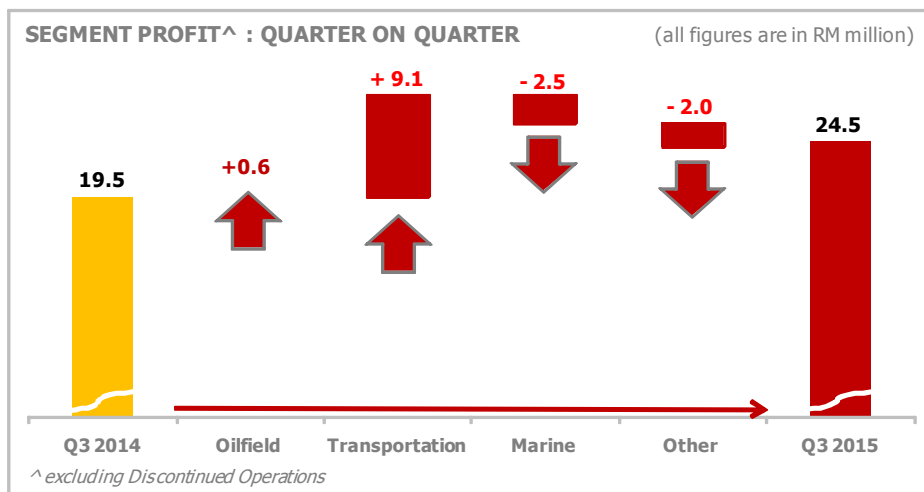
Current Quarter

Overall revenues for the current quarter ended 31 December 2014 ("Q3 2015") was RM484.5 million, an increase of 3.2% from RM469.6 million recorded in the corresponding quarter ("Q3 2014"). Details of the key factors driving the performance of each segment are provided in the respective sections below.



Total segment results for Q3 2015 and Q3 2014 were as follows:

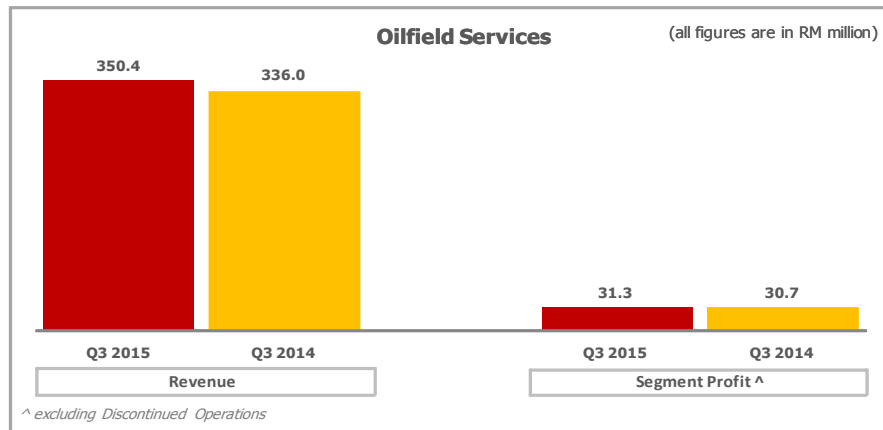
	<u>Q3 2015</u> RM'000	<u>Q3 2014</u> RM'000
Results		
<u>Continuing operations</u>		
Profit before tax	24,555	19,471
<u>Discontinued operations</u>		
Net loss for the period	(189)	(275)
Profit before tax	<u>24,366</u>	<u>19,196</u>



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 RM350.4 million, as compared to RM336.0 million in Q3 2014, on the back of higher contribution from Indonesia, Thailand, Turkmenistan and Australia.

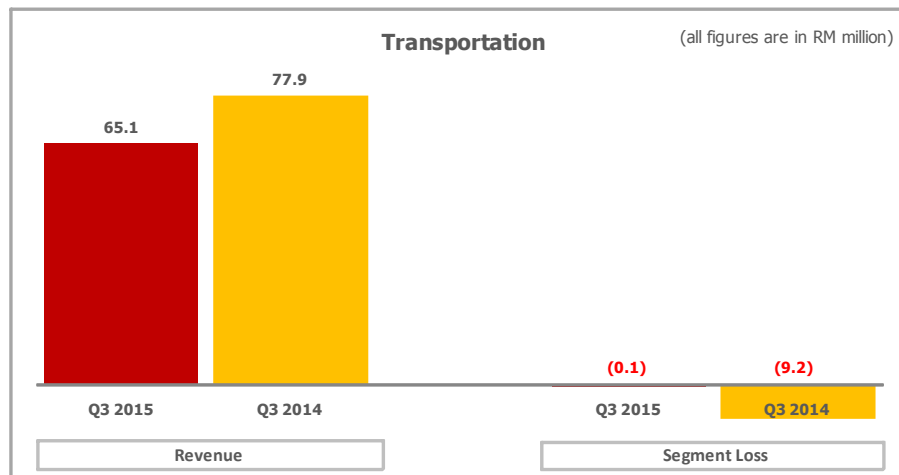


The division posted a segment profit from continuing operations of RM31.3 million, as compared to a profit of RM30.7 million in Q3 2014. The increase is due principally to lower interest expense and cost optimisation.

	<u>Q3 2015</u> RM'000	<u>Q3 2014</u> RM'000
Results		
<u>Continuing operations</u>		
Operating profit	36,472	37,947
Finance income	680	271
Finance cost	(5,886)	(7,514)
Profit before tax	31,266	30,704
<u>Discontinued operations</u>		
Net loss for the period	(189)	(275)
Segment results	31,077	30,429

Transport Solutions

The Transport Solutions division recorded lower revenue of RM65.1 million, as compared to RM77.9 million in Q3 2014. This is principally due to lower attributable revenue-generating project in respect of the division's project in Malaysia and India.

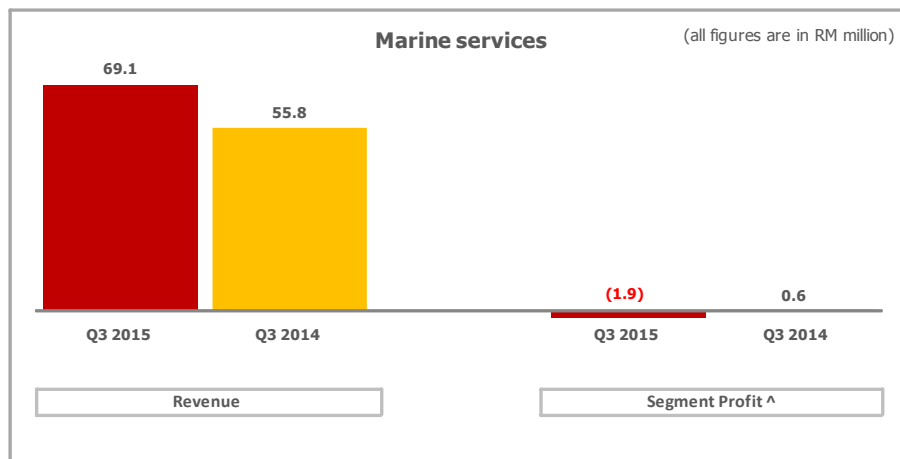


However, the division recorded lower segment loss of RM0.1million, as compared to RM9.2 million loss in Q3 2014 mainly due to lower unrealised foreign exchange losses arising from translation of accrued receivables for the Mumbai monorail project as a result of strengthening of the INR against RM at 18.1708 at end of December 2014 (end of December 2013: 18.6880) and lower overheads as a result of the cost optimization in this segment.

	<u>Q3 2015</u>	<u>Q3 2014</u>
	RM'000	RM'000
Results		
<u>Continuing operations</u>		
Operating profit / (loss)	1,626	(8,800)
Finance income	179	653
Finance cost	(1,935)	(1,057)
Segment results	(130)	(9,204)

Marine Services

The Marine Services division recorded higher revenue of RM69.1 million in Q3 2015, due principally to higher coal tonnage carried.

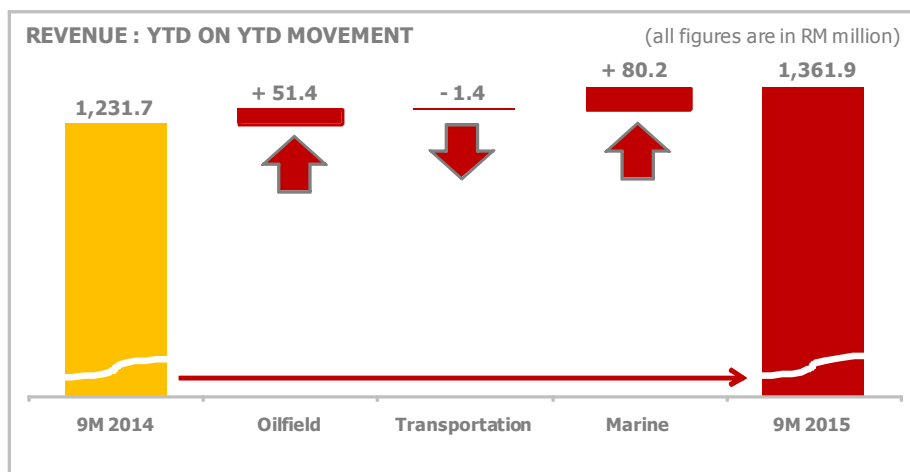


However, the division posted a loss of RM1.9 million in 2015, due principally to lower gross margin from coal business.

	<u>Q3 2015</u> RM'000	<u>Q3 2014</u> RM'000
Results		
<u>Continuing operations</u>		
Operating loss	(2,516)	(7)
Share of result of		
- associated companies	(4)	(52)
- jointly controlled entities	1,177	1,400
Finance income	282	51
Finance cost	(851)	(761)
Segment results	<u>(1,912)</u>	<u>631</u>

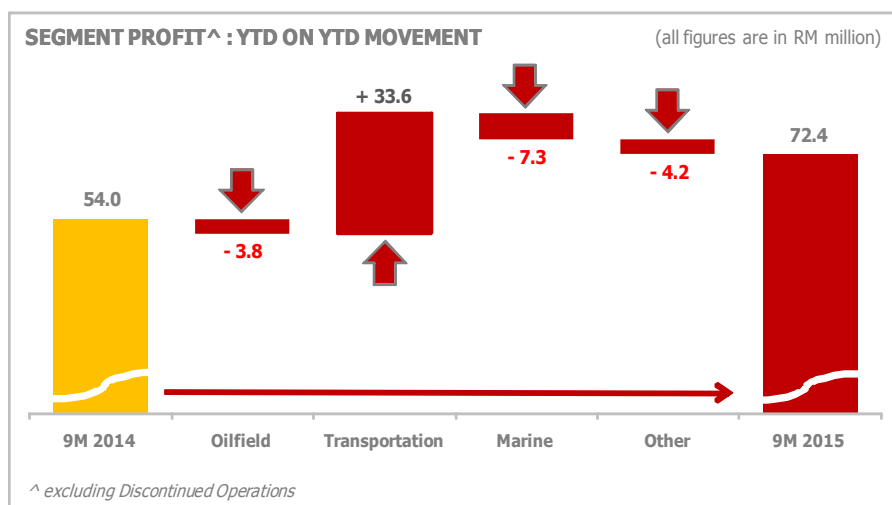
Year To Date

Overall revenues for the nine month period ended 31 December 2014 ("9M 2015") was RM1,361.9 million, an increase of 10.6% from RM1,231.7 million recorded in the corresponding period ended 31 December 2013 ("9M 2014").



Total segment results for 9M 2015 and 9M 2014 were as follows:

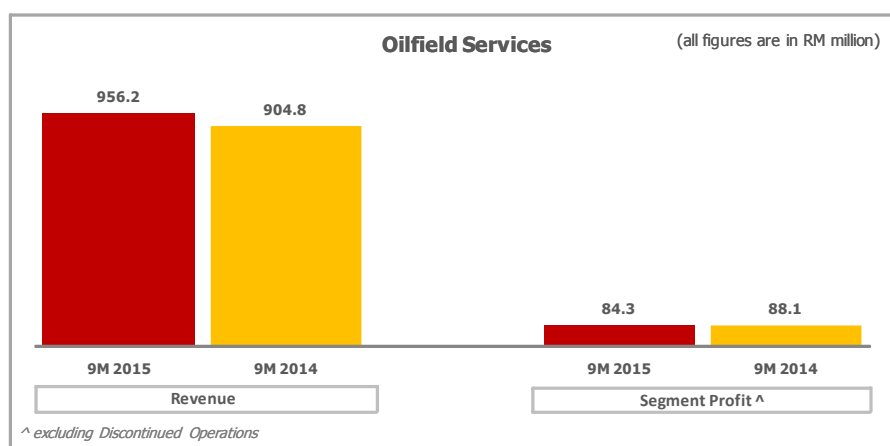
	<u>9M 2015</u> RM'000	<u>9M 2014</u> RM'000
Results		
<u>Continuing operations</u>		
Profit before tax	72,355	54,029
<u>Discontinued operations</u>		
Net loss for the period	(1,547)	(3,684)
Profit before tax	<u>70,808</u>	<u>50,345</u>



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 RM956.2 million due principally to higher drilling activities in 9M 2015, as compared to RM904.8 million in 9M 2014.

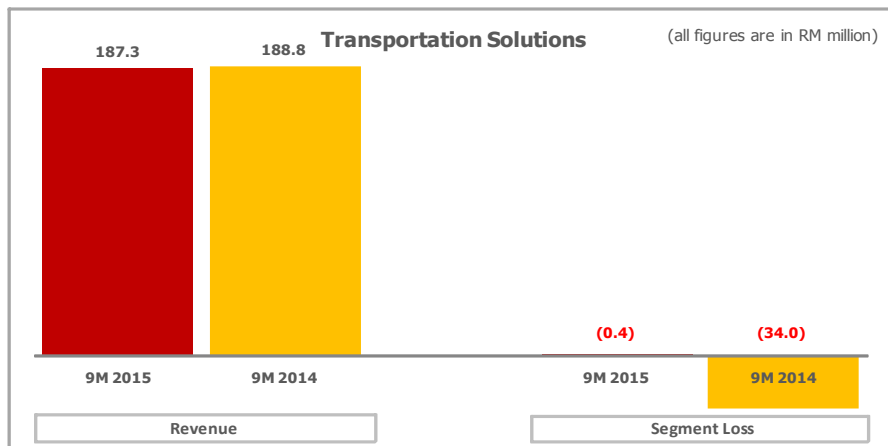


However, the division recorded a lower segment profit from continuing operations of RM84.3 million, as compared to RM88.1 million in 9M 2014, due principally to lower gross margin.

	9M 2015 RM'000	9M 2014 RM'000
Results		
<u>Continuing operations</u>		
Operating profit	101,937	107,962
Finance income	868	605
Finance cost	(18,488)	(20,458)
Profit before tax	84,317	88,109
<u>Discontinued operations</u>		
Net loss for the period	(1,547)	(3,684)
Segment results	82,770	84,425

Transportation Solutions

The Transportation Solutions division recorded a marginally lower revenue of RM187.3 million, as compared to RM188.8 million in 9M 2014, due principally to lower revenue from commercial vehicles segment.

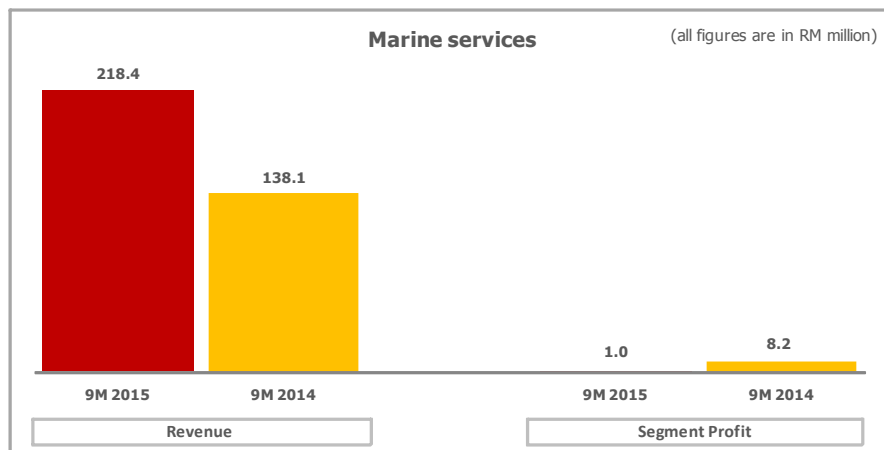


However, the division posted a much lower segment loss of RM0.4 million, as compared to RM34.0 million in 9M 2014 mainly due to lower unrealised foreign exchange losses arising from translation of accrued receivables for the Mumbai monorail project as a result of strengthening of the INR against RM and lower overheads as a result of the cost optimization in this segment

	<u>9M 2015</u>	<u>9M 2014</u>
	RM'000	RM'000
Results		
<u>Continuing operations</u>		
Operating profit / (loss)	3,229	(32,855)
Finance income	807	2,006
Finance cost	(4,467)	(3,141)
Segment results	<u>(431)</u>	<u>(33,990)</u>

Marine Services

The Marine Services division recorded higher revenues of RM218.4 million, as compared to RM138.1 million in 9M 2014, due principally to higher coal tonnage carried.



However, the division posted a lower segment profit of RM1.0 million, as compared to RM8.2 million in 9M 2014, due principally to lower gross margin from coal business.

	<u>9M 2015</u>	<u>9M 2014</u>
	RM'000	RM'000
Results		
<u>Continuing operations</u>		
Operating (loss)/profit	(1,241)	6,637
Share of result of		
- associated companies	(124)	(147)
- jointly controlled entities	3,549	4,340
Finance income	504	201
Finance cost	(1,721)	(2,789)
Segment results	967	8,242

B2. Material Change in Performance as Compared to Preceding Quarter

The Group recorded a profit before tax from continuing operations of RM24.6 million in current quarter ended 31 December 2014 ("Q3 2015") as compared to RM20.7 million in the preceding quarter ended 30 September 2014 ("Q2 2015").

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

- a) higher profit posted by the Oilfield Services division of RM31.3 million against RM25.6 million in the preceding quarter;
- b) lower losses posted by the Transport Solution Division due to lower unrealised foreign exchange losses and cost optimization; and,
- c) a segment loss posted by the Marine Services division of RM1.9 million (due principally to lower gross margin from coal business during the quarter), as compared to a loss of RM 0.4 million in the preceding quarter.

	Current Quarter <u>Q3 2015</u> RM'000	Previous Quarter <u>Q2 2015</u> RM'000
<u>Continuing operations</u>		
Revenue	484,561	463,226
Cost of revenue	(392,222)	(376,655)
Gross profit	<u>92,339</u>	<u>86,571</u>
Gross margin	19.1%	18.7%
<u>Segment results from continuing operations of :</u>		
- Oilfield Services Division	31,266	25,607
- Marine Services Division	(1,912)	(449)
- Transport Solutions Division	(130)	(357)
	<u>29,224</u>	<u>24,801</u>
Finance Income/(costs) at SGB Corporate, net	(1,201)	89
	<u>28,023</u>	<u>24,890</u>
Other SGB corporate costs, net	(3,468)	(4,154)
Profit before tax	<u>24,555</u>	<u>20,736</u>

B3. Future prospects

The substantial fall in oil prices has led to many of the oil companies cutting down their upstream spend budgets and as such, would result in a drop in the drilling activities. To date, however, there has not been a significant impact to the Group's performance for the current quarter. Despite having a healthy order book, the Group remains cautious of cancellation and/or delays in its clients' project execution that may financially impact its results.

Oilfield Services

Despite the drop in the oil prices, the Division is expected to maintain the same level of performance in the current quarter for the remaining year, specifically in locations such as Indonesia, Thailand and Turkmenistan where the management has demonstrated its resilience through strong revenue pipeline with increased GP margins. The division continues to look into cost optimisation and improving its revenue base through new products such as graphene-enhanced drilling fluids and additives.

Marine Services

The outlook for the division remains challenging with the scale-down of mining activities as a result of lower coal prices in Indonesia which affected production output and consequently the volume of tonnage transported for the coal segment. For the offshore support vessels, the management is working to improve the fleet utilization. The division continues to rationalize its operations to ensure cost optimisation and improve its profitability.

Transport Solutions

The division continues to focus on project execution of its KL, Brazil and Mumbai monorail projects, whilst also taking steps to manage costs and moving the business forward through building up its order book. Other than the Line 18 Sao Paulo Monorail Project that it had secured in 2014, the management is targeting to secure at least one additional monorail project within the coming year. 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 31 December 2014 RM'000	Cumulative Period 9 months ended 31 December 2014 RM'000
Continuing operations		
Current tax:		
Malaysian income tax	(1,257)	(62)
Foreign tax	8,323	24,367
	<u>7,065</u>	<u>24,305</u>
Under provision of income tax in prior years	-	3
	<u>7,065</u>	<u>24,308</u>
Deferred tax	650	182
Total from continuing operations	<u>7,715</u>	<u>24,490</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>
Total income tax expense	<u>7,715</u>	<u>24,490</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 31 December 2014 RM'000
Composition:	
Current	720,174
Non Current	244,882
Total	<u>965,056</u>

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

	As at 31 December 2014 RM'000
Denominated in:	
Ringgit Malaysia	698,243
US Dollar	169,616
Indian Rupee	56,816
Brazil Real	34,446
Others	5,935
Total	<u>965,056</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 31 December 2014	Cumulative Period 9 months ended 31 December 2014
Basic earnings per share			
Net profit attributable to shareholders	(RM'000)	9,295	26,551
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)	0.60	1.71
Diluted earnings per share			
Net profit attributable to shareholders	(RM'000)	9,295	26,551
Issued shares at opening			
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)	0.49	1.40

B11. Realised and Unrealised Retained Profits

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

	As at 31 December 2014 RM'000	As at 31 March 2014 RM'000 (Audited)
Total retained profits of company and its subsidiaries:		
- Realised	940,273	1,068,238
- Unrealised	(307,688)	(368,728)
	<u>632,585</u>	<u>699,510</u>
Total share of retained profits from associated companies:		
- Realised	(16,857)	(16,733)
- Unrealised	-	-
Total share of retained profits from jointly controlled entities:		
- Realised	26,897	23,348
- Unrealised	-	-
	<u>642,625</u>	<u>706,125</u>
Consolidation adjustments	(508,444)	(598,746)
Total retained earnings	<u>134,181</u>	<u>107,379</u>

B12. Profit for the period

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

	Current <u>Quarter</u> 3 months ended 31 December 2014 RM'000	Cumulative <u>Period</u> 9 months ended 31 December 2014 RM'000
Interest income	(1,141)	(2,183)
Interest expense	14,547	45,263
Unrealized foreign exchange (gain)/loss, net	2,598	1,743
Realized foreign exchange loss/(gain), net	(1,565)	1,693
Depreciation and amortisation	25,041	75,951
(Gain)/Loss on disposal of property, plant and equipment	(58)	(1)

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 24 February 2015.