PART A: EXPLANATORY NOTES AS PER FRS 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006.

The significant accounting policies, methods of computation and basis of consolidation applied in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2006 except for the adoption of the new/revised Financial Reporting Standards ("FRS") effective for the financial period beginning 1 January 2007:

FRS 112	Income Taxes
FRS 117	Leases
FRS 124	Related party disclosures

The principal effects of the change in accounting policy resulting from the adoption of FRS 112 and FRS 117 is summarized below:-

(a) FRS 112: Income Taxes

The Group has adopted FRS 112 Income Taxes which is only effective for accounting periods beginning on or after 1 July 2007 instead of applying FRS 112 (2004) Income Taxes, as allowed by the new standard. FRS 112 now allows for the recognition of deferred tax assets on reinvestment allowances and investment tax allowances. In line with the requirements of FRS 112, the Group has assessed available investment tax incentives and recognised deferred tax assets where the criteria of recognition is met. There was no effect on the prior year's consolidated financial statements arising from the adoption of this standard.

The effects to the Group's Balance Sheet and Income Statement arising from the early adoption of FRS 112 are set out below:

	As at 31.12.2007 (RM'000)
Decrease in deferred tax liability (arising from offset of deferred tax asset)	1,500
Decrease in taxation	1,500
Increase in profit for the year	1,500

(b) FRS 117 : Leases

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The upfront payments made for the leasehold land represent prepaid lease payments and are amortised on a straight line basis over the lease term. Prior to 1 January 2007, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The reclassification of the unamortized carrying amounts of leasehold land as prepaid lease payments has been accounted for retrospectively and, as disclosed in Note A2, certain comparative amounts as at 31 December 2006 have been restated.

A2. Comparative Figures

The following comparative amounts have been restated due to the adoption of new FRS:-

As at 31 December 2006	**As previously stated**	**Reclassification FRS 117**	**As restated**
	RM'000	RM'000	RM'000
Non-current assets			
Property, plant and equipment	89,712	(4,182)	85,530
Prepaid lease payments	-	4,182	4,182

A3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2006 was not qualified.

A4. Seasonal or Cyclical Factors

The operations of the Group were not significantly affected by any major seasonal or cyclical factors during the current quarter under review and financial year-to-date.

A5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cashflows during the current quarter under review and financial year-to-date.

A6. Material Changes in Estimates

There were no changes in estimates that have a material effect in the quarter under review and financial year-to-date.

A7. Debt and Equity Securities

Other than as disclosed below, there were no issuance, cancellation, share buy-back, resale of shares bought back and repayment of debt and equity securities by the Company:-

(a) Employee Share Options Scheme ("ESOS")

During the current quarter, the issued and paid-up share capital of the Company increased from 274,711,567 ordinary shares of RM1.00 each to 274,871,567 ordinary shares of RM1.00 each by the issuance of 160,000 new ordinary shares of RM1.00 each at subscription prices of RM1.00 and RM1.18 per new share, as applicable, pursuant to the ESOS of the Company.

During the financial year-to-date, the issued and paid-up share capital of the Company increased from 270,627,567 ordinary shares of RM1.00 each to 274,871,567 ordinary shares of RM1.00 each by the issuance of 4,244,000 new ordinary shares of RM1.00 each at subscription prices of RM1.00 and RM1.18 per new share, as applicable, pursuant to the ESOS of the Company.

(b) Treasury Shares

During the financial year-to-date, the Company repurchased 1,000 of its issued ordinary shares from the open market at RM1.93 per share. The total consideration paid for the repurchase including transaction costs was RM1,946 and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

A8. Dividend Paid

A final tax exempt dividend of 3 sen per share in respect of the financial year ended 31 December 2006, amounting to RM8,230,172, was paid on 12 September 2007.

A9. Segmental Information

	3 months ended		YTD 12 months ended	
	31.12.07	31.12.06	31.12.07	31.12.06
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Revenue from continuing operations:				
Machine Shop	54,744	72,493	232,221	208,263
Logistics Engineering	5,332	14,916	31,863	38,832
Bus/rail	38,051	44,097	98,037	68,573
Total revenue from continuing operations	98,127	131,506	362,121	315,668
Revenue from discontinued operations (Note A13)	1,616	2,090	6,667	8,272
Total	**99,743**	**133,596**	**368,788**	**323,940**
Segment Results				
Results from continuing operations:				
Machine Shop	10,133	10,059	36,514	33,494
Logistics Engineering	(1,447)	(563)	(1,675)	(1,496)
Bus/rail	5,826	2,928	9,229	3,650
Total results from continuing operations	14,512	12,424	44,068	35,648
Results from discontinued operations (Note A13)	406	(71)	(375)	412
Total results from operations	14,918	12,353	43,693	36,060
Unallocated corporate expenses	39	(1,702)	(1,766)	(5,852)
Total	**14,957**	**10,651**	**41,927**	**30,208**

A10. Valuation of property, plant and equipment

There was no revaluation of property, plant and equipment as the Group does not adopt a revaluation policy on property, plant and equipment.

A11. Significant events subsequent to the year end.

There were no significant events subsequent to the year end.

A12. Changes in Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial year-to-date except for the following:-

- On 3 April 2007, the Company completed the acquisition of an additional 40% equity interest in subsidiary company, Scomi Transportation Systems Sdn Bhd (formerly known as MTrans Transportation Systems Sdn Bhd), comprising 10,400,002 ordinary shares of RM1.00 each for a consideration of RM25 million.

- On 20 June 2007, the Company completed the acquisition of the balance 9% equity interest in Scomi Transportation Systems Sdn Bhd (formerly known as MTrans Transportation Systems Sdn Bhd), comprising 2,340,000 ordinary shares of RM 1.00 each for a consideration of RM5.625 million following which Scomi Transportation Systems Sdn Bhd (formerly known as MTrans Transportation Systems Sdn Bhd) became a wholly owned subsidiary of the Group.

A13. Discontinued Operations

On 20 March 2007, the Company entered into a share sale agreement to dispose its subsidiary company Scomi Transportation Solutions Sdn Bhd ("SCOTS"), which in turn holds a wholly-owned subsidiary Asian Rent A-Car Sdn Bhd (collectively known as the "SCOTS Group"), as further disclosed in note B8 (a). The subsidiary companies are engaged in the business of the provision of motor vehicles for "Hire and Drive" and fleet management which are both non-core businesses of the Group. The status of this proposed disposal is disclosed in Note B8 (a).

The SCOTS Group has accordingly been classified as a disposal group held for sale. The revenue, results and cashflows of the SCOTS Group were as follows:-

	3 months ended		**YTD 12 months ended**	
	31.12.07 RM'000	31.12.06 RM'000	31.12.07 RM'000	31.12.06 RM'000
Revenue	1,616	2,090	6,667	8,272
Profit/(Loss) before tax	160	14	(385)	505
Income tax expense	246	(85)	10	(93)
Profit/(Loss) for the period	406	(71)	(375)	412
Cash flows from operating activities	454	(127)	2,800	3,438
Cash flows from investing activities	39	33	447	270
Cash flows from financing activities	(721)	(544)	(3,370)	(3,491)
Total cash flows	(228)	(638)	(123)	217

The major classes of assets and liabilities of the SCOTS group classified as held for sale as at 31 December 2007 are as follows:

ASSETS	**RM'000**
Property, plant and equipment	10,620
Goodwill on consolidation	6,381
Receivables, deposits and prepayments	1,172
Tax recoverable	620
Deferred tax assets	651
Deposits with licensed banks	505
Cash and bank balances	258
Assets of disposal group classified as held for sale	20,207
LIABILITIES	
Trade and other payables	735
Amounts due from ultimate holding and related companies	(376)
Borrowings	527
Hire purchase creditors	8,982
Current tax liabilities	312
Liabilities directly associated with the assets classified as held for sale	10,180
Net assets attributable to disposal group classified as held for sale	10,027

Note: The liabilities under the disposal group do not include intercompany balances of RM6,404,000 with the Scomi Engineering Bhd's group of companies which are eliminated at Group level upon consolidation.

A14. Contingent Liabilities

There were no changes in contingent liabilities since the last annual balance sheet date as at 31 December 2006.

A15. Capital Commitments

The capital commitments not provided for in the financial statements as at 31 December 2007 are as follows:

		RM '000
Approved and contracted for		
- Property, plant and equipment		36,000
Approved but not contracted for		
- Property, plant and equipment	40,000	
- Others	46,000	
		86,000
Total		122,000

A16. Significant related party transactions

The following are the significant related party transactions:

	3 months ended 31.12.07 RM'000	YTD 12 months ended 31.12.07 RM'000
Administrative service fee payable to holding company	1,092	4,371
Interest income received from a related company	-	153

Save as disclosed above, there was no other significant related party transaction in the quarter under review.

PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

B1. Review of Performance for the Quarter

The Group recorded a turnover of RM99.74 million for the quarter ended 31 December 2007 against RM133.60 million in the corresponding quarter in 2006. This represents a decrease of 25% due principally to the poor performance of the Logistics Engineering unit and the higher 2006 sales in the Machine Shop unit due to earlier deliveries on the Saudi Aramco contract.

B2. Results against Preceding Quarter

The Group achieved a net profit of RM14.96 million for the quarter ended 31 December 2007 compared to RM10.7 million in the preceding quarter ended 30 September 2007. The increase was due to the higher revenue and contribution principally from the Bus/Monorail unit.

B3. Current year prospects

The turnover for the Machine Shop Division is expected to increase as a result of the 11 machine shops that would be fully operational throughout 2008. The Kemaman and Songkhla machine shops will undertake facilities improvement and relocate to larger premises in order to cater for the expected increased activities in the area. New products and services will be introduced in some of the existing locations to contribute additional revenue. The casing connectors which are currently offered only by Singapore will be replicated to other potential locations, namely Saudi, Malaysia and Indonesia.

The Coach unit is improving and enhancing its bus designs. A Sales, Service and Spares Centre is to be opened to provide support to existing and new customers. In addition to the improved prospects from local municipals, there are plans to increase revenue from export markets

The SPV unit has been merged with the existing Coach unit. With the privatization of the waste management in Malaysia, the demand for compactors is expected to increase. The SPV unit is enhancing its designs of its core products to improve marketability. It has started to penetrate the Hong Kong market and prospects include a number of other countries in the region.

The Rail unit has secured a few rail projects and will aggressively pursue other projects both locally and overseas. It is intended that the monorail prototype will be displayed and promoted at the Innotrans 2008 Exihibition in Berlin.This will strengthen the monorail project proposals that the Group will submit both in Malaysia and internationally.

B4. Profit Forecast or Profit Guarantee

This section is not applicable as no Profit Forecast or Profit Guarantee was published or issued.

B5. Income Tax Expense

	3 months ended		YTD ended	
	31.12.07	31.12.06	31.12.07	31.12.06
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Current tax				
Malaysian income tax	2,250	2,191	3,194	2,230
Foreign tax	1,237	2,809	7,632	8,662
	3,487	5,000	10,826	10,892
Deferred tax	(4,090)	(865)	(4,090)	(66)
Income tax expense	(603)	4,135	6,736	10,826
Under/(over) provision of tax	(1,680)	(29)	(1,303)	(31)
Total	(2,283)	4,075	5,433	10,795
Discontinued operations				
Current tax				
Malaysian income tax	114	356	295	364
Deferred tax	(355)	(279)	(355)	(279)
	(241)	77	(60)	85
Under/(over) provision of tax	(5)	8	50	8
Total	(246)	85	(10)	93

Domestic current income tax is calculated at the statutory tax rate of 27% (2006: 28%) of the taxable profit for the period/year. Taxation for the other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax credit for the current quarter and also the lower year-to-date effective tax rate of 14% is mainly due to the lower income tax rate of 18% (2006: 20%) applicable to a major subsidiary company operating in Singapore, combined with the recognition of deferred tax benefits in respect of tax losses and also unutilised reinvestment allowances under certain subsidiary companies of the Group.

B6. Unquoted Investments and Properties

There were no sales of unquoted investments and properties during the quarter under review.

B7. Quoted and Marketable Investments

Investments in quoted securities as at 31 December 2007 are as follows:

Non-current assets	**RM'000**
Quoted shares	
- at cost	2,594
- at carrying/book value	425
- at market value	425
Unquoted shares	542
Current assets	
Investment in a money market fund	
- at cost	700
- at market value	700

B8. Corporate Proposals

Status of Corporate Proposals Announced

(a) Proposed disposal of 500,000 ordinary shares of RM1.00 each in Scomi Transportation Solutions Sdn Bhd ("SCOTS"), representing 100% of the issued and paid-up share capital of SCOTS for a total consideration of RM3.8 million.

The Ministry of Tourism Malaysia had via its letter dated 3 January 2008 approved the change in the effective shareholding in SCOTS from the Vendor to the Purchaser.

The Ministry of Entrepreneur and Cooperative Development via its letter dated 30 January 2008 granted its approval to the change in the shareholding and Board of Directors of SCOTS from the Vendor to the Purchaser.

All necessary approvals have now been obtained and the completion of the disposal is now pending the due diligence completion by the Purchaser.

On 13 February 2008, SEB and ALD Automotive Sdn Bhd signed a supplemental letter to the SSA and the Novation agreement to extend the cut-off date to fulfill the conditions precedent from 20 December 2007 to 31 March 2008.

(b) Proposed share premium reduction

On 23 February 2007, the Company announced that it intended to reduce its share premium account pursuant to Section 64 of the Companies Act, 1965 by up to RM35.883 million, and utilise the credit arising therefrom to reduce the accumulated losses of the Company ("Proposal").

The Proposed Share Premium Reduction was approved by the Company's shareholders at the Extraordinary General Meeting held on 21 June 2007. The application to the High Court of Malaya ("Court") was filed and on 5 October 2007, the Court granted an order to dispense with the need to hold a creditors' enquiry. The High Court of Malaya approved the proposal on 14 December 2007.

(c) Acquisition of subsidiary company

Scomi Coach Sdn Bhd (formerly known as MTrans Bus Sdn Bhd), a wholly-owned subsidiary company of SEB, had on 10 August 2007 acquired a 100% equity interest in Scomi Coach Marketing Sdn Bhd (formerly known as Potensi Serakan Sdn Bhd), comprising twenty five thousand (25,000) ordinary shares of RM1.00 each, for a total purchase consideration of RM2.00. The subsidiary is now the marketing agent for road transport equipment and products.

B9. Borrowings (Secured)

The group borrowings which include hire purchase creditors as at 31 December 2007, are as follows:

Secured	**RM'000**
Short term borrowings	41,347
Long term borrowings	11,643
	52,990
Borrowings under disposal group	9,509
Total	62,499

Borrowings are denominated in the following currencies:

	USD'000	**SGD'000**	**RM'000**	**As at 31.12.07 RM'000 equivalent**
USD	3,000	-	-	9,930
Ringgit Malaysia	-	-	52,221	52,221
Singapore Dollar	-	176	-	348
Total	3,000	176	52,221	62,499

B10. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report.

B11. Changes in Material Litigation

Neither the company, nor any of its subsidiaries, is engaged in any litigation or arbitration, either as a plaintiff or defendant, which has a material effect on the financial position of the Company or any of its subsidiaries and the Board does not know of any proceedings pending or threatened, or of any fact likely to give rise to proceedings, which might materially and adversely affect the financial position or business of the Company or any of its subsidiaries.

B12. Dividend Payable

Subject to shareholders' approval at the forthcoming Annual General Meeting, the Directors have recommended a first and final tax exempt dividend in respect of the financial year ended 31 December 2007 of 5% per share (2006: 3% per share), amounting to a dividend payable of approximately RM13,744,000 (2006 : RM 8,230,000).

B13. Earnings per share

(a) Basic

The computations for earnings per share are as follows:

	3 months ended		YTD 12 months ended	
	31.12.07 RM'000	31.12.06 RM'000	31.12.07 RM'000	31.12.06 RM'000
Profit from continuing operations attributable to ordinary equity holders of the Company	15,366	9,017	42,776	27,855
Profit/(Loss) from discontinued operations attributable to ordinary equity holders of the Company	406	(71)	(375)	412
Profit attributable to ordinary equity holders of the Company	15,772	8,946	42,401	28,267
Weighted average number of ordinary shares in issue ('000)	274,813	270,623	272,738	267,033
Basic earnings per share (sen) for:				
Profit from continuing operations	5.59	3.33	15.68	10.43
Profit/(Loss) from discontinued operations	0.15	(0.03)	(0.14)	0.15
Profit for the period/year	5.74	3.30	15.54	10.58

(b) Diluted

The computations for diluted earnings per share are as follows:

	3 months ended		YTD 12 months ended	
	31.12.07 RM'000	31.12.06 RM'000	31.12.07 RM'000	31.12.06 RM'000
Profit from continuing operations attributable to ordinary equity holders of the Company	15,366	9,017	42,776	27,855
Profit/(Loss) from discontinued operations attributable to ordinary equity holders of the Company	406	(71)	(375)	412
Profit attributable to ordinary equity holders of the Company	15,772	8,946	42,401	28,267
Weighted average number of ordinary shares in issue ('000)	274,813	270,623	272,738	267,033
Dilutive effect of unexercised share options ('000)	19,124	7,902	18,975	6,928
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	293,937	278,525	291,713	273,961
Diluted earnings per share (sen) for:				
Profit from continuing operations	5.23	3.24	14.66	10.17
Profit /(Loss) from discontinued operations	0.14	(0.03)	(0.13)	0.15
Profit for the period/year	5.37	3.21	14.53	10.32

B14. Authorisation for Issue

The interim financial statements were authorised for issue on 26 February 2008 by the Board of Directors.