

## 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 2015 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 2015.

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 2015.

As of 1 April 2015, 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	<i>Consolidated Financial Statements: Investment Entities</i>
Amendments to MFRS 12	<i>Disclosure of Interests in Other Entities: Investment Entities</i>
Amendments to MFRS 127	<i>Separate Financial Statements (2011): Investment Entities</i>
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

Amendments to MFRS 5	<i>Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)</i>
Amendments to MFRS 7	<i>Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)</i>
Amendments to MFRS 10	<i>Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
Amendments to MFRS 10	<i>Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception</i>
Amendments to MFRS 11	<i>Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations</i>
MFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to MFRS 101	<i>Presentation of Financial Statements – Disclosure Initiative</i>
Amendments to MFRS 116	<i>Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to MFRS 116	<i>Property, Plant and Equipment and MFRS 141, Agriculture – Agriculture: Bearer Plants</i>
Amendments to MFRS 119	<i>Employee Benefits (Annual Improvements 2012-2014 Cycle)</i>
Amendments to MFRS 127	<i>Separate Financial Statements – Equity Method in Separate Financial Statements</i>
Amendments to MFRS 134	<i>Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)</i>

Effective for annual periods commencing on or after 1 January 2017

MFRS 15	<i>Revenue from Contracts with Customers</i>
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Effective for annual periods commencing on or after 1 January 2018

MFRS 9	<i>Financial Instruments (2014)</i>
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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 15, Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Group and the Company are currently assessing the financial impact of adopting MFRS 15.

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 cash flows 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 2015</b>					
<b>Revenue</b>					
<u>Continuing operations</u>					
Revenue for the period	283,828	49,975	46,092	-	379,895
	283,828	49,975	46,092	-	379,895
<u>Discontinued operations</u>					
Revenue for the period	-	-	-	-	-
	283,828	49,975	46,092	-	379,895
<b>Results</b>					
<u>Continuing operations</u>					
Operating profit / (loss)	27,053	(4,298)	2,774	4,801	30,330
Share of result of					
- associated companies	-	-	-	-	-
- jointly controlled entities	-	2,059	-	(1,198)	861
Finance income	160	22	867	-	1,049
Finance cost	(6,792)	(153)	(1,682)	(705)	(9,332)
Profit / (loss) before tax	20,421	(2,370)	1,959	2,898	22,908
<u>Discontinued operations</u>					
Net loss for the period	-	-	-	-	-
Segment results	20,421	(2,370)	1,959	2,898	22,908
Unallocated costs					(2,883)
					20,025
Taxation					(6,017)
Profit for the period					14,008

	<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>

#### **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 :	
- tax matters	<u>1,800</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	95,832	99,445	195,277
Development expenditure	-	3,039	3,039
Total	<u>95,832</u>	<u>102,484</u>	<u>198,316</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	180	75	255
Property	8,795	9,219	18,014
Plant and Machinery	1,334	506	1,840
Others	2,751	1,956	4,707
Total	<u>13,060</u>	<u>11,756</u>	<u>24,816</u>

## A14. Related Party Transactions

The following are the significant related party transactions:

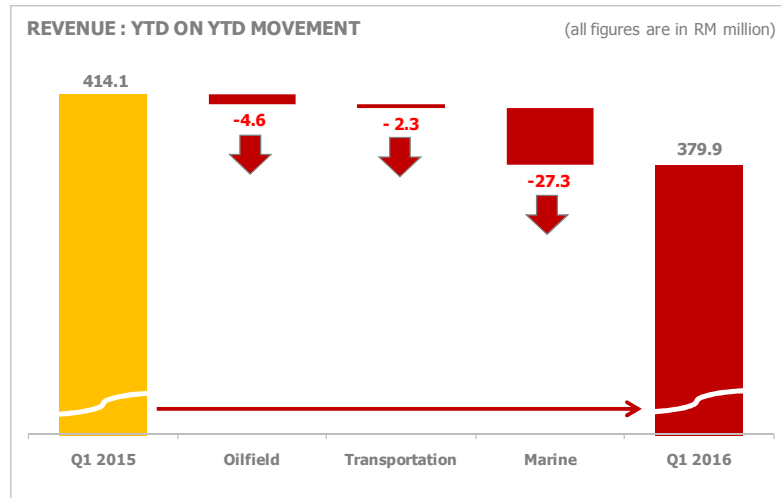
	Current Quarter 3 months ended 30 June 2015 RM'000	Cumulative 3 months ended 30 June 2015 RM'000
<b><i>Transactions with a company connected to a Director</i></b>		
Share registration and related professional fee	4	4
Human resources processing	90	90
	<u>94</u>	<u>94</u>

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

**B1. Review of Operating Segments**

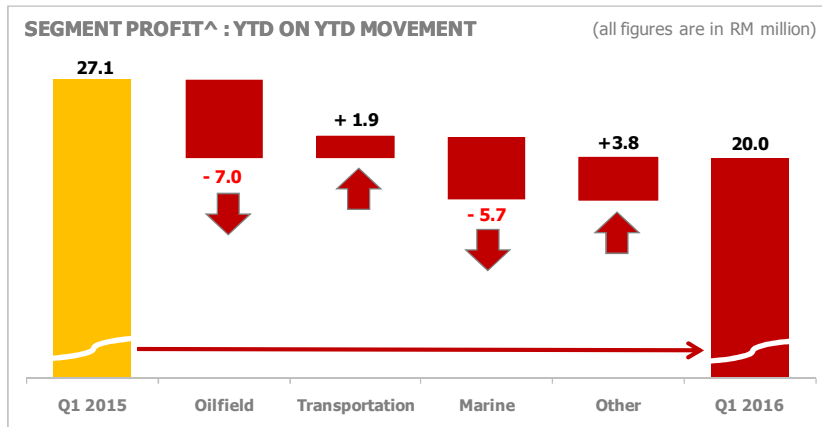
**Current Quarter**

Overall revenue for the current quarter ended 30 June 2015 ("Q1 2016") was RM379.9 million, a reduction of 8.3% from RM414.1 million recorded in the corresponding quarter ("Q1 2015"). Details of the key factors driving the performance of each segment are provided in the respective section below.



Total segment results for Q1 2016 and Q1 2015 were as follows:

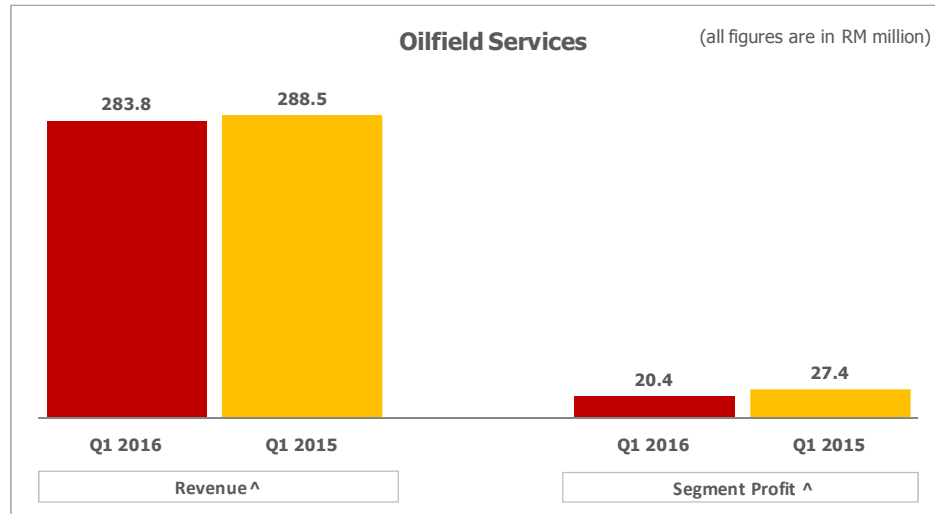
	<b>Q1 2016</b>	<b>Q1 2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Results</b>		
<u>Continuing operations</u>		
Profit / (loss) before tax	20,025	27,064
<u>Discontinued operations</u>		
Net loss for the period	-	(461)
Profit before tax	<u>20,025</u>	<u>26,603</u>



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 slightly lower revenue of RM283.8 million, as compared to RM288.5 million in Q1 2015, due to lower drilling activities in Malaysia, Indonesia, Myanmar, Thailand and West Africa



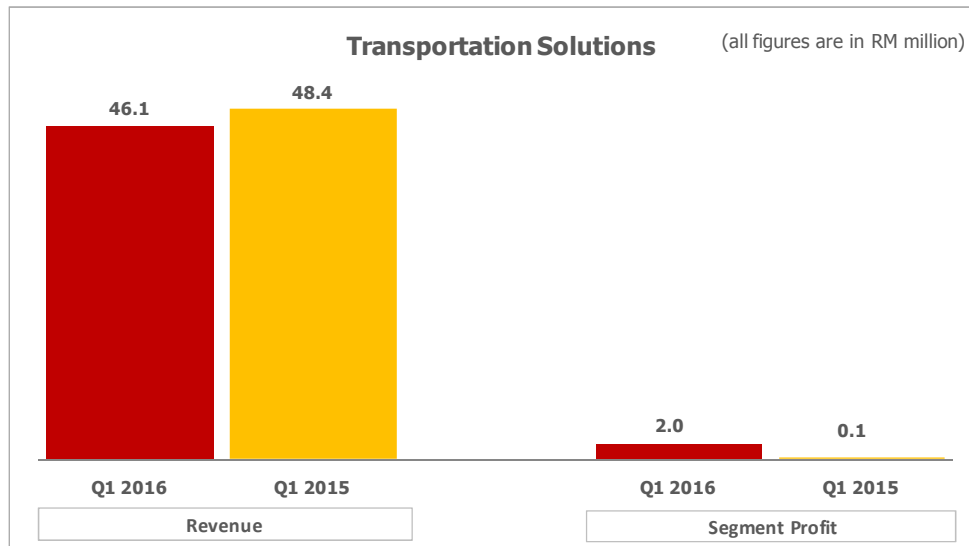
As tabulated below, the division posted a segment profit from continuing operations of RM20.4 million, as compared to a profit of RM27.4 million in Q1 2015. The decrease is due principally to lower profit from operations as well as higher finance cost.

	<b><u>Q1 2016</u></b>	<b><u>Q1 2015</u></b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Continuing operations</u>		
Operating profit	27,053	33,431
Finance income	160	293
Finance cost	(6,792)	(6,280)
Profit before tax	<u>20,421</u>	<u>27,444</u>
<u>Discontinued operations</u>		
Net loss for the period	-	(461)
Segment results	<u><u>20,421</u></u>	<u><u>26,983</u></u>



## **Transport Solutions**

The Transport Solutions division recorded lower revenue of RM46.4 million, as compared to RM48.4 million in Q1 2015. This is principally due to lower value of work done on monorail projects in Malaysia, India and Brazil.

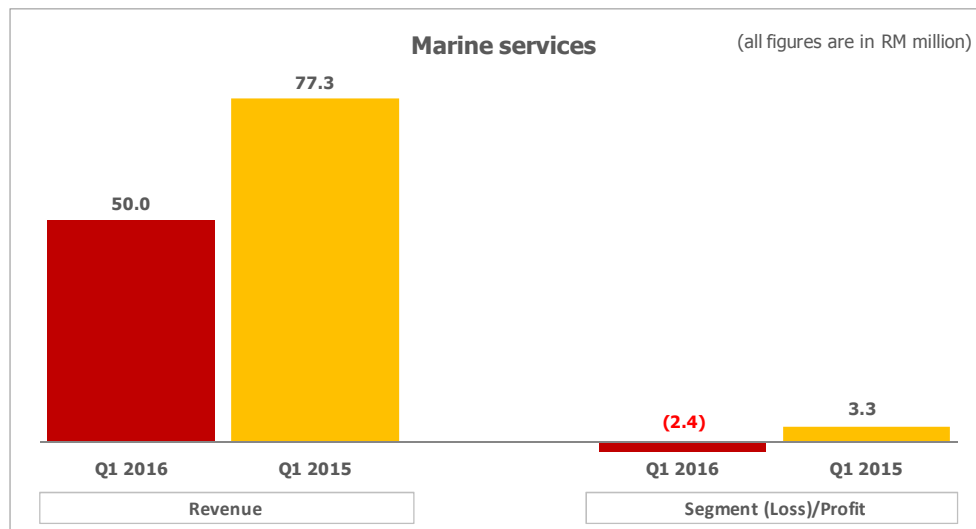


However, the division posted a higher profit RM2.0 million, as compared to RM0.1 million in Q1 2015. The improvement is due principally to lower unrealised foreign exchange losses recorded in the current quarter under review.

	<b><u>Q1 2016</u></b>	<b><u>Q1 2015</u></b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Continuing operations</u>		
Operating profit / (loss)	2,774	1,119
Finance income	867	311
Finance cost	(1,682)	(1,374)
Segment results	<u>1,959</u>	<u>56</u>

## **Marine Services**

The Marine Services division recorded lower revenue of RM50.0 million in Q1 2016 against RM77.3 million in Q1 2015, due to lower tonnage carried and lesser shipments for all contracts.



Consequently, the division posted a loss of RM2.4 million against a profit of RM3.3 million in Q1 2015.

	<b><u>Q1 2016</u></b>	<b><u>Q1 2015</u></b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Continuing operations</u>		
Operating profit / (loss)	(4,298)	2,478
Share of result of		
- associated companies	-	(68)
- jointly controlled entities	2,059	1,059
Finance income	22	27
Finance cost	(153)	(168)
Segment results	<u>(2,370)</u>	<u>3,328</u>

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

The Group recorded a profit before tax from continuing operations of RM20.0 million in current quarter ended 30 June 2015 ("Q1 2016") as compared to RM43.0 million in the preceding quarter ended 31 March 2015 ("Q4 2015").

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

- a) lower gross margin of 18.2% against 21.2% in the preceding quarter;
- b) lower segment profit posted by the Oilfield Services division of RM20.4 million against RM40.4 million in the preceding quarter; and,
- c) losses posted by the Marine Services division of RM2.3 million, as compared to a profit of RM0.7 million in the preceding quarter.

	<b>Current Quarter <u>Q1 2016</u> RM'000</b>	<b>Previous Quarter <u>Q4 2015</u> RM'000</b>
<b><u>Continuing operations</u></b>		
Revenue	379,895	436,364
Cost of revenue	(310,614)	(343,973)
Gross profit	<u>69,281</u>	<u>92,391</u>
Gross margin	18.2%	21.2%
<u>Segment results from continuing operations of :</u>		
- Oilfield Services Division	20,421	40,413
- Marine Services Division	(2,370)	727
- Transport Solutions Division	1,959	(1,620)
	<u>20,010</u>	<u>39,520</u>
SGB Corporate income/costs,net	2,898	-
	<u>22,908</u>	<u>39,520</u>
Other / Elimination, net	(2,883)	3,521
Profit before tax	<u><u>20,025</u></u>	<u><u>43,041</u></u>

### **B3. Future prospects**

**Oilfield Services Division** operating environment continues to remain challenging in the 2<sup>nd</sup> Quarter of financial year 2016. Oil price has fallen below USD50/bbl, activity has slowed down with spending being deferred and several new projects being pushed back. In some countries, contracts awarded were rolled back as the service companies had to exit the country. Management is closely monitoring the situation and looking at cost management measures along with focusing on new products such as graphene-enhanced drilling fluids and lubricants, in order to maintain profitability. The division remains active in tendering for new jobs and has outstanding bids submitted amounting to USD445 million. The strengthening US Dollar is also likely to have a favorable impact the performance of the division.

**Marine Services Division** outlook remains challenging. Nevertheless there have been some wins over the quarter as a result of increased bidding activities. Moving forward, there are no signs that coal prices will rebound in the short to middle term amid persistent concerns about a global supply glut in combination with expected declining coal demand from China. Demand for vessels continue to be low but we managed to secure contracts that will keep a major part of our coal fleet utilized over the next 3 years. Management continues to focus their efforts in managing costs as well as expanding marketing efforts across a wider geographical area. On the offshore side, persistent low oil price have curbed demand for offshore vessels. Competition in this area continues to be tough but management remains focused on prioritizing utilisation of our vessels by being very competitive with our charter rates.

**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. The Kuala Lumpur Monorail Fleet Expansion Project and the Mumbai Monorail Projects are expected to be completed by first half of 2016. Management continues to focus on stringent costs management whilst taking measures to move the business forward and building up its order book. The division continues to pursue monorail projects in multiple markets and new growth opportunities for the commercial vehicles in the leasing and maintenance business, both locally and abroad. With the continued challenges to the Brazilian and Indian currencies, the division is cautious about the coming financial year.

### **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 2015 RM'000</b>	<b>Cumulative Period 3 months ended 30 June 2015 RM'000</b>
<b>Continuing operations</b>		
Current tax:		
Malaysian income tax	564	564
Foreign tax	5,923	5,923
	<u>6,487</u>	<u>6,487</u>
Deferred tax	(470)	(470)
Total from continuing operations	<u>6,017</u>	<u>6,017</u>
Total income tax expense	<u>6,017</u>	<u>6,017</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:

	<b>As at 30 June 2015 RM'000</b>
Current	719,478
Non Current	184,379
Total	<u>903,857</u>

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

	<b>As at 30 June 2015 RM'000</b>
<b>Denominated in:</b>	
Ringgit Malaysia	628,748
US Dollar	212,735
Indian Rupee	59,129
Others	3,245
Total	<u>903,857</u>

## B8. Change in material litigation

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 2015</b>	<b>Cumulative Period 3 months ended 30 June 2015</b>
<b>Basic earnings per share</b>			
Net profit attributable to shareholders	(RM'000)	<u>9,734</u>	<u>9,734</u>
Weighted average number of shares			
Issued shares at opening	('000)	1,568,637	1,568,637
Treasury shares	('000)	<u>(14,427)</u>	<u>(14,427)</u>
Weighted average number of shares	('000)	<u>1,554,210</u>	<u>1,554,210</u>
Basic earnings per share	(sen)	<u>0.63</u>	<u>0.63</u>
<b>Diluted earnings per share</b>			
Net profit attributable to shareholders	(RM'000)	<u>9,734</u>	<u>9,734</u>
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)	<u>1,903,083</u>	<u>1,903,083</u>
Diluted earnings per share	(sen)	<u>0.51</u>	<u>0.51</u>

### B11. Realised and Unrealised Retained Profits

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

	<b>As at 30 June 2015 RM'000</b>	<b>As at 31 March 2015 RM'000 (Audited)</b>
Total retained profits of company and its subsidiaries:		
- Realised	1,228,483	1,034,028
- Unrealised	(426,638)	(400,601)
	<hr/> 801,845	<hr/> 633,427
Total share of retained profits from associated companies:		
- Realised	(16,733)	(16,857)
- Unrealised	-	-
Total share of retained profits from jointly controlled entities:		
- Realised	24,209	24,465
- Unrealised	-	-
	<hr/> 809,321	<hr/> 641,035
Consolidation adjustments	(667,254)	(508,702)
<b>Total retained earnings</b>	<hr/> <hr/> <b>142,067</b>	<hr/> <hr/> <b>132,333</b>

### B12. Profit for the period

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

	<b>Current Quarter 3 months ended 30 June 2015 RM'000</b>	<b>Cumulative Period 3 months ended 30 June 2015 RM'000</b>
Interest income	1,049	1,049
Interest expense	9,332	9,332
Unrealized foreign exchange (gain)/loss, net	(2,218)	(2,218)
Realized foreign exchange loss/(gain), net	(3,087)	(3,087)
Depreciation and amortisation	24,586	24,586
Loss on disposal of property, plant and equipment	245	245
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### 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 25 August 2015.