

A1. Accounting Policies

The interim financial report is unaudited and has been prepared in accordance with the MASB 26 Interim Financial Reporting and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad, it should be read in conjunction with the audited financial statements for the year ended 31 December 2004.

The accounting policies and method of computation adopted in the interim financial report are consistent with those adopted in the audited annual financial statements for the year ended 31 December 2004.

A2. Auditor's Qualification

The Group's most recent annual financial statements were subject to audit qualification.

A3. Seasonal or cyclical factors

The Group's operations are not affected by seasonal and cyclical factors.

A4. Extraordinary or exceptional items

Operating expenses include an amount of RM2.06 million relating to the accrual of additional liabilities arising from the Composite Scheme of Arrangement with the Company's creditors. There were no other extraordinary or exceptional items.

A5. Changes in accounting estimates

There were no changes in accounting estimates for the financial period under review.

A6. Issuance, cancellations, repurchases, resale and repayment of debts and equity securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities for the current quarter year to date.

A7. Dividend

The Company did not make any payment of dividends during the quarter and financial year to date.

A8. Segmental Information

Segmental information by geographical segment for the financial quarter ended 30 September 2005 are as follows :

	<u>TURNOVER</u>	<u>LOSS BEFORE TAX</u>
	30.09.2005 RM'000	30.09.2005 RM'000
Malaysia	18.00	2,071.00
Singapore	<u>273.00</u>	<u>328.00</u>
	<u>291.00</u>	<u>2,399.00</u>

A9. Revaluation of property, plant and equipment

There was no revaluation on property, plant and equipment during the financial quarter ended 30 September 2005.

A10. Material Subsequent Events

There was no material event subsequent to the balance sheet date that has not been reflected in this condensed financial statement.

A11. Changes in the Composition of the Company

There were no changes in the composition of the Group during the current financial quarter ended 30 September 2005.

A12. Contingent Liabilities

At 30 September 2005, the Company had contingent liabilities in respect of guarantees issued amounting to S\$976,362 (2003 – S\$7,700,000) for banking facilities extended to a subsidiary company. On December 2004, a notice of demand pursuant to the corporate guarantee has been served on the Company.

Various claims were filed in by the Company's creditors and these claims have now been quantified and agreed at the Court Convened Meeting of Scheme Creditors Meeting. The Company has obtained the approvals of its Scheme creditors for the Composite Scheme of Arrangement.

B1. Review of Performance

The Group recorded a Turnover of RM0.291million for the quarter ended 30 September 2005 compared to RM0.75 million achieved in the corresponding period last year.

There has been no significant change in the nature of activities during the financial year. However, the Company ceased business operations in October 2004 and the Singapore subsidiary company is discontinuing its business operations.

As a result, the Group recorded a loss before taxation and minority interest of RM2.40 million for the quarter ended 30 September 2005, compared to a loss before taxation and minority interest of RM 11.83 million for the corresponding period last year.

B2. Material changes in Quarterly results compared to the results of the Preceding Quarter

The Group has recorded a loss before taxation and minority interest of RM2.4 million in the 3rd quarter ended 30 September 2005 compared to a loss before taxation and minority interest of RM 0.72 million in the 2nd quarter ended 30 June 2005.

The losses were mainly attributable to accrual of additional liabilities of RM2.06 million arising from the Composite Scheme of Arrangement. However, as mentioned, with the current ongoing corporate exercises which, *inter alia*, involve the acquisitions of the machine shop companies and the transportation engineering companies, the Group will be in a position to generate revenue and profitability, after completion of the restructuring exercise, which is expected to be completed by end of 2005.

B3. Current Year Prospects

B&O is currently undergoing a debt and corporate restructuring exercise involving a reverse takeover of B&O by Scomi Group Bhd (“**SCOMI**”) as referred to in Note B8. The Board believes that the corporate exercise, when completed, will place the Company on a stronger financial footing with viable core operations in the oil and gas industry, transportation engineering and fleet management businesses. The debt and corporate restructuring exercise is not expected to have a material impact on the results of the Group of the current financial year ending 31 December 2005 as the corporate exercise is expected to be completed by the end of 2005.

B4. Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was published.

B5. Taxation

The taxation figure comprise the following :-

	<u>Current Quarter</u>	<u>Year-to-date</u>
	RM'000	RM'000
i) Current year taxation	-	-
ii) Under provision in prior years	-	-
iii) Deferred taxation	-	-
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B6. Profit on Sale of Investments and/or Properties

There were no profits on sale of investments and/or properties for the current financial quarter ended 30 September 2005.

B7. Purchase and Disposal of Quoted Securities

There were no purchases or disposal of quoted securities for the current financial quarter ended 30 September 2005.

B8. Status of corporate exercise

a) On 7 January 2005, the Company announced the following proposals:-

- i) Proposed renounceable rights issue of 57,552,000 ordinary shares of RM1.00 each at an indicative issue price of RM1.20 per rights share on the basis of three (3) rights shares for every one (1) existing ordinary share of RM1.00 each held on an entitlement date to be determined later ("**Proposed Rights Issue**");
- ii) Proposed acquisitions of the entire equity interests in Oiltools Holding (Malaysia) Sdn. Bhd. and Oiltools Pte. Ltd. ("**OPL**") from KMC Oiltools (Cayman) Limited ("**KMC OC**") and KMC Oiltools Bermuda Limited ("**KMC OB**") and the acquisitions of the entire equity interests in Scomi Transportation Solutions Sdn. Bhd. ("**SCOTS**") and Scomi Sdn. Bhd. ("**SSB**") from SCOMI for a total purchase consideration of RM285,000,000 to be satisfied by the issuance of 192,567,567 new B&O shares at an issue price of RM1.48 per share ("**Proposed Acquisitions**");
- iii) Proposed exemptions by SCOMI and persons acting in concert with them from having to undertake a mandatory general offer for the remaining B&O shares not already owned pursuant to the Proposed Acquisitions ("**Proposed Mandatory Offer Exemption**");

- iv) Proposed increase in authorised share capital of B&O from RM100 million comprising 100 million ordinary shares of RM1.00 each to RM300 million comprising 300 million ordinary shares of RM1.00 each ("**Proposed Increase In Authorised Share Capital**"); and
- v) Proposed placement of B&O shares by SCOMI upon completion of the Proposed Acquisitions to meet the public shareholdings spread requirements ("**Proposed Placement**").

(hereinafter the Proposed Rights Issue, the Proposed Acquisitions, the Proposed Mandatory Exemption, the Proposed Increase In Authorised Share Capital and the Proposed Placement, are collectively referred to as "**Proposals**")

- b) On 25 April 2005, the Company announced that Bank Negara Malaysia ("BNM") had, vide its letter dated 19 April 2005, approved the proposed acquisition of the entire equity interest in OPL from KMC OB for a purchase consideration of RM219.45 million to be satisfied by the issuance of 148,277,027 new ordinary shares of RM1.00 each in B&O at an issue price of RM1.48 per share subject to certain conditions disclosed in the same announcement.
- c) On 9 May 2005, the Company announced that the Ministry of International Trade and Industry had, vide its letter dated 6 May 2005, approved the Proposals, subject to B&O obtaining the approval of the Securities Commission and complying with the Guidelines On The Acquisition Of Interests, Mergers And Take-overs By Local And Foreign Interests.
- d) On 25 March 2005, B&O was granted an Order by the High Court of Malaya ("Court") pursuant to Section 176(1) and 176(10) of the Companies Act, 1965 ("Act") whereby all Court proceedings, actions or winding-up proceedings or any execution of judgments or actions against the Company by any person and/or creditor, were restrained and inhibited for ninety (90) days from the date of the restraining order.
- e) On 24 May 2005 B&O issued an Explanatory Statement, together with the notice to convene the Meetings of Scheme Creditors to be held on 17 June 2005 pursuant to the provisions of Section 176 of the Act for the purpose of considering the Proposed Composite Scheme of Arrangement, to the Scheme Creditors pursuant to Section 177(1)(a) of the Act ("Composite Scheme of Arrangement").
- f) On 17 June 2005, the Company had obtained the approvals of its Scheme Creditors for the Proposed Composite Scheme of Arrangement at the Court Convened Meetings of Scheme Creditors Meetings held on 17 June 2005.
- g) On 17 June 2005, Securities Commission ("SC") approved the appointment of Malaysian International Merchant Bankers Bhd as the Independent Adviser to the minority shareholders of B&O in relation to the Proposed Mandatory Offer Exemption.
- h) On 24 June 2005, the SC and the SC (on behalf of the Foreign Investment Committee), approved the Proposals, subject to certain conditions which were announced on 28 June

2005. The SC had vide its letter dated 1 September 2005, informed of its decision regarding the company's appeal on certain conditions imposed by the SC. The details of the SC's decisions are set out in the Company's announcement dated 2 September 2005.

- i) On 30 June 2005, the Company was granted an extension to the Restraining Order, by the Court in Kuala Lumpur pursuant to Section 176(1) and 176(10) of the Companies Act, 1965 on 30 June 2005 for a period of 6 months from 23 June 2005;
- j) On 27 July 2005, the Company announced that it proposes to implement the following:
 - i) to establish an employees' share option scheme of up to fifteen per cent (15%) of the enlarged issued and paid-up share capital of the Company after the Proposals ("**Proposed ESOS**");
 - ii) to amend its Articles of Association to facilitate the Proposed ESOS ("**Proposed AA Amendments**"); and
 - iii) to increase the authorised share capital of B&O to RM400 million comprising 400 million ordinary shares of RM1.00 each ("**Proposed Increase In The Authorised share Capital**").
- k) On 1 September 2005, the Court had approved the Composite Scheme of Arrangement and made the necessary orders to facilitate the reconstruction of B&O. The Court had given certain orders to B&O and Atlas Jade Sdn Bhd ("**Atlas**"), the special purpose vehicle incorporated in relation to the Composite Scheme of Arrangement, the details of which are set out in the Company's announcement on 5 September 2005.
- l) On 18 October 2005, the Company announced the following:
 - i) the proposed appointment of Messrs. PricewaterhouseCoopers in place of the resigning Auditors, Messrs. Leou & Associates for the financial year ending 31 December 2005 ("**Proposed Change of Auditors**"); and
 - ii) the propose change of B&O's existing name to "Scomi Engineering Bhd" ("**Proposed Name Change**")

The approvals of B&O's shareholders for the Proposed Rights Issue, Proposed Acquisitions, Proposed Mandatory Offer Exemption, Proposed transfer of B&O's entire undertaking and property (as defined in Section 178(5) of the Act) to Atlas pursuant to the Composite Scheme of Arrangement, Proposed ESOS, Proposed AA Amendments, Proposed Increase In The Authorised Share Capital, Proposed Change of Auditor and Proposed Name Change were obtained at the Extraordinary General Meeting of the Company held on 10 November 2005.

B9. Group Borrowing and Debt Securities

As at 30 September 2005, the Group borrowings can be analysed as follows :

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term Borrowing</u>			
Bills payable and Revolving Credit	6,150.75	21,498.87	27,649.62
Hire Purchase Creditors	48.72	-	48.72
Bank Overdraft	828.40	111.49	939.89
TOTAL	7,027.87	21,610.36	28,638.23

Foreign currency bank borrowings included in the above are as follows :

	Foreign Currency S\$'000	Ringgit Equivalent RM'000
Singapore Dollar		
- Borrowing	3,084.43	7,027.87

B10. Financial Instruments with Off Balance Sheet Risk

There were no financial instruments with off balance sheet risk during the current financial quarter ended 30 September 2005 and as at 15 November 2005 being the last practical date from the date of this announcement.

B11. Material Litigation

The latest practicable reporting date for litigation, as confirmed by the Company's Directors, is 15 November 2005.

On 25 March 2005, the Company was granted a Restraining Order by the High Court of Malaya.

On 17 June 2005, the Company had obtained the approvals of its Scheme Creditors for the Proposed Composite Scheme of Arrangement at the Court Convened Meetings of Scheme Creditors Meetings held on 17 June 2005.

On 30 June 2005, the Company has been granted an extension to the Restraining Order, by the High Court of Malaya ("High Court") in Kuala Lumpur pursuant to Section 176(1) and 176(10) of the Companies Act, 1965 on 30 June 2005 ("Order") for a period of 6 months from 23 June 2005.

On 17 June 2005, the Company had obtained the approvals of its Scheme Creditors for the Proposed Composite Scheme of Arrangement at the Court Convened Meetings of Scheme Creditors Meetings held on 17 June 2005

These events have caused all cases to be deferred until the court approval of the Proposed Composite Scheme of Arrangement.

- a) Silvercon Engineering (M) Sdn. Bhd. (formerly known as Sensor Security (M) Sdn. Bhd.) filed seven claims against the Company in 1998, totalling RM645,363 for work done as sub-contractor. Two of these claims, totalling RM316,134, are pending disposal in the Court of Appeal while three claims were amicably settled with the Company agreeing to pay a total of RM73,507 out of the claim amount of RM281,356. However, these settlements are only to be made upon resolution of the suit as mentioned in paragraph (j) below.

One case (RM14,855) has been settled and written submissions are being prepared in another case (RM33,018).

- b) A winding-up petition on the Company, in relation to a judgement sum of RM54,750 obtained on 23 August 2004 against the Company for goods sold and delivered and which remained unpaid, was served on or around 7 March 2005 by Dewantron Sdn. Bhd.. The hearing has been deferred as a result of the restraining order, until the expiration of the restraining order.
- c) On 7 July 2004, Asiankom Communication (M) Sdn. Bhd. (“Asiankom”) served a writ of summons on the Company for a sum of RM352,535 for breach of contract. The Company has also filed a counterclaim against Asiankom for a sum of RM61,866 for unlawful termination of contract and the costs incurred for work done by the Company. The hearing has been deferred as a result of the restraining order, until the expiration of the restraining order.
- d) A sealed copy of CK Well Electrical Supplies Sdn. Bhd.’s application for Summary Judgement was served on the Company pertaining to a trade debt of RM53,278. The hearing has been deferred as a result of the restraining order, until the expiration of the restraining order.
- e) DAHE Industries (M) Sdn. Bhd. which is the sub-contractor to Borneo Perkasa Sdn. Bhd., summoned the Company on 28 December 2003 in relation to the construction materials costing RM2,781,388 purportedly illegally retained by the Company. The date for the pre-trial conference has yet to be fixed.
- f) Chin Chee Loong (t/a CCL Electrical Works Sdn. Bhd.) claims of RM379,313 has been fixed for a full trial on 22 March 2006.
- g) Chi-Tak Electrical (SEL) Sdn. Bhd.’s claims of RM59,059 has been fixed for mention on but has been deferred as a result of the restraining order, until the expiration of the restraining order.
- h) On 27 January 2005, Southern Bank Berhad (“SBB”) commenced an action in the Singapore High Court against the Company’s subsidiary, Bell & Order Engineering Pte. Ltd., for the sum of S\$976,362 arising from the banking facilities granted by SBB to the subsidiary.

BELL & ORDER BERHAD (111633-M)**NOTES TO THE QUARTERLY REPORTS FOR THE 3rd QUARTER ENDED 30 SEPTEMBER 2005**

A notice of demand dated 30 December 2004 pursuant to the corporate guarantee has been served on the Company.

On 7 April 2005, the Company received a Writ of Summons and a Statement of Claim by SBB for presentation at the Shah Alam High Court. Pursuant to Clause 10 of SBB's Terms and Conditions, on 31 December 2004, SBB set-off the sum of S\$203,075 pledged by the Company's subsidiary to secure the revised banking facilities extended by SBB to the Company's subsidiary and, as at 8 March 2005, there remains due and owing by the Company's subsidiary to SBB the sum of S\$782,847.

- i) On 10 January 2005, AmBank Berhad commenced an action against the Company for the sum of RM1,371,165 being outstanding Bankers' Acceptance balances as at 31 December 2004. The Company filed its appearance on 16 January 2005 and the hearing date has yet to be fixed.
- j) The Company's claims of RM6,646,823 against Silvercon Engineering (M) Sdn. Bhd. was counterclaimed by Silvercon for RM5,489,380. These matters are to proceed to a full trial which has yet to be fixed.
- k) The Company is suing Neural Services Sdn. Bhd. for RM260,923 while the latter is counterclaiming RM121,584 and general damages for breach of contract. A notice of pre-trial conference has yet to be filed.
- l) The Company's claims of RM84,873 against Sunway Engineering Sdn. Bhd., and the latter's counterclaim of RM64,271 have been fixed for a full trial on 28 April 2005 but has been deferred as a result of the restraining order, until the expiration of the restraining order.
- m) A RM770,573 claim was made against UEM Genisys Berhad and the latter is counterclaiming RM163,262. The trial has been fixed on 19 & 20 April 2006. The Company's solicitors, Messrs Skrine was notified that the Kuala Lumpur High Court had on 20 October 2005 in a separate suit, granted an order to wind up UEM Genisys. Therefore, the Company's proceedings against UEM Genisys shall be stayed until further notice.
- n) M.L.Piling Sdn. Bhd. and Sri Kenanga (M) Sdn. Bhd. claimed trade debts of RM899,960 and RM1,217,753 respectively from the Company. A settlement was agreed on 9 November 2004 and progress payments were made. However, RM227,960 and RM237,753 respectively, remain unpaid.

B12. Dividend

The Board does not recommend any interim dividend for the financial quarter ended 30 September 2005.

BELL & ORDER BERHAD (111633-M)

NOTES TO THE QUARTERLY REPORTS FOR THE 3rd QUARTER ENDED 30 SEPTEMBER 2005

B13. Earnings Per Share

The computations for earnings per share for the financial quarter ended 30 September 2005 are as follows :

a) Basic earnings per share	
Net loss attributable to shareholders (RM'000)	2,399
<i>Weighted average number of shares in issue ('000)</i>	<i>19,184.00</i>
Basic earnings per share (sen)	(12.5)
b) Diluted earnings per share	
Net loss attributable to shareholders (RM'000)	2,399
Weighted average number of shares in issue ('000)	19,184.00
Adjustment for	
- conversion of warrants ('000)	-
- share options ('000)	-
<i>Weighted average numbers of shares for diluted earnings per share</i>	<u><i>19,184.00</i></u>
Diluted earnings per share (sen)	(12.5)

FOR BELL & ORDER BERHAD

23 November 2005