

SCOMI GROUP BHD
(COMPANY NO: 571212-A)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2016**

	<u>Quarter</u>	<u>Quarter</u>	<u>Cummulative</u>	<u>Cummulative</u>
Note	3 months ended 31 March 2016 RM '000	3 months ended 31 March 2015 (Restated) RM '000	Current Year 2016 RM '000	Preceding Year 2015 (Restated) RM '000
<u>Continuing Operations</u>				
Revenue	A8	331,688	436,660	1,423,292
Cost of revenue		(269,051)	(346,440)	(1,160,723)
Gross profit		62,637	90,220	262,569
Other income, net		40,248	36,999	65,009
Operating expenses		(106,622)	(85,036)	(255,017)
Finance costs		(7,508)	(6,650)	(34,435)
Share of results of associates		-	-	(124)
Share of results of jointly controlled entities		(8,521)	(2,432)	1,117
(Loss)/profit before taxation	B12	(19,766)	33,101	27,798
Taxation	B5	1,531	(15,662)	(40,152)
(Loss)/profit for the period from continuing operations		(18,235)	17,439	11,368
<u>Discontinued operations</u>				
Loss for the period from discontinued operations		-	(71)	-
(Loss)/Profit for the period	A8	(18,235)	17,368	11,368
<u>Other comprehensive income</u>				
Currency translation differences		(76,787)	27,869	(15,171)
Cash flow hedges		2,535	(4,011)	18,765
Other comprehensive income, net of tax		(74,253)	23,858	3,594
Total comprehensive income for the period		(92,488)	41,226	14,962
<u>Profit/(loss) attributable to:</u>				
Owners of the Company		1,982	15,988	22,437
Non-controlling interests		(20,217)	1,380	(11,069)
		(18,235)	17,368	11,368
<u>Total comprehensive income attributable to:</u>				
Owners of the Company		(53,675)	38,524	14,219
Non-controlling interests		(38,813)	2,702	743
		(92,488)	41,226	14,962
<u>Earnings per share</u>				
	B10	sen	sen	sen
- Basic		0.13	1.03	1.44
- Diluted		0.10	0.84	1.18

SCOMI GROUP BHD
(COMPANY NO: 571212-A)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016**

	Note	As at 31 March 2016 RM'000	As at 31 March 2015 RM'000 (Restated)	As at 31 March 2014 RM'000 (Audited)
ASSETS				
Non-current assets				
Property, plant and equipment	A9	608,851	659,640	646,220
Intangible assets		295,192	295,572	292,033
Investment properties		2,440	2,495	2,516
Investment in joint ventures and joint operations		65,666	68,967	54,935
Available-for-sale financial asset		104	104	104
Deferred tax assets		38,240	31,087	32,759
Receivables		332	1,125	-
		<u>1,018,175</u>	<u>1,058,990</u>	<u>1,028,691</u>
Current assets				
Inventories		212,888	242,509	227,286
Receivables, deposits and prepayments		1,106,248	1,243,021	1,148,810
Current tax assets		37,026	15,542	15,457
Short-term deposits, cash and bank balances		188,647	236,330	229,882
		<u>1,544,809</u>	<u>1,737,402</u>	<u>1,621,435</u>
Assets classified as held for sale		-	-	63,222
		<u>1,544,809</u>	<u>1,737,402</u>	<u>1,684,657</u>
Total assets		2,562,984	2,796,392	2,713,348
EQUITY AND LIABILITIES				
Equity attributable to owners of the company				
Share capital		191,752	156,864	156,864
Treasury shares		(18,696)	(18,696)	(18,696)
Share premium		423,964	352,379	352,379
Convertible bonds		-	106,471	106,471
Other reserves		(97,912)	(86,529)	(96,648)
Retained earnings		152,271	125,460	107,379
		<u>651,379</u>	<u>635,949</u>	<u>607,749</u>
Non controlling interests		535,484	535,951	504,534
		<u>1,186,863</u>	<u>1,171,900</u>	<u>1,112,283</u>
Non-current liabilities				
Payables		5,584	5,682	2,969
Provision for retirement benefit		7,445	6,644	5,952
Loans and borrowings	B7	154,858	183,388	261,583
Deferred taxation		9,271	7,982	6,469
Derivative financial liabilities		28,845	40,366	23,715
		<u>206,003</u>	<u>244,062</u>	<u>300,688</u>
Current liabilities				
Trade and other payables		492,801	560,045	507,246
Loans and borrowings	B7	617,977	769,866	709,522
Current tax liabilities		43,464	37,747	21,430
Deferred government grant		629	988	1,347
Derivative financial liabilities		15,247	11,784	5,378
		<u>1,170,118</u>	<u>1,380,430</u>	<u>1,244,923</u>
Liabilities classified as held for sale		-	-	55,454
		<u>1,170,118</u>	<u>1,380,430</u>	<u>1,300,377</u>
Total liabilities		<u>1,376,121</u>	<u>1,624,492</u>	<u>1,601,065</u>
Total equity and liabilities		2,562,984	2,796,392	2,713,348
Net asset per share attributable to equity holders of the parent (RM)		<u>0.34</u>	<u>0.41</u>	<u>0.39</u>

The above should be read in conjunction with the audited financial statements for the year ended 31 March 2015.

SCOMI GROUP BHD
(COMPANY NO: 571212-A)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2016**

	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Convertible bond reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 April 2015 (as previously stated)	156,864	352,379	(18,696)	106,471	(86,529)	132,333	642,822	539,548	1,182,370
Prior year adjustments						(6,873)	(6,873)	(3,597)	(10,470)
At 1 April 2015 (restated)	156,864	352,379	(18,696)	106,471	(86,529)	125,460	635,949	535,951	1,171,900
Currency translation differences arising during the year:									
- subsidiaries	-	-	-	-	(20,538)	-	(20,538)	5,367	(15,171)
- associates	-	-	-	-	-	-	-	-	-
Cash flow hedges:									
- fair value gains	-	-	-	-	-	-	-	-	-
- transfer to income statement	-	-	-	-	12,320	-	12,320	6,445	18,765
Profit for the period	-	-	-	-	-	22,437	22,437	(11,069)	11,368
Total comprehensive income for the period	-	-	-	-	(8,218)	22,437	14,219	743	14,961
Issue of new shares			-	-	-	-	-	-	-
Share Option adjustment upon expiry			-	-	(3,164)	4,374	1,209	(1,210)	(1)
Conversion of Convertible Bonds	34,888	71,585	-	(106,471)	(106,471)	-	2	-	2
Dividend	-	-	-	-	-	0	0	-	0
At 31 March 2016	191,752	423,964	(18,696)	-	(97,912)	152,271	651,379	535,484	1,186,863
At 1 April 2014	156,864	352,379	(18,696)	106,471	(96,648)	107,379	607,749	504,534	1,112,283
Foreign currency translation differences for foreign operations	-	-	-	-	(17,702)	-	(17,702)	8,903	(8,799)
Cash flow hedges					3,254		3,254	1,702	4,956
Profit for the year					-	49,413	49,413	24,741	74,154
Total comprehensive income for the year	-	-	-	-	(14,448)	49,413	34,965	35,346	70,311
Share options :									
- value of options terminated	-	-	-	-	(284)	392	108	(108)	-
Disposal and deconsolidation of subsidiaries	-	-	-	-	24,851	(24,851)	-	-	-
Dividend paid by a subsidiary to NCI	-	-	-	-	-	-	-	(224)	(224)
At 31 March 2015	156,864	352,379	(18,696)	106,471	(86,529)	132,333	642,822	539,548	1,182,370

The above should be read in conjunction with the audited financial statements for the year ended 31 March 2015.

SCOMI GROUP BHD
(COMPANY NO: 571212-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2016

	Cumulative Quarter	
	Current Year To Date	Preceding Year (Restated)
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation		
continuing operations	27,797	103,909
discontinuing operations	-	(71)
Adjustments for non-cash items	119,143	149,842
Operating profit before working capital changes	146,940	253,680
Changes in working capital:		
Inventories	30,079	(11,721)
Trade and other receivables	165,408	(89,815)
Trade and other payables	(63,294)	29,641
Cash from operations	279,133	181,785
Tax paid	(30,833)	(19,162)
Retirement benefits paid		(255)
Net cash from operating activities	248,300	162,368
Cash flows from investing activities		
Additional investment in/acquisition of joint venture company	-	(1,452)
Development expenditure incurred	(1)	(5,730)
Purchase of property, plant and equipment	(30,348)	(61,096)
Proceeds from disposal of property, plant and equipment	3,646	5,887
Proceeds from disposal of assets held for sale	-	5,289
Investment in jointly-controlled entity	(4,531)	(10,059)
Addition to intangible assets	(5,825)	-
Interest received	3,427	4,078
Net cash used in investing activities	(33,632)	(63,083)
Cash flows from financing activities		
Issue of shares	127,339	-
Proceeds from bank borrowings	2,244	577,256
Repayment of bank borrowings	(183,767)	(499,765)
Interest paid on borrowings	(61,385)	(65,712)
Decrease in cash and short term deposit pledged as security	711	11,531
Repayment of Bonds	(127,339)	-
Dividend paid to non-controlling interests in subsidiaries	-	(224)
Net cash (used in) / from financing activities	(242,196)	23,086
Net increase in cash and cash equivalents	(27,528)	122,371
Cash and cash equivalents at beginning of period	83,727	(27,384)
Currency translation differences	(11,178)	(11,260)
Cash and cash equivalents at end of period	45,021	83,727
<u>Cash and cash equivalents comprise:</u>		
Short term deposits with licensed banks	25,904	77,596
Cash and bank balances	118,704	158,734
Bank overdrafts	(74,370)	(82,636)
	70,238	153,694
Less: Short-term deposit pledged as securities	(25,217)	(69,967)
	45,021	83,727

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 31 March 2016.

Except as described below, the same accounting policies and methods of computation are followed in the condensed consolidated financial statements as compared with the audited consolidated financial statements for the 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 2018

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

Prior Year Adjustment

During the current quarter, the Group has restated the inventories amount and the Cost of Sales for the comparative year (for the Financial Year 31 March 2015) due to the variance discovered in the inventories value reported previously which has been fully provided in the results.

The inventories variance was discovered in one of its foreign subsidiaries during its physical inventory count. The detailed physical inventory count was carried out after the management observed inconsistent inventory build-up during its regular financial review of its subsidiary.

Subsequent to the ascertainment of the total inventory variance, management conducted its internal investigation and its preliminary view was that the inventory variance was as a result of fraudulent act. In order to determine the parties involved in the fraudulent act, management lodged an official report with the foreign subsidiary's local law enforcement authorities ("Authorities") in order for investigation to be carried out. Investigation is currently ongoing.

	As previously reported as at 31 Mar 2015	Prior Year Adjustments	Restated As at 31 Mar 2015
Condensed Consolidated Statement of Financial Position			
Current Assets			
Inventories	252,979	(10,470)	242,509
Equity			
Retained earnings	(132,333)	6,873	(125,460)
Non controlling interests	(539,548)	3,597	(535,951)
Condensed Consolidated Statement of Income Statement			
Cost of sales	1,432,032	10,470	1,442,502

Note : There are no restatement required for the opening balance sheet as at 1 April 2014.

A2. Qualification of financial statements

The preceding year annual audited 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

During the current quarter, the Company issued 348,873,287 shares listed on 19 February 2016 due to conversion of convertible redeemable secured bonds of an aggregate nominal value of RM110 million. The issued and paid-up capital after the above transaction is 1,917,510,141 units.

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 12 month period ended 31 March 2016					
Revenue					
<u>Continuing operations</u>					
Revenue for the period	1,053,818	194,926	174,548	-	1,423,292
	<u>1,053,818</u>	<u>194,926</u>	<u>174,548</u>	<u>-</u>	<u>1,423,292</u>
Results					
<u>Continuing operations</u>					
Operating profit / (loss)	93,117	(20,868)	(7,160)	4,045	69,134
Share of result of					
- associated companies	-	-	-	-	-
- jointly controlled entities	(2,878)	(7,450)	-	-	(10,328)
Other income	(655)	(19,730)	2,134	21,678	3,427
Finance cost	(27,019)	(517)	(6,854)	(45)	(34,435)
Segment results	<u>62,565</u>	<u>(48,565)</u>	<u>(11,880)</u>	<u>25,678</u>	<u>27,798</u>
Taxation					(16,430)
Profit for the period					<u>11,368</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 12 month period ended 31 March 2015					
Revenue					
<u>Continuing operations</u>					
External sales	1,282,310	277,929	238,321	-	1,798,572
	<u>1,282,310</u>	<u>277,929</u>	<u>238,321</u>	<u>-</u>	<u>1,798,572</u>
Results					
<u>Continuing operations</u>					
Operating profit / (loss)	131,642	111	30,207	(31,699)	130,261
Share of result of					
- associated companies	-	(124)	-	-	(124)
- jointly controlled entities	(1,863)	2,980	-	-	1,117
Finance income	2,360	722	996	(996)	3,082
Finance cost	(25,898)	(2,529)	(33,251)	31,251	(30,427)
Profit / (loss) before tax	<u>106,241</u>	<u>1,160</u>	<u>(2,048)</u>	<u>(1,444)</u>	<u>103,909</u>
<u>Discontinued operations</u>					
Profit for the period	-	-	-	-	(71)
Segment results	<u>106,241</u>	<u>1,160</u>	<u>(2,048)</u>	<u>(1,444)</u>	<u>103,838</u>
Taxation					(40,152)
Profit for the period					<u>63,686</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>2,200</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	2,691	79,824	82,515
Vessels	-	20,739	20,739
Others	133	7,161	7,294
Total	<u>2,824</u>	<u>107,724</u>	<u>110,548</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	120	-	120
Property	6,374	7,700	14,074
Plant and Machinery	725	158	883
Others	3,497	5,601	9,098
Total	<u>10,716</u>	<u>13,459</u>	<u>24,175</u>

A14. Related Party Transactions

The following are the significant related party transactions:

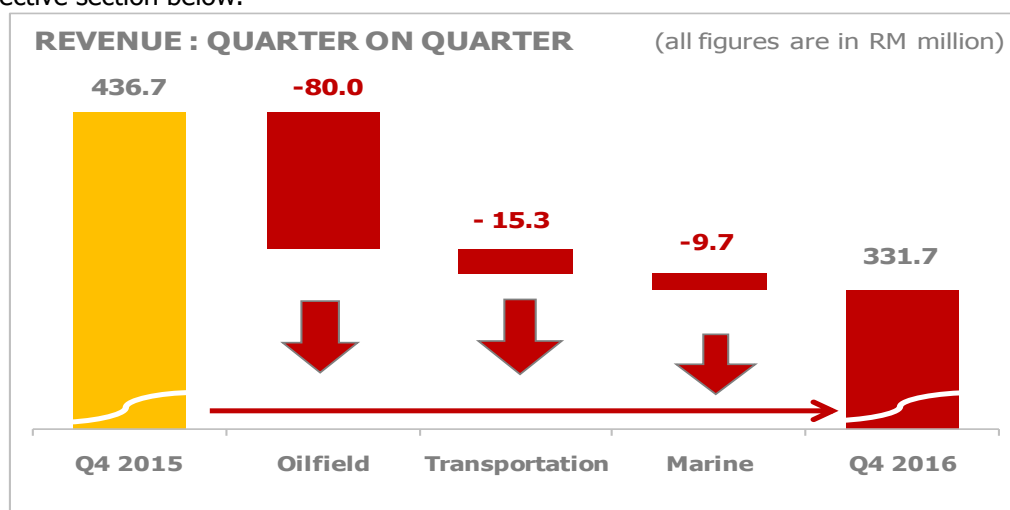
	Current Quarter 3 months ended 31 Mar 2016 RM'000	Cumulative 12 months ended 31 Mar 2016 RM'000
<i>Transactions with a company connected to Directors</i>		
Leasing of computers	28	124
Share registration and related professional fee	(11)	55
Human resources processing	106	390
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PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA

B1. Review of Operating Segments

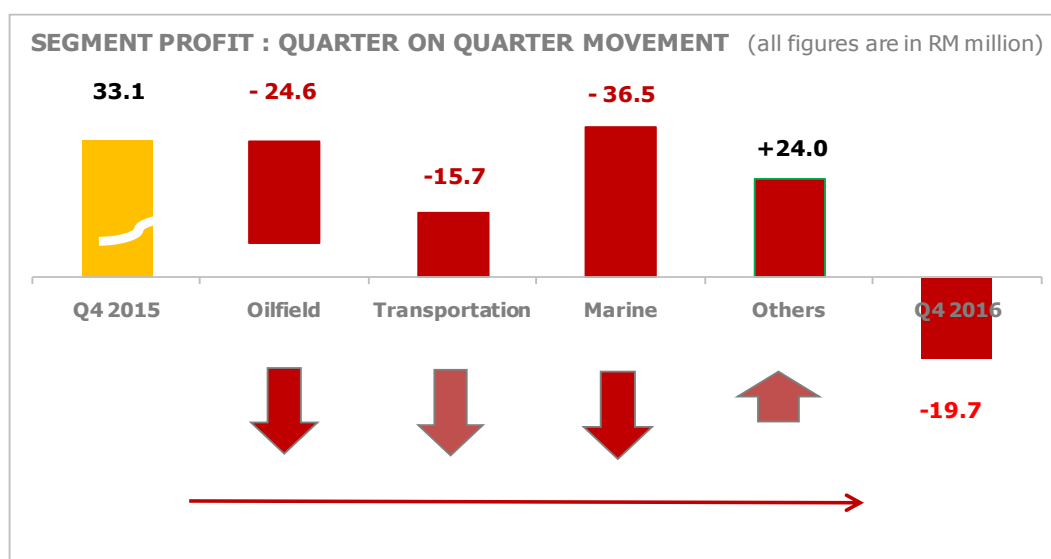
Current Quarter

Overall revenue for the current quarter ended 31 March 2016 ("Q4 2016") was RM331.7 million, a 24.0% reduction from RM436.7 million recorded in the corresponding quarter ("Q4 2015"). Details of the key factors driving the performance of each segment are provided in the respective section below.



	<u>Q4 2016</u> RM'000	<u>Q4 2015</u> RM'000
Results		
<u>Continuing operations</u>		
(Loss)/Profit before tax	(19,766)	33,101
<u>Discontinued operations</u>		
Net loss for the period	-	(71)
(Loss)/Profit before tax	<u>(19,766)</u>	<u>33,030</u>

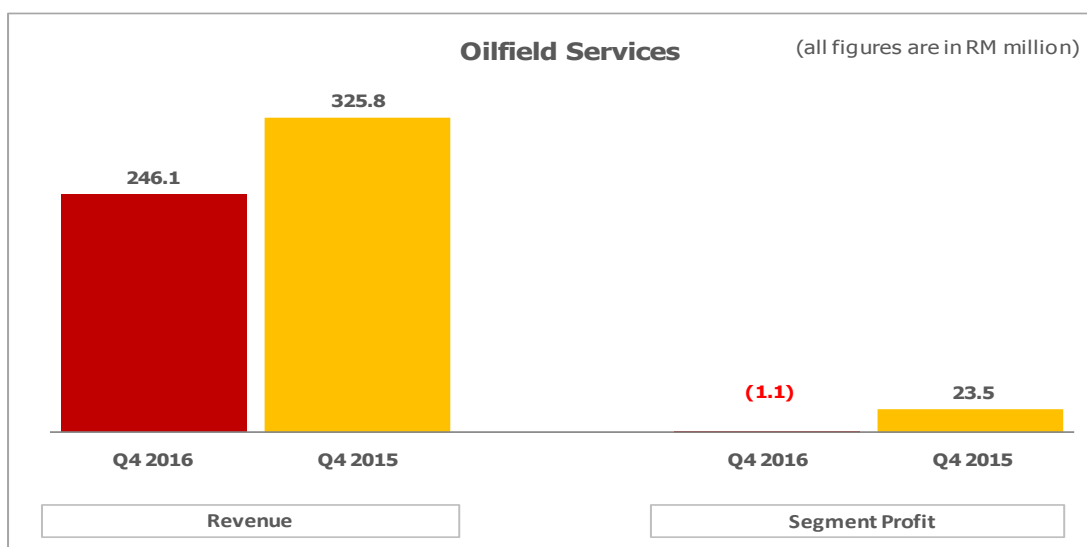
Total segment results for Q4 2016 and Q4 2015 were as follows:



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 lower revenue of RM246.1 million, as compared to RM325.8 million in Q4 2015, due to softer drilling activities particularly in Malaysia, Middle-East and West Africa. Due to the low oil prices, customers have been cautious in their drilling plans, resulting in activities being deferred or delayed.

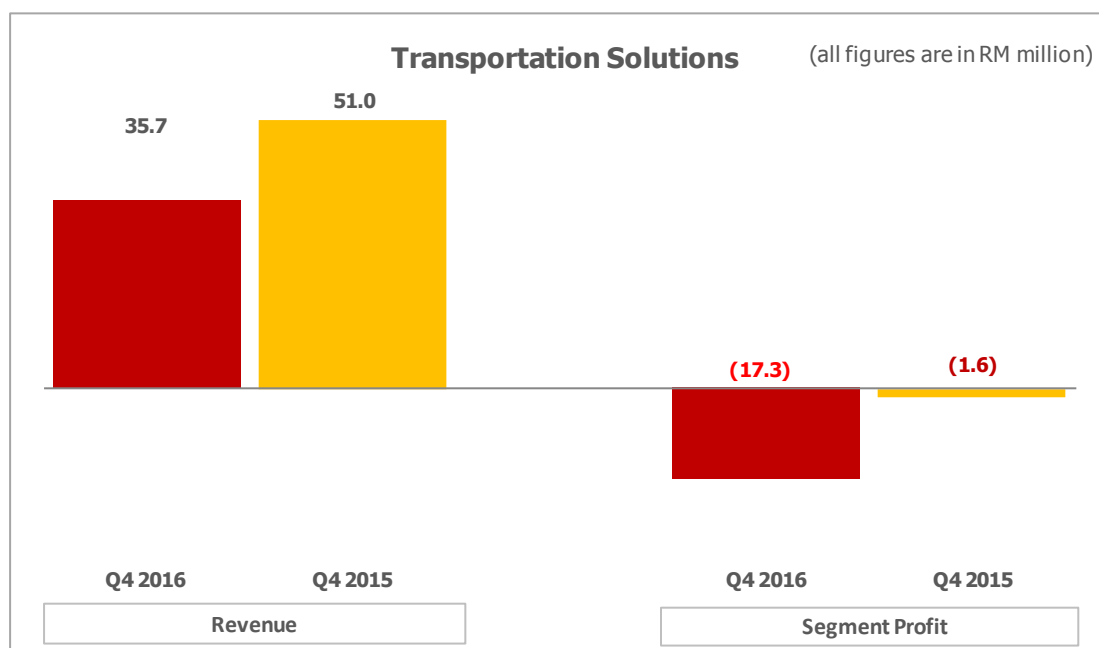


As tabulated below, the division posted a loss RM1.1 million, as compared to a profit of RM30.5 million in Q4 2015. The decrease is mainly due to the inclusion of Non-Recurring Charges of RM11.6million consisting of Forex Losses and Inventory Adjustment

	<u>Q4 2016</u> RM'000	<u>Q4 2015</u> RM'000
<u>Continuing operations</u>		
Operating profit	19,203	20,234
Share of result of		
- jointly controlled entities	(2,878)	(1,863)
Other (expenses)/income	(230)	18,876
Finance cost	(5,601)	(6,774)
Core Profit / (loss) before Non-Recurring Charges	<u>10,494</u>	<u>30,473</u>
Non-Recurring Charges	(11,620)	-
Segment results	<u><u>(1,126)</u></u>	<u><u>30,473</u></u>

Transport Solutions

The Transport Solutions division recorded lower revenue of RM35.7 million, as compared to RM51.0 million in Q4 2015. This is principally due to lower value of work done on monorail projects in Malaysia, India and Brazil.

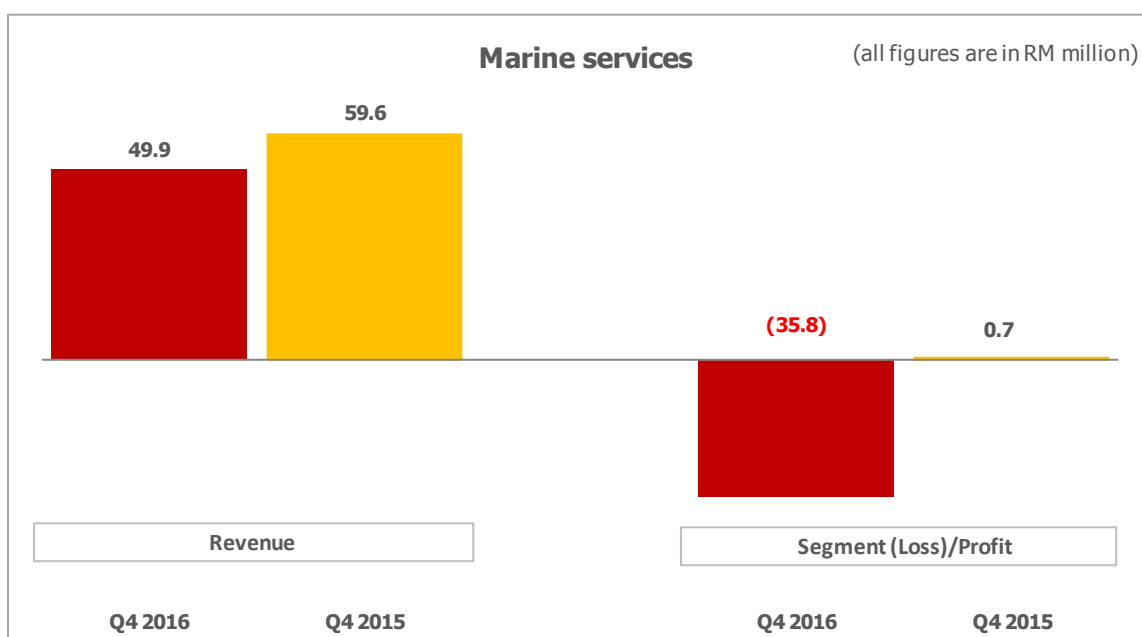


As a result, the division posted a loss of RM17.3 million, as compared to a loss of RM1.6 million in Q4 2015.

	<u>Q4 2016</u>	<u>Q4 2015</u>
	RM'000	RM'000
<u>Continuing operations</u>		
Operating (loss)/profit	(15,899)	922
Other income	565	189
Finance cost	(1,953)	(2,731)
Segment results	<u>(17,287)</u>	<u>(1,620)</u>

Marine Services

The Marine Services division recorded lower revenue of RM49.9 million in Q4 2016 against RM59.6 million in Q4 2015, due to lower tonnage carried and lesser shipments for all contracts.



Consequently, the division posted a loss of RM35.8 million against a profit of of RM0.7 million in Q4 2015 after incorporating Non-Recurring Charges of RM32.7 million consisting of accelerated amortisation for Dry-Docking Cost, Goodwill and Vessel impairment.

	<u>Q4 2016</u>	<u>Q4 2015</u>
	RM'000	RM'000
<u>Continuing operations</u>		
Operating (loss)/profit	(10,450)	1,466
Share of result of		
- associated companies	-	-
- jointly controlled entities	(8,482)	(314)
Other (expense)/income	15,891	220
Finance cost	(74)	(645)
Core Profit / (loss) before Non-Recurring Charges	<u>(3,115)</u>	<u>727</u>
Non-Recurring Charges	(32,695)	-
Segment results	<u><u>(35,810)</u></u>	<u><u>727</u></u>

B2. Material Change in Profit Before Taxation as Compared to Preceding Quarter

The Group recorded a loss before taxation from continuing operations of RM19.8 million in the current quarter ended 31 March 2016 ("Q4 2016") as compared to RM12.9 million in the preceding quarter ended 31 December 2015 ("Q3 2016").

As tabulated below, the loss was due to losses from all segments and higher corporate costs that were partially set-off by other income.

Performance as Compared to Preceding Quarter

	Current Quarter <u>Q4 2016</u> RM'000	Current Quarter <u>Q3 2016</u> RM'000
<u>Continuing operations</u>		
Revenue	331,688	373,953
Cost of revenue	(269,051)	(310,438)
Gross profit	<u>62,637</u>	<u>63,515</u>
Gross margin	18.9%	17.0%
<u>Segment results from continuing operations of :</u>		
- Oilfield Services Division	(1,126)	21,455
- Marine Services Division	(35,810)	(5,388)
- Transport Solutions Division	(17,287)	1,542
	<u>(54,223)</u>	<u>17,609</u>
SGB Corporate income/(costs),net	69,894	(2,531)
	<u>15,671</u>	<u>15,078</u>
Others/ Elimination, net	(35,437)	(2,225)
(Loss)/Profit before tax	<u>(19,766)</u>	<u>12,853</u>

B3. Future prospects

Oilfield Services Division

We expect the uncertainty in the oil prices to impact our revenue in the coming quarters. Unless there is a significant upward movement in the oil prices, activity is likely to remain soft, resulting in delay in projects and capex spending and greater pricing pressures. In this tough market condition, we are constantly working with our customers to improve efficiency through new products. We continue to focus on protecting our market share, actively manage our cost and improve liquidity while also looking to tap into new markets.

Development and Production Asset and Services continue to explore opportunities in the area of Development and Production and exploring projects that requires innovative and cost-efficient solutions. OPSB continues to streamline its Capex and Operating expenses in order to operate within a lean cost structure to mitigate the impact of low oil prices.

Marine Services Division

Market continues to remain challenging, and demand for vessels is weak. Management will focus its efforts in managing costs as well as expanding marketing efforts across a wider geographical area. Competition in this area will remain tough but management remains focused on prioritising utilisation of our vessels.

Transport Solutions Division

The existing projects continue to be faced with various challenges that affect the operations and financial performance. However, various mitigation actions are being executed to alleviate the effects.

The Group carries on with efforts to expand opportunities in its current markets of Brazil, India and Malaysia and to pursue new businesses in other markets including China, Thailand, Turkey, Pakistan and Sri Lanka.

The Group remains cautious of its performance for 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

	Current Quarter 3 months ended 31 Mar 2016 RM'000	Cumulative Period 12 months ended 31 Mar 2016 RM'000
Continuing operations		
Current tax:		
Malaysian income tax	(228)	5,231
Foreign tax	9,433	21,935
	<u>9,205</u>	<u>27,166</u>
Deferred tax	- 10,736	(10,736)
Total from continuing operations	<u>(1,531)</u>	<u>16,430</u>
Total income tax (credit)/expense	<u>(1,531)</u>	<u>16,430</u>

Domestic current income tax is calculated at the statutory tax rate of 25% (2015: 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) different corporate tax rates for different 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 March 2016 RM'000
Current	617,977
Non Current	154,858
Total	<u>772,835</u>

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

	As at 31 March 2016 RM'000
Denominated in:	
Ringgit Malaysia	550,820
US Dollar	167,066
Indian Rupee	51,721
Others	3,228
Total	<u>772,835</u>

B8. Change in material litigation

Claims by Molinari Rail AG and Molinari Rail Austria GmbH

The arbitration filed by Molinari Rail AG and Molinari Rail Austria GmbH (Singapore International Arbitration Centre No 035 of 2014-04-24, and 090 of 2016) against Scomi Rail Bhd and its holding company, Scomi Engineering Berhad which is the Company's subsidiary is scheduled for hearing during the first two weeks of August 2016.

Molinari claims payment for services provided. Scomi Rail Bhd, the main recipient of the services, is defending the claims and making a counter claim arising out of the services performed by the claimants.

B9. Proposed Dividend

No dividend has been declared for the current quarter under review.

B10. Earnings per share

The computation for earnings per share is as shown below.

		Current Quarter 3 months ended 31 March 2016	Cumulative Period 12 months ended 31 March 2016
Basic earnings per share			
Net profit attributable to shareholders	(RM'000)	<u>1,982</u>	<u>22,437</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>0.13</u>	<u>1.44</u>
Diluted earnings per share			
Net profit attributable to shareholders	(RM'000)	<u>1,982</u>	<u>22,437</u>
Issued shares at opening			
Effect of conversion of convertible Bonds	('000)	1,554,210	1,554,210
Weighted average number of shares	('000)	<u>348,873</u>	<u>348,873</u>
Weighted average number of shares	('000)	<u>1,903,083</u>	<u>1,903,083</u>
Diluted earnings per share	(sen)	<u>0.10</u>	<u>1.18</u>

B11. Realised and Unrealised Retained Profits

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

	As at 31 March 2016 RM'000	As at 31 March 2015 RM'000 (Restated)
Total retained profits of company and its subsidiaries:		
- Realised	1,228,211	1,027,155
- Unrealised	<u>(266,540)</u>	<u>(400,601)</u>
	961,671	626,554
Total share of retained profits from associated companies:		
- Realised	(16,733)	(16,857)
- Unrealised	-	-
Total share of retained profits from jointly controlled entities:		
- Realised	12,554	24,465
- Unrealised	-	-
	<u>957,492</u>	<u>634,162</u>
Consolidation adjustments	<u>(805,221)</u>	<u>(508,702)</u>
Total retained earnings	<u>152,271</u>	<u>125,460</u>

B12. Profit for the period

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

	Current Quarter 3 months ended 31 March 2016 RM'000	Cumulative Period 12 months ended 31 March 2016 RM'000
Interest income	(788)	(3,427)
Interest expense	7,507	34,435
Unrealized foreign exchange loss, net	20,233	5,543
Realized foreign exchange gain, net	(14,591)	(21,125)
Depreciation and amortisation	111,900	188,217
Reversal for and write off of inventories	(970)	(970)
Reversal of doubtful debt provision	(38,884)	(36,980)
Gain on disposal of subsidiaries	(24,081)	(24,081)
(Gain)/loss on disposal of property, plant and	(204)	117

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 31 May 2016.