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 2007.

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 2007, except for the adoption of the new/revised Financial Reporting Standards ("FRS") and interpretations to existing standards which are effective for the Group's financial period beginning on or after 1 January 2008 as follows:

- FRS 107 — Cash Flow Statement
- FRS 111 — Construction Contracts
- FRS 118 — Revenue
- Amendmend to FRS 121 — The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
- FRS 134 — Interim Financial Reporting
- FRS 137 — Provisions, Contingent Liabilities and Contingent Assets
- FRS 120 — Accounting for Government Grants and Disclosure of Government Assistance
- IC Interpretation 1 — Changes in Existing Decommissioning, Restoration and Similar Liabilities
- IC Interpretation 2 — Member's Shares in Cooperative Entities and Similar Instruments
- IC Interpretation 5 — Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IC Interpretation 6 — Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment
- IC Interpretation 7 — Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies
- IC Interpretation 8 — Scope of FRS 2

Deferred FRS 139 – Financial Instruments : Recognition and Measurement. The effective date of this standard has yet to be determined by the Malaysian Accoounting Standards Board ("MASB").

The adoption of the above standards, amendments to published standards and interpretations to existing standards does not have a significant financial impact on the Group.

A2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2007 was not qualified.

A3. 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 ("YTD").

A4. 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.

A5. 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.

A6. 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 274,871,567 ordinary shares of RM1.00 each to 275,680,067 ordinary shares of RM1.00 each by the issuance of 808,500 new ordinary shares of RM1.00 each at subscription price of RM1.00 per new share, pursuant to the ESOS of the Company.

(b) Treasury Shares

During the current quarter, the treasury shares held by the Company increased from 1,000 to 2,000 with the repurchase of 1,000 of its issued ordinary shares from the open market at RM1.808 per share. The total consideration paid for the repurchase including transaction costs was RM1,851 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.

A7. Dividend Paid

There was no dividend paid during the quarter under review and the financial year-to-date.

A8. Segmental Information

	3 months ended		YTD 3 months ended	
	31.3.08	31.3.07	31.3.08	31.3.07
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Revenue from continuing operations:				
Machine Shop	61,565	60,297	61,565	60,297
Logistics Engineering	6,930	6,105	6,930	6,105
Bus/rail	26,563	10,043	26,563	10,043
Total revenue from continuing operations	95,058	76,445	95,058	76,445
Revenue from discontinued operations	1,646	1,722	1,646	1,722
Total	**96,704**	**78,167**	**96,704**	**78,167**
Segment Results				
Results from continuing operations:				
Machine Shop	9,106	9,714	9,106	9,714
Logistics Engineering	(262)	(396)	(262)	(396)
Bus/rail	1,761	(23)	1,761	(23)
Total results from continuing operations	10,605	9,295	10,605	9,295
Results from discontinued operations	(662)	(251)	(662)	(251)
Total results from operations	9,943	9,044	9,943	9,044
Unallocated corporate expenses	(1,726)	(1,944)	(1,726)	(1,944)
Total	**8,217**	**7,100**	**8,217**	**7,100**

A9. 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.

A10. Significant events subsequent to the quarter under review

There were no significant events subsequent to the quarter under review, other than for the incorporation of a subsidiary company, Scomi OMS Oilfield Services Arabia Limited ("SOOSAL"), in the Kingdom of Saudi Arabia on 7 May 2008. The subsidiary company is 70% held by the Group through a wholly-owned subsidiary, Scomi OMS Oilfield Holdings Sdn Bhd ("SOOHSB"), where SOOHSB subscribed for 1,050 ordinary shares of SR1,000 each in SOOSAL for cash amounting to SR1,050,000 (RM889,840). SOOSAL is currently dormant and its principal activity is intended to be the manufacture of casing connectors, slip joint pipes, pup joints, cross-overs and other tubular accessories.

A11. 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 20 March 2007, the Company had entered into a share sale agreement to dispose 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 RM3,800,000 to be satisfied in cash. SCOTS has a wholly-owned subsidiary, Asian Rent-A-Car Sdn Bhd (collectively known as the "SCOTS group").

A11. Changes in Composition of the Group (Cont'd)

The subsidiary companies were engaged in the provision of motor vehicles for "Hire and Drive" and fleet management which were both non-core businesses of the Group. The SCOTS group was accordingly classified in the previous financial year as a disposal group held for sale, with its results classified under discontinued operations.

The disposal of the SCOTS group was completed on 31 March 2008 with all conditions precedent in the sale agreement being met. The gain realised at Group level upon disposal of the subsidiary amounted to RM2,011,000.

A12. Contingent Liabilities

There were no changes in contingent liabilities since the last annual balance sheet date as at 31 December 2007.

A13. Capital Commitments

The capital commitments not provided for in the financial statements as at 31 March 2008 are as follows:

	RM '000
Approved and contracted for	
- Property, plant and equipment	17,000
Approved but not contracted for	
- Property, plant and equipment	59,000
- Others	32,000
	91,000
Total	108,000

A14. Significant related party transactions

The following are the significant related party transactions:

	3 months ended	**YTD 3 months ended**
	31.3.08	31.3.08
	RM'000	RM'000
Administrative service fee payable to holding company	1,482	1,482

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 RM96.70 million for the quarter ended 31 March 2008 against RM78.17 million in the corresponding quarter in 2007. This represents an increase of 24% due principally to the improved performance of the Bus/Rail unit.

B2. Results against Preceding Quarter

The Group achieved a net profit of RM8.22 million for the quarter ended 31 March 2008 compared to RM14.96 million in the preceding quarter ended 31 December 2007. The decrease was due to the lower contribution from operations under the Machine shop and Bus/Rail units, where the preceding quarter had also included deferred tax benefits of RM3.46 million recognised under the Rail unit. The current quarter results of the Group include the gain on disposal of subsidiary of RM2.01 million as disclosed under Note A11.

B3. Current year prospects

The turnover for the Machine Shop Division is expected to increase as a result of the 10 machine shops that would be fully operational throughout 2008. The Kemaman and Songkla 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 are being promoted for use in other potential locations, namely Saudi, Kemaman Malaysia and Indonesia.

The Coach unit is implementing process improvement initiatives to optimize its production cycle time. The unit is also continuing in its efforts to promote safety through seeking international safety certification for its key products. New designs are being introduced for buses and the first design will be available in the second quarter. The unit is also aggressively pursuing export market and local government business, the two areas of growth identified as having good potential for increasing sales.

The operations of the SPV and Coach units have been physically merged and both businesses are now operating from Rawang. The SPV unit is also enhancing the design of its core products to improve product marketability and competitiveness. The privatization of waste management in Malaysia should see the demand for compactors improve, and in addition to the traditional domestic market, the unit is also actively tendering for projects in the region.

The Rail unit has secured a few rail projects and will aggressively pursue other projects both locally and overseas. The new monorail product, SUTRA, has also seen tremendous interest from our potential customers and will strengthen the monorail project proposals that the Group has submitted 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 3 months ended	
	31.3.08	31.3.07	31.3.08	31.3.07
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Current tax				
Malaysian income tax	159	128	159	128
Foreign tax	2,263	1,704	2,263	1,704
Total tax expense from continuing operations	2,422	1,832	2,422	1,832
Discontinued operations				
Current tax				
Malaysian income tax	-	81	-	81
Total tax expense from discontinued operations	-	81	-	81
Total	2,422	1,913	2,422	1,913

Domestic current income tax is calculated at the statutory tax rate of 26% (2007: 27%) of the taxable profit for the period. Taxation for the other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The lower effective tax rate of 21% for the current quarter and year-to-date is mainly due to the lower income tax rate of 18% (2007: 18%) applicable to a major subsidiary company operating in Singapore, combined with the gain on disposal of subsidiary company not being subject to income tax.

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 March 2008 are as follows:

Non-current assets	**RM'000**
Quoted shares	
- at cost	2,594
- at carrying/book value	425
- at market value	283
Unquoted shares	542
Current assets	
Investment in a money market fund	
- at cost	500
- at market value	500

B8. Corporate Proposals

There were no corporate proposals announced but not completed as at the date of issue of this report.

B9. Borrowings (Secured)

The group borrowings which include hire purchase creditors as at 31 March 2008, are as follows:

Secured	**RM'000**
Short term borrowings	64,268
Long term borrowings	13,890
Total	78,158

Borrowings are denominated in the following currencies:

	USD'000	**SGD'000**	**RM'000**	**As at 31.3.08 RM'000 equivalent**
USD	3,500	-	-	11,165
Ringgit Malaysia	-	-	66,709	66,709
Singapore Dollar	-	156	-	284
Total	3,500	156	66,709	78,158

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: RM8,230,000).

B13. Earnings per share

(a) Basic

The computations for earnings per share are as follows:

	3 months ended		YTD 3 months ended	
	31.3.08 RM'000	31.3.07 RM'000	31.3.08 RM'000	31.3.07 RM'000
Profit from continuing operations attributable to ordinary equity holders of the Company	8,809	7,362	8,809	7,362
Loss from discontinued operations attributable to ordinary equity holders of the Company	(662)	(251)	(662)	(251)
Profit attributable to ordinary equity holders of the Company	8,147	7,111	8,147	7,111
Weighted average number of ordinary shares in issue ('000)	275,449	270,906	275,449	270,906
Basic earnings per share (sen) for:				
Profit from continuing operations	3.20	2.72	3.20	2.72
Loss from discontinued operations	(0.24)	(0.09)	(0.24)	(0.09)
Profit for the period	2.96	2.63	2.96	2.63

(b) Diluted

The computations for diluted earnings per share are as follows:

	3 months ended		YTD 3 months ended	
	31.3.08 RM'000	31.3.07 RM'000	31.3.08 RM'000	31.3.07 RM'000
Profit from continuing operations attributable to ordinary equity holders of the Company	8,809	7,362	8,809	7,362
Loss from discontinued operations attributable to ordinary equity holders of the Company	(662)	(251)	(662)	(251)
Profit attributable to ordinary equity holders of the Company	8,147	7,111	8,147	7,111
Weighted average number of ordinary shares in issue ('000)	275,449	270,906	275,449	270,906
Dilutive effect of unexercised share options ('000)	5,203	11,011	5,203	11,011
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	280,652	281,917	280,652	281,917
Diluted earnings per share (sen) for:				
Profit from continuing operations	3.14	2.61	3.14	2.61
Loss from discontinued operations	(0.24)	(0.09)	(0.24)	(0.09)
Profit for the period	2.90	2.52	2.90	2.52

B14. Authorisation for Issue

The interim financial statements were authorised for issue on 14 May 2008 by the Board of Directors.