

SCOMI GROUP BHD
(COMPANY NO: 571212-A)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR ENDED 31 MARCH 2018**

	<u>Quarter</u> 3 months ended 31 March 2018 RM '000	<u>Quarter</u> 3 months ended 31 March 2017 RM '000	<u>Cummulative Period</u> Unaudited Current Year 2018 RM '000	<u>Cummulative Period</u> Audited Preceding Year 2017 RM '000
Continuing Operations				
Revenue	132,123	188,702	703,824	826,892
Cost of revenue	(143,529)	(171,971)	(645,050)	(766,467)
Gross (loss)/profit	(11,406)	16,731	58,774	60,425
Other (expenses)/income, net	(34,267)	(33,080)	(20,584)	32,259
Operating expenses	(99,777)	(54,169)	(267,857)	(190,125)
Finance costs	(10,114)	(6,532)	(38,045)	(26,754)
Share of results of jointly controlled entities	(35,867)	(17,183)	(39,381)	(24,208)
Loss before taxation	(191,431)	(94,233)	(307,093)	(148,403)
Taxation	(6,946)	(10,771)	(19,172)	(17,248)
Loss for the period/year	(198,377)	(105,004)	(326,265)	(165,651)
Other comprehensive income/(expense)				
Currency translation differences	40,388	(10,322)	(36,488)	43,283
Available-for-sale financial assets	-	(1,022)	-	(1,022)
Cash flow hedges	(9,810)	1,189	(10,657)	9,120
Other comprehensive income/(expense), net of tax	30,578	(10,155)	(47,145)	51,381
Total comprehensive expense for the period/year	(167,799)	(115,159)	(373,410)	(114,270)
Loss attributable to:				
Owners of the Company	(157,901)	(67,858)	(248,481)	(107,405)
Non-controlling interests	(40,476)	(37,146)	(77,784)	(58,246)
	(198,377)	(105,004)	(326,265)	(165,651)
Total comprehensive expense attributable to:				
Owners of the Company	(143,797)	(74,549)	(287,023)	(79,415)
Non-controlling interests	(24,002)	(40,610)	(86,387)	(34,855)
	(167,799)	(115,159)	(373,410)	(114,270)
Earnings/(loss) per share				
Basic earnings/(loss) per share	sen (14.45)	sen (3.56)	sen (22.74)	sen (5.64)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Report for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.

SCOMI GROUP BHD
(COMPANY NO: 571212-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	As at 31 March 2018 RM'000 Unaudited	As at 31 March 2017 RM'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	A9	427,574	590,886
Intangible assets		273,476	282,446
Investment properties		2,140	2,499
Investment in associate		7,939	7,439
Investment in joint ventures and joint operations		14,714	53,794
Available-for-sale assets		109	170
Deferred tax assets		32,617	39,032
Receivables		206	226
		758,775	976,492
Current assets			
Inventories		124,630	181,434
Receivables, deposits and prepayments		1,005,920	1,082,244
Current tax assets		23,659	31,899
Short-term deposits, cash and bank balances		95,161	163,815
		1,249,370	1,459,392
Total assets		2,008,145	2,435,884
EQUITY AND LIABILITIES			
Equity attributable to owners of the company			
Share capital		664,964	636,582
Treasury shares		(5,183)	(18,696)
Other reserves		(107,315)	(68,732)
Retained earnings		(199,151)	24,959
		353,315	574,113
Non controlling interests		343,687	502,147
		697,002	1,076,260
Non-current liabilities			
Payables		3,236	7,374
Provision for retirement benefit		8,645	10,800
Loans and borrowings	B7	150,477	123,661
Deferred taxation		11,738	18,510
Derivative financial liabilities		-	21,118
		174,096	181,463
Current liabilities			
Trade and other payables		542,488	467,401
Loans and borrowings	B7	555,925	647,437
Current tax liabilities		28,118	39,909
Deferred government grant		-	269
Derivative financial liabilities		10,516	23,145
		1,137,047	1,178,161
Total liabilities		1,311,143	1,359,624
Total equity and liabilities		2,008,145	2,435,884
Net asset per share attributable to equity holders of the parent (RM)			
		0.32	0.30

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Report for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.

SCOMI GROUP BHD
(COMPANY NO: 571212-A)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Other reserves Translation reserve RM'000	Hedge reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 April 2017	636,582	-	(18,696)	(79,389)	10,657	24,959	574,113	502,147	1,076,260
Foreign currency translation differences for foreign operations	-	-	-	(27,885)	-	-	(27,885)	(8,603)	(36,488)
Cash flow hedges	-	-	-	-	(10,657)	-	(10,657)	-	(10,657)
Loss for the year	-	-	-	-	-	(248,481)	(248,481)	(77,784)	(326,265)
Total comprehensive income for the year	-	-	-	(27,885)	(10,657)	(248,481)	(287,023)	(86,387)	(373,410)
Disposal of treasury shares	-	-	13,513	-	-	-	13,513	-	13,513
Issuance of shares	28,382	-	-	-	-	-	28,382	-	28,382
Effect of share consolidation	-	-	-	-	-	24,330	24,330	(72,073)	(47,743)
Disposal of a subsidiary	-	-	-	(41)	-	41	-	-	-
At 31 March 2018	664,964	-	(5,183)	(107,315)	-	(199,151)	353,315	343,687	697,002
At 1 April 2016	191,751	444,831	(18,696)	(102,448)	4,704	133,386	653,528	537,002	1,190,530
Foreign currency translation differences for foreign operations	-	-	-	23,059	-	-	23,059	20,224	43,283
Cash flow hedges	-	-	-	-	5,953	-	5,953	3,167	9,120
Retirement benefits	-	-	-	-	-	(1,022)	(1,022)	-	(1,022)
Loss for the year	-	-	-	-	-	(107,405)	(107,405)	(58,246)	(165,651)
Total comprehensive income for the year	-	-	-	23,059	5,953	(108,427)	(79,415)	(34,855)	(114,270)
Transfer pursuant to S618(2) of Companies Act, 2016	444,831	(444,831)	-	-	-	-	-	-	-
At 31 March 2017	636,582	-	(18,696)	(79,389)	10,657	24,959	574,113	502,147	1,076,260

SCOMI GROUP BHD
(COMPANY NO: 571212-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Cumulative Period	
	Current Year 31 March 2018 RM'000 Unaudited	Preceding Year 31 March 2017 RM'000 Audited
Cash flows from operating activities		
Loss before taxation continuing operations	(307,093)	(148,403)
Adjustments for non-cash items	305,105	171,268
Operating (loss)/profit before working capital changes	(1,988)	22,865
Changes in working capital:		
Inventories	56,524	24,051
Trade and other receivables	(33,444)	(6,715)
Trade and other payables	36,367	(2,283)
Cash from operations	57,459	37,918
Tax paid	(6,469)	(22,302)
Retirement benefits paid	-	(530)
Net cash from operating activities	50,990	15,086
Cash flows from investing activities		
Additional investment in/acquisition of joint venture company		(3,560)
Purchase of property, plant and equipment	(17,221)	(25,405)
Proceeds from disposal of property, plant and equipment	9,675	2,275
Addition to intangible assets	-	(6,641)
Investment in associates	(500)	-
Interest received	1,864	3,226
Net cash used in investing activities	(6,182)	(30,105)
Cash flows from financing activities		
Proceeds from bank borrowings	9,220	149,021
Repayment of bank borrowings	(48,900)	(170,665)
Interest paid on borrowings	(28,974)	(48,640)
Increase in cash and short term deposit pledged as security	(5,765)	16,849
Sale of treasury shares	1,533	-
Net cash used in financing activities	(72,886)	(53,435)
Net decrease in cash and cash equivalents	(28,078)	(68,454)
Cash and cash equivalents at beginning of period	32,802	44,444
Currency translation differences	(38,695)	56,811
Cash and cash equivalents at end of period	(33,971)	32,801
<u>Cash and cash equivalents comprise:</u>		
Short term deposits with licensed banks	59,163	56,881
Cash and bank balances	35,996	106,934
Bank overdrafts	(70,982)	(78,630)
	24,177	85,185
Less: Short-term deposit pledged as securities	(58,148)	(52,384)
	(33,971)	32,801

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 2017 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 2018.

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 2017.

The Group adopted the following Amendments during the current financial period:

Amendments to MFRS 12	<i>Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)</i>
Amendments to MFRS 107	<i>Statement of Cash Flows – Disclosure Initiative</i>
Amendments to MFRS 112	<i>Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses</i>

The following are accounting standards, amendments and interpretations of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

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>
Clarifications to MFRS 15	<i>Revenue from Contracts with Customers</i>
IC Interpretation 22	<i>Foreign Currency Transactions and Advance Consideration</i>
Amendments to MFRS 1	<i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)</i>
Amendments to MFRS 2	<i>Share-based Payment – Classification and Measurement of Share-based Payment Transactions</i>
Amendments to MFRS 4	<i>Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>
Amendments to MFRS 128	<i>Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)</i>
Amendments to MFRS 140	<i>Investment Property – Transfers of Investment Property</i>

Effective for annual periods commencing on or after 1 January 2019

MFRS 16	<i>Leases</i>
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Effective for a date yet to be confirmed

Amendments to MFRS 10 *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*

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*.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of 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.

MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

Amendments to MFRS 128, Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)

The amendments clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates and joint ventures at fair value.

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

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 items

There are no unusual items that affected the assets, liabilities, equity, net income or cash flows in the current period under review other than as disclosed in these unaudited condensed consolidated interim financial statements.

A5. Material changes in estimates

There were no material changes in estimates other than as disclosed in these unaudited condensed consolidated interim financial statements that have a material effect on the results for the current period under review.

A6. 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 period, except as stated below:-

- (i) The issuance and allotment of 135,152,390 new shares at RM0.21 per share and 13,514,050 Warrants (collectively, "Consideration Securities") as mentioned in Note B6.
- (ii) the listing of and quotation for:
 - (a) 477,765,360 Warrants issued pursuant to the Bonus Issue of Warrants; and
 - (b) the Consideration Securities as mentioned in Note B6.
- (iii) Sale of treasury shares during the period as follow:-

Date	No. of units	Price/unit RM	Total consideration RM
11 Jan 18	7,978,500	0.16	1,276,560
15 Mar 18	1,224,350	0.13	159,166
16 Mar 18	750,000	0.13	97,500
Total	9,952,850		1,533,226

A7. Dividends paid

No dividends were paid during the current period.

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 2018					
Revenue					
Revenue for the year	486,231	127,532	90,061	-	703,824
Results					
Operating loss	(66,173)	(27,562)	(52,808)	(62,540)	(209,083)
Share of result of					
- associated companies	-	-	-	-	-
- jointly controlled entities	-	(35,353)	-	(4,028)	(39,381)
Other income/(expenses)	(9,679)	(31,859)	(25,144)	46,098	(20,584)
Finance cost	(14,287)	(5,334)	(27,928)	9,504	(38,045)
Segment results	(90,139)	(100,108)	(105,880)	(10,966)	(307,093)
Taxation					(19,172)
Loss for the year					(326,265)

	<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 2017					
Revenue					
Revenue for the year	489,053	174,959	162,880	-	826,892
Results					
Operating profit / (loss)	(57,834)	(25,772)	40,828	(57,889)	(100,667)
Share of result of					
- associated companies	-	-	-	-	-
- jointly controlled entities	(4,742)	(19,466)	-	-	(24,208)
Finance income	1,423	360	1,443	-	3,226
Finance cost	(18,265)	(2,341)	(48,982)	42,834	(26,754)
Segment results	(79,418)	(47,219)	(6,711)	(15,055)	(148,403)
Taxation					(17,248)
Loss for the year					(165,651)

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 period under review.

A11. Changes in composition of the Group

There were no material changes in composition of the Group during the period under review.

A12. Contingent liabilities

Details of contingent liabilities of the Group at the end of the period are as follows:

	RM'000
Contingent liabilities arising from :	
- tax matters	<u>1,900</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
Plant and equipment	-	1,456	1,456
Vessels	-	33,055	33,055
Others	-	1,731	1,731
Total	<u>-</u>	<u>36,242</u>	<u>36,242</u>

b) Operating lease commitments:

	31-Mar 2018 RM'000
Less than one year	6,147
Between one and five years	5,604
	<u>11,751</u>

A14. Related Party Transactions

The following are the significant related party transactions:

	Current Quarter 31 Mar 2018 RM'000	Cumulative Year Ended 31 Mar 2018 RM'000
Transactions with companies connected to Directors		
Leasing of computers	-	9
Share registration and related professional fee	38	131
Human resources processing	99	289
Air ticketing	256	1,009

The Directors are of the view that the above transactions have been entered into in the normal course of business under terms and conditions no less favourable to the Group and the Company than those arranged with independent third parties.

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

B1. Review of performance

Current quarter compared to corresponding quarter of the preceding year

	INDIVIDUAL QUARTER				CUMULATIVE PERIOD			
	Current Year Quarter	Preceding Year Corresponding Period Ended	Changes		Current Year Period Ended	Preceding Year Corresponding Period Ended	Changes	
	31-Mar-18	31-Mar-17	RM'000	%	31-Mar-18	31-Mar-17	RM'000	%
Revenue	132,123	188,702	(56,579)	- 30	703,824	826,892	(123,068)	- 15
Operating loss	(111,183)	(37,438)	(73,745)	- 197	(209,083)	(129,700)	(79,383)	- 61
Loss before interest & tax	(181,317)	(87,701)	(93,616)	- 107	(269,048)	(121,649)	(147,399)	- 121
Loss before tax	(191,431)	(94,233)	(97,198)	- 103	(307,093)	(148,403)	(158,690)	- 107
Loss after tax	(198,377)	(105,004)	(93,373)	- 89	(326,265)	(165,651)	(160,614)	- 97
Loss attributable to ordinary equity holders of the parent	(157,901)	(67,858)	(90,043)	- 133	(248,481)	(107,405)	(141,076)	- 131

Current Quarter

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

Current quarter vs. corresponding quarter of the preceding year

	Revenue		Loss before tax	
	3 Months to	3 Months to	3 Months to	3 Months to
	31 Mar	31 Mar	31 Mar	31 Mar
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Operating Segments:				
Oilfield Services	90,641	97,396	(66,512)	(71,708)
Marine Services	29,274	47,039	(75,605)	(16,781)
Transport Solutions	12,208	44,267	(41,567)	(7,353)
Corporate	-	-	(7,747)	1,609
	<u>132,123</u>	<u>188,702</u>	<u>(191,431)</u>	<u>(94,233)</u>

Oilfield Services

The Oilfield Services division recorded lower revenue of RM90.6 million, as compared to RM97.4 million in Q4 2017, mainly due to lower activity in countries such as Turkmenistan, Thailand and Indonesia.

As tabulated above, the division posted a marginal improvement in segment loss before tax of RM66.5 million, as compared to RM71.7 million profit in Q4 2017. Included in the current quarter loss is foreign exchange losses and loss on disposal of assets of RM16.4 million and RM1.1 million respectively.

Marine Services

The Marine Services division recorded lower revenue of RM29.3 million in Q4 2018 against RM47.0 million in Q4 2017, due to lower coal affreightment contract revenue in Malaysia.

Higher segment loss before tax of RM75.6 million for the quarter compared to RM16.8 million in Q4 2017 was mainly due to lower revenue and loss on disposal of vessels of RM4.5 million, impairment of vessels of RM20.2 million and share of loss of JV of RM 32.2 million (due to disposal/impairment of vessels) and unrealised foreign exchange losses of RM2.7 million.

Transport Solutions

The Transport Solutions division recorded lower revenue of RM12.2 million, as compared to RM44.3 million in Q4 2017. This is principally due to low activities that led to lower revenue generated from both Rail and Commercial Vehicles segments.

The division posted a loss before tax of RM41.6 million, as compared to RM7.4 million in Q4 2017. This was mainly due to higher financial cost and higher unrealised foreign exchange losses of RM15.0 million during the quarter as compared to unrealised foreign exchange losses of RM5.5 million in Q4 2017. The losses were from translation of accrued receivables for both Mumbai and Brazil Monorail projects as a result of weakening of the Indian Rupee and Brazilian Real against Malaysian Ringgit.

Current YTD 2018 vs. corresponding YTD 2017

	Revenue		Loss before tax	
	12 Months to		12 Months to	
	31 Mar	31 Mar	31 Mar	31 Mar
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Operating Segments:				
Oilfield Services	486,231	489,053	(90,139)	(79,418)
Marine Services	127,532	174,959	(100,108)	(47,219)
Transport Solutions	90,061	162,880	(105,880)	(6,711)
Corporate	-	-	(10,966)	(15,055)
	<u>703,824</u>	<u>826,892</u>	<u>(307,093)</u>	<u>(148,403)</u>

Oilfield Services

The segment's revenue for YTD 2018 was RM486.2 million which is marginally lower by 0.6% as compared to RM489.0 million recorded in the corresponding period. This was mainly due to lower revenue from Turkmenistan, Thailand, Indonesia and Pakistan offset by higher revenue from Russia, Malaysia, West Africa and France.

The loss before tax for the current period of RM90.1 million includes forex losses amounting to RM33.4 million and loss on disposal of assets of RM2.0 million.

Marine Services

The segment revenue for the current period was lower by 27.1% compared to YTD 2017 mainly due to lower Coal Affreightment contract revenue in Malaysia.

The loss before tax of RM100.1 million in the current period includes forex losses of RM7.9 million, loss on disposal of vessels of RM4.5 million, impairment of vessels RM 20.2 million and share of losses of JV RM34.4 million (due to disposal/impairment of vessels). Lower revenue and cost of idle offshore vessels also contributed to the loss.

Transport Solutions

The Transport Solutions division recorded lower revenue of RM90.1 million, as compared to RM162.9 million in YTD 2017. This is principally due to low activities that led to lower revenue generated from both Rail and Commercial Vehicles segments.

The division posted a loss before tax of RM105.9 million, as compared to RM6.7 million in YTD 2017. This was mainly due to higher financial cost and net unrealised foreign exchange losses of RM26.9 million in YTD 2018 as opposed to net unrealised foreign exchange gains of RM27.6 million in YTD 2017. The losses were from translation of accrued receivables for both Mumbai and Brazil Monorail projects as a result of weakening of the Indian Rupee and Brazilian Real against Malaysian Ringgit.

B2. Material Change in Performance as Compared to Preceding Quarter

The Group recorded a loss before tax of RM191.4 million in the current quarter ended 31 March 2018 ("Q4 2018") as compared to a loss of RM57.5 million in the preceding quarter ended 31 December 2017 ("Q3 2018").

As tabulated below, the variance was principally due to higher losses arising from all the segments in the current quarter as compared to immediate preceding quarter, as a result of lower revenue, impairment of assets, share of loss in JV, higher financial cost and net unrealised foreign exchange losses during the quarter.

	Current Quarter <u>Q4 2018</u> RM'000	Previous Quarter <u>Q3 2018</u> RM'000	<u>Changes</u>	
			RM'000	%
<u>Revenue from continuing operations of :</u>				
- Oilfield Services Division	90,641	139,017	(48,376)	-34.8%
- Marine Services Division	29,274	33,380	(4,106)	-12.3%
- Transport Solutions Division	12,208	11,688	520	4.4%
	<u>132,123</u>	<u>184,085</u>	<u>(51,962)</u>	<u>-28.2%</u>
<u>Segment results from continuing operations of :</u>				
- Oilfield Services Division	(66,512)	(5,365)	(61,147)	-1139.7%
- Marine Services Division	(75,605)	(9,760)	(65,845)	-674.6%
- Transport Solutions Division	(41,567)	(33,595)	(7,972)	-23.7%
	<u>(183,684)</u>	<u>(48,720)</u>	<u>(134,964)</u>	<u>-277.0%</u>
SGB Corporate (expense)/income, net	(7,747)	(8,811)	1,064	12.1%
Loss before tax	<u>(191,431)</u>	<u>(57,531)</u>	<u>(133,900)</u>	<u>-232.7%</u>

B3. Future prospects

Oilfield Services Division

Drilling Services

With increase in oil prices, the expectation is that the activity will increase, though not immediately. Activity is on an upward trend in certain markets we are operating. Several new bids are in the pipeline and winning some of these would provide the growth for this segment.

Marine Services Division

With higher coal prices, we expect the activity at Coal unit in Indonesia to be encouraging. Offshore Vessels are still largely idle due to the depressed offshore market.

Transport Solutions Division

The Group continues with efforts to complete its current projects. Even though the current projects continue to be faced with various challenges that affect the progress and financial performance, various mitigative actions are being implemented.

For Mumbai Monorail Project in India, work completed for Phase 2 with expected commissioning within financial year 2019.

In Malaysia, Scomi Transit Project Sdn Bhd ("STP"), a wholly-owned subsidiary of Scomi Engineering Bhd, is currently in litigation relating to the Kuala Lumpur Monorail Fleet Expansion Project. STP continues to pursue its extension of time and variation order claims and all other claims in line with its entitlements. Whilst STP is in discussion to resolve the matter amicably, any unfavorable outcome will potentially have an adverse impact on the Group.

B4. Variance of actual and revenue or profit estimate

The Group 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 31 Mar 2018 RM'000	Cumulative Period Year Ended 31 Mar 2018 RM'000
Continuing operations		
Current tax:		
Malaysian income tax	592	2,130
Foreign tax	6,893	19,358
	7,485	21,488
Under/(Over) provision of income tax in prior years	0	(192)
	7,485	21,296
Deferred tax:		
Malaysia	(3)	(51)
Foreign	(536)	(2,073)
Total from continuing operations	6,946	19,172

Domestic current income tax is calculated at the statutory tax rate of 24% (2016: 24%) 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:

- Losses in certain tax jurisdictions not qualifying for tax relief;
- The tax effects of the different tax rates in various jurisdictions and certain expenses not deductible for tax purposes; and
- The above mentioned income tax is related to the revenues and profits recorded by the operating subsidiaries and there are no group relief for losses.

B6. Status of corporate proposals announced by the Company

On 21 August 2017, the Company submitted formal proposals ("Proposal Letters") to the Board of Directors of Scomi Energy Services Bhd ("Scomi Energy") and Scomi Engineering Bhd ("Scomi Engineering"), which are 65.6%-owned and 72.3%-owned subsidiaries of the Company respectively, in respect of the proposed mergers of Scomi Energy and Scomi Engineering with the Company to be undertaken by way of a members' scheme of arrangement pursuant to section 366 of the Companies Act, 2016 ("Proposed Mergers").

In conjunction with the Proposed Mergers, the Company proposes to undertake the following prior to the implementation of the Proposed Mergers:

- a. proposed consolidation of every 2 existing ordinary shares in the capital of the Company ("Shares") into 1 ordinary Share ("Consolidated Share") on an entitlement date to be determined and announced later ("Proposed Share Consolidation"); and
- b. proposed bonus issue of up to 671,128,549 warrants in Scomi ("Warrants") on the basis of 7 Warrants for every 10 Consolidated Shares held on an entitlement date to be determined and announced later ("Proposed Bonus Issue of Warrants").

Proposed Merger of Scomi Energy

The Proposed Merger of Scomi Energy shall involve the acquisition by the Company and the transfer of all the ordinary shares in Scomi Energy not already owned by the Company ("Scomi Energy Scheme Shares") from all the shareholders of Scomi Energy other than the Company ("Scomi Energy Scheme Shareholders"). The Scomi Energy Scheme Shares shall include the shares in Scomi Energy held by the persons acting in concert with the Company ("PACs").

Proposed Merger of Scomi Engineering

The Proposed Merger of Scomi Engineering shall involve the acquisition by the Company and the transfer of all the ordinary shares in Scomi Engineering not already owned by the Company ("Scomi Engineering Scheme Shares") from all the shareholders of Scomi Engineering other than the Company ("Scomi Engineering Scheme Shareholders"). The Scomi Engineering Scheme Shares shall include the shares in Scomi Engineering held by the PACs.

In consideration of the acquisition by the Company and the transfer of each Scheme Share from the Scomi Energy Scheme Shareholders or Scomi Engineering Scheme Shareholders (collectively, the "Scheme Shareholders") to the Company pursuant to the Proposed Mergers, the Company will pay the offer price of:

- a. RM0.126 for each Scomi Energy Scheme Share ("Scomi Energy Offer Price"), which is satisfied in the following manner:-
 - a share swap where for every 5 Scomi Energy Scheme Shares held, 3 new Consolidated Shares shall be issued at an issue price of RM0.21 per Consolidated Share ("Scomi Energy Consideration Shares"); and
 - the issuance of 1 Warrant for every 9 Scomi Energy Consideration Shares issued ("Scomi Energy Consideration Warrant");
- b. RM0.30 for each Scomi Engineering Scheme Share ("Scomi Engineering Offer Price"), which shall be wholly satisfied via the issuance of:
 - a share swap for every 7 Scomi Engineering Scheme Shares held, 10 new Consolidated Shares at an issue price of RM0.21 each per Consolidated Share ("Scomi Engineering Consideration Shares"); and
 - the issuance of 1 Warrant for every 10 Scomi Engineering Consideration Shares issued ("Scomi Engineering Consideration Warrant").

The Scomi Energy Consideration Shares and Scomi Engineering Consideration Shares are collectively referred to as the "Consideration Shares". The Scomi Energy Consideration Warrants and Scomi Engineering Consideration Warrants are collectively referred to as the "Consideration Warrants".

The theoretical value attached to each Consideration Warrant, determined based on the Trinomial option pricing model, is RM0.113. The theoretical value of the Consideration Warrant is arrived at after taking into consideration the historical volatility of the Shares, the exercise price of the Warrants, and the theoretical adjusted reference price of the Shares after the Proposed Share Consolidation. The implied offer prices of the Scheme Shares, after taking into consideration the theoretical value of the Consideration Warrants, are:

- a. RM0.134 per Scomi Energy Scheme Share ("Scomi Energy Implied Offer Price"); and
- b. RM0.316 per Scomi Engineering Scheme Share ("Scomi Engineering Implied Offer Price").

The Proposed Bonus Issue of Warrants is conditional upon the Proposed Share Consolidation. The Proposed Mergers are conditional upon the Proposed Share Consolidation and Proposed Bonus Issue of Warrants. The Proposed Mergers are not inter-conditional with each another. The Proposals are not conditional upon any other corporate exercises undertaken by the Company.

It is the intention of the Company not to maintain the listing status of Scomi Energy and Scomi Engineering and accordingly, upon completion of the Proposed Mergers, Scomi Energy and Scomi Engineering Shares will be de-listed from the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") subject to the receipt of Bursa Securities' approval.

Bursa Securities had via its letter dated 14 September 2017 (which was received on 15 September 2017) approved Scomi's application for a waiver from complying with Paragraph 6.06(1) of the Listing Requirements in respect of the requirement for Scomi to seek shareholders' approval for the issuance and specific allotment of the Consideration Shares and Consideration Warrants to the director, major shareholder or chief executive of Scomi and persons connected to them who are also the Scheme Shareholders.

The Company had on 10 October 2017 received letters from Scomi Energy and Scomi Engineering respectively, stating that the Board of Directors of Scomi Energy and Board of Directors of Scomi Engineering (save for the respective interested directors of Scomi Energy and Scomi Engineering) had respectively deliberated on the Proposed Merger of Scomi Energy and Proposed Merger of Scomi Engineering, and had respectively agreed to present the Proposed Merger of Scomi Energy and Proposed Merger of Scomi Engineering (on the terms and conditions as stated in the Formal Proposals) to the Scomi Energy Scheme Shareholders and Scomi Engineering Scheme Shareholders, respectively for their consideration and approval at the respective Court Convened Meetings ("CCM") to be held.

Subsequently, the application in relation to the Proposed Share Consolidation and the listing application in relation to the Proposed Bonus Issue of Warrants and Proposed Mergers have been submitted to Bursa Securities on 16 October 2017.

The Company has on 7 November 2017, by way of exchange of letters with Scomi Energy and Scomi Engineering, agreed to a variation to the terms of the Proposed Mergers.

Following the variation, the Scheme Shareholders holding less than 100 Scheme Shares per CDS account will be receiving Consideration Shares and Consideration Warrants in accordance with the share swap ratio of the Proposed Mergers, instead of receiving the offer price in cash.

In addition, the Company also clarified that the entitlement of the Scheme Shareholders to the Consideration Warrants will also be rounded down to the nearest whole new Warrant. Save for the above, all the other terms and conditions of the Proposed Mergers as set out in the Formal Proposals submitted by the Company on 21 August 2017 shall remain the same.

The High Court had on 14 November 2017, granted Scomi Energy and Scomi Engineering an order pursuant to Section 366 of the Act ("Order") to convene a CCM within 120 days from the date of the Order with the shareholders of the Company, for the purpose of considering and if thought fit, approving the Scheme, with or without modification. The CCMs were duly convened for on 4 January 2018 for Scomi Energy and 5 January 2018 for Scomi Engineering.

The non-interested Scheme Shareholders had not approved the Proposed Merger by way of poll voting at the CCM of Scomi Energy. Thus, the Scheme Resolution 1 is not carried.

On the other hand, the non-interested Scheme Shareholders had approved the Proposed Merger by way of poll voting at the CCM of Scomi Engineering. As all the 3-tier threshold required under Paragraph 2(f) of Schedule 3 of the Rules on Take-overs, Mergers and Compulsory Acquisition have been met, the Scheme Resolution 1 is carried. The application to

the High Court for the sanction of the Scheme will be made in due course.

Proposed Share Consolidation

Bursa Securities has vide its letter dated 30 November 2017 resolved to approve the Company's applications for the following:

- i) Proposed Share Consolidation;
- ii) Admission to the Official List of Bursa Securities and listing of up to 671,128,549 Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants and up to 67,184,958 Consideration Warrants to be issued pursuant to the Proposed Mergers;
- iii) Listing of up to 618,197,411 Consideration Shares to be issued pursuant to the Proposed Mergers;
- iv) Listing of up to 671,128,549 new Consolidated Shares to be issued arising from the full exercise of the Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants; and
- v) Listing of up to 67,184,958 new Consolidated Shares to be issued arising from the full exercise of the Consideration Warrants to be issued pursuant to the Proposed Mergers.

The approval by Bursa Securities is subject to the following conditions:

- i) HLIB is required to make the relevant announcements pursuant to Paragraph 13.02 of the Listing Requirements;
- ii) Scomi and HLIB must fully comply with the provisions under the Listing Requirements pertaining to the implementation of the Proposals;
- iii) Scomi and HLIB to inform Bursa Securities upon the completion of the Proposals;
- iv) Scomi to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed; and
- v) Payment of additional listing fees pertaining to the exercise of Warrants, if relevant. In this respect, Scomi is required to furnish Bursa Securities on a quarterly basis a summary of the total number of Consolidated Shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of the listing fees payable.

The shareholders of the Company have duly approved all the resolutions set out in the Notice of EGM dated 12 December 2017 by way of poll on 4 January 2018.

The Company's share consolidation (2:1) exercise was carried out on 18 January 2018. 1,917,510,141 existing Shares (including 6,448,700 Shares held as treasury shares) as at 5.00 p.m. on 18 January 2018 were consolidated into 958,755,070 Consolidated Shares (including 3,224,350 Consolidated Shares held as treasury shares). The Consolidated Shares were listed and quoted on the Main Market of Bursa Securities with effect from 9.00 a.m. on 19 January 2018.

Bonus Issue of Warrants and Merger of Scomi Engineering

On 30 January 2018, the Company has executed the Deed Poll which sets out the terms and conditions of the Warrants to be issued under the Corporate Exercises. The Board has also fixed the entitlement basis for the Bonus Issue of up to 479,377,535 Warrants in Scomi Group Bhd on the basis of 1 Warrant for every 2 Consolidated Shares held by the entitled shareholders. The ex-date is 13 Feb 2018 and the entitlement date is 15 Feb 2018.

(a) The Company's additional 135,152,390 new ordinary shares issued pursuant to the Merger of Scomi Engineering will be granted listing and quotation with effect from 9.00 a.m., Thursday, 22 February 2018; and

(b) 477,765,360 Warrants issued pursuant to the Bonus Issue of Warrants and 13,514,050 Warrants issued pursuant to the Merger of Scomi Engineering will be admitted to the Official List of Bursa Securities and the listing and quotation of the Warrants on the Main Market under the "Trading/Services" sector on a "Ready" basis pursuant to the Rules of Bursa Securities will be granted with effect from 9.00 a.m., Thursday, 22 February 2018.

The Stock Short Name, Stock Number and ISIN Code of the Warrants are "SCOMI-WB", "7158WB" and "MYL7158WBX20" respectively.

On 22 February 2018, the Company had fully completed the Corporate Exercises as follows:

- (i) the issuance and allotment of 135,152,390 Consideration Shares and 13,514,050 Consideration Warrants (collectively, "Consideration Securities") pursuant to the Merger of Scomi Engineering on 19 February 2018; and
- (ii) the listing of and quotation for:
 - a) 477,765,360 Warrants issued pursuant to the Bonus Issue of Warrants; and
 - b) the Consideration Securities issued pursuant to the Merger of Scomi Engineering.

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 Mar 2018 RM'000
Current	555,925
Non Current	150,477
Total	<u>706,402</u>

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

	As at 31 Mar 2018 RM'000
Denominated in:	
Ringgit Malaysia	493,490
US Dollar	160,586
Indian Rupee	52,326
Total	<u>706,402</u>

B8. Changes in material litigation

Notice of Termination by Prasarana Malaysia Berhad ("PMB") of the Kuala Lumpur Fleet Expansion Project ("Project") Contract dated 3 June 2011 (as supplemented by the First Supplemental Agreement dated 16 April 2014 and the Second Supplemental Contract dated 15 April 2015) (collectively, the "Contract")

The Contract between PMB and Scomi Transit Project Sdn Bhd ("STP") relates to the Project which involves the upgrade of the stations and systems of the Kuala Lumpur Monorail and replaces the old trains with 12 new 4-car trains..

By written notice PMB purported to terminate the Contract on 9 June 2016. STP disputed the purported termination and applied to the Kuala Lumpur High Court on 20 June 2016 to restrain the termination of the Contract pending reference of dispute to arbitration ("Termination Dispute").

STP filed a Notice of Arbitration against PMB in respect of the Termination Dispute on 21 July 2016 ("Termination Dispute Arbitration"). The Termination Dispute Arbitration is pending.

On 22 July 2016, the High Court dismissed STP's action to restrain the purported termination of the Contract pending arbitration ("High Court Decision"). On 25 July 2016, STP filed an appeal against the High Court Decision which was initially fixed for hearing on 16 August 2016 ("Appeal") to facilitate settlement negotiations. Pursuant to these negotiations, STP and PMB entered into a further contract i.e. a Third Supplemental Contract on 3 March 2017 ("TSC") to, amongst others, facilitate the completion of the Project by STP ("TSC Works").

The TSC was conditional upon fulfillment of various conditions precedent. PMB informed STP on 3 May 2017 that one condition precedent was not fulfilled. STP disputes PMB's position, maintains that all conditions precedent under the TSC have been fulfilled and has commenced arbitration on 12 July 2017 in respect of this dispute ("TSC Arbitration"). The TSC Arbitration hearing commenced on 13 November 2017 and continued on 22 February 2018, 23 March 2018 and 23 May 2018. Next hearing date is still yet to be confirmed.

In the interim, STP on 3 July 2017 applied to the High Court pursuant to Section 11 Arbitration Act 2005 for an order to, inter alia, restrain PMB from appointing another contractor from completing the TSC Works pending disposal of the TSC Arbitration. The application was heard on 14 August 2017 and fixed for clarification and decision on 19 September 2017. On 19 September 2017 the Judge dismissed STP's application. STP has appealed against the decision by the High Court to the Court of Appeal on 17 October 2017 and the matter was fixed for case management on 22 November 2017 and a further case management on 21 December 2017. At the case management of the Appeal on 21 December 2017, the Court has fixed the matter for further case management on 15 January 2018 for STP to file Notice of Discontinuance of Appeal with no order as to costs. At the case management of the Appeal on 15 January 2018, the Court has fixed the matter for further case management on 24 January 2018 for STP to file its Notice of Withdrawal of the Appeal with no order as to costs and refund of the deposits to STP. At the final case management of the Appeal on 24 January 2018, STP withdrew its appeal with no order as to costs and deposit to be refunded to STP.

In respect of the Termination Injunction, the Appeal which was initially fixed for hearing on 28 August 2017, had been fixed for case management on 1 November 2017 and subsequently to 6 December 2017 for further case management. On 6 December 2017 the Court has given a further mention date before the panel on 12 March 2018 to update the court on the status of the TSC Arbitration. It is now fixed for case management on 31 May 2018 to update the court on the status of the TSC Arbitration.

Apart from the above actions, STP also commenced an action against PMB and Rapid Rail Sdn Bhd ("RRSB") at the Kuala Lumpur High Court on 16 Jun 2017 for damages for statements which STP asserts were defamatory as against PMB ("Defamation Action"). The action is pending and trial dates have not been fixed. In the interim, STP has applied for orders to restrain PMB and RRSB from making other such statements against STP (Injunction), pending disposal of the Defamation Action. The High Court had on 21 June 2017, granted an injunction on an ad interim basis to restrain PMB and/or Rapid Rail from making statements concerning STP pending the disposal of STP's application for the Injunction which was fixed for hearing on 23 August 2017. The hearing took place on 23 August 2017 and was reserved for decision on 20 November 2017.

At the decision for STP's application for the Injunction on 20 November 2017, the High Court granted the following orders on the Injunction application to the following extent:

- (a) PMB and/or Rapid Rail are to remove and/or cause to retract the publication of the following media release:
 - (i) media release dated 14 May 2017 entitled "Media Releases Rapid Rail Deploys Shuttle Bus To Complement KL Monorail Services";
 - (ii) media release dated 7 June 2017 entitled "Media Releases Rapid Rail Seek Patience, Understandings From Commuters On Monorail Services";
 - (iii) media Statement dated 12 June 2017 entitled "Rapid Rail: 13 Safety-Critical Modifications Needed On 4-Car Monorail Trains";
- (b) restraining PMB and/or Rapid Rail from publishing statements similar to the aforesaid three media statements concerning STP and/or its products.

On 28 November 2017, the matter came up for case management before the Judge on 28 November 2017 and the court has tentatively fixed trial dates from the 15 October 2018 to 19 October 2018 subject to confirmation by the parties on the next case management date on 8 January 2018.

On 4 December 2017 PMB filed its Notice of Appeal against the High Court's decision on 20 November 2017 granting STP interim injunction.

On 8 January 2018, at the first case management of the matter on 8 January 2018, the Court of Appeal fixed the matter for further case management on 28 February 2018 for the appellant (PMB) to file its Appeal Record. The matter is now fixed for hearing on 13 July 2018.

The main suit came up for case management on the 25 May 2018 where the court has fixed a further case management date on the 25 June 2018 for parties to update court on the status of the filing of the Bundle of Documents for the trial. The Court had earlier fixed trial dates for the matter on 15 October 2018 to 19 October 2018.

B9. Proposed Dividend

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

B10. Earnings per share

The computation for earnings per share is as shown below.

		Current Quarter 31 Mar 2018	Cumulative Period Year Ended 31 Mar 2018
Basic earnings/(loss) per share			
Net losses attributable to shareholders	(RM'000)	<u>(157,901)</u>	<u>(248,481)</u>
<u>Weighted average number of shares</u>	('000)		
Issued shares at opening		1,917,510	1,917,510
Effect of share consolidation		(958,755)	(958,755)
Effect of issuance of ordinary shares		135,152	135,152
Treasury shares		(11,203)	(11,203)
Effect of sale of treasury shares		9,953	9,953
Weighted average number of shares	('000)	<u>1,092,657</u>	<u>1,092,657</u>
Basic earnings/(loss) per share	(sen)	<u>(14.45)</u>	<u>(22.74)</u>

Diluted earnings per ordinary share are not presented as the Group's warrants exercise price is more than the average share price for the period.

B11. Profit/(loss) for the period

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

	Current Quarter 31 Mar 2018 RM'000	Cumulative Year Ended 31 Mar 2018 RM'000
Interest income	(1,085)	(1,864)
Interest expense	10,114	38,045
Unrealized foreign exchange (gain)/loss, net	33,386	79,025
Realized foreign exchange loss/(gain), net	439	(11,418)
Depreciation and amortisation	31,297	88,446
Net allowance for inventories	6,886	6,886
Impairment loss:		
- property, plant and equipment	17,940	17,940
- receivables	8,889	8,889
- intangible assets	3,816	3,816
Reversal of impairment loss:		
- receivables	(528)	(528)
Loss on disposal of property, plant and equipment	980	6,297

B12. Auditors' Report on Preceding Annual Financial Statements

The auditor in their report for the financial year ended 31 March 2017 has drawn attention to Scomi Engineering Bhd's ("SEB") material uncertainty related to going concern which relates to its dispute and legal proceedings with its project customer.

The details and development on the dispute and legal proceedings are disclosed in Note B8 above.

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 2018.