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 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 Statements
- FRS 111 — Construction Contracts
- FRS 118 — Revenue
- FRS 120 — Accounting for Government Grants and Disclosure of Government Assistance
- Amendment to FRS 121 — The Effects of Changes in Foreign Exchange Rates – Net Investment in Foreign Operation
- FRS 134 — Interim Financial Reporting
- FRS 137 — Provisions, Contingent Liabilities and Contingent Assets
- IC Interpretation 1 — Changes in Existing Decommissioning, Restoration and Similar Liabilities
- IC Interpretation 2 — Members' 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

The adoption of the above Standards, Amendment to published standards and Interpretations to existing standards has no significant financial impact on the Group.

The effective date for FRS 139 "Financial Instruments: Recognition and Measurement", has now been determined by the Malaysian Accounting Standards Board ("MASB") to be from 1 January 2010. The Group is exempted from disclosing the possible impact of FRS 139 in accordance with FRS 108 "Accounting Policies, Change in Accounting Estimates and Errors" prior to its effective date.

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 YTD.

A5. Material Changes in Estimates

There were no changes in estimates that have a material effect in the quarter under review and financial YTD.

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 year ended 31 December 2008, the issued and paid-up share capital of the Company increased from 274,871,567 ordinary shares of RM1.00 each to 275,694,067 ordinary shares of RM1.00 each by the issuance of 822,500 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 year ended 31 December 2008, the treasury shares of the Company increased from 1,000 to 118,800 with the repurchased of 117,800 of its issued ordinary shares of RM1.00 each from the open market at an average price of RM0.83 per share. The total consideration paid for the repurchase including transaction costs was RM98,072 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, details of which are as follows:-

Date	No. of Treasury Shares Purchased	Highest Price (RM)	Lowest Price (RM)	Average Price (RM)	Total Cost (RM)
Feb 2008	1,000	1.808	1.808	1.808	1,850
Jun 2008	100,000	0.950	0.775	0.837	83,867
Jul 2008	15,800	0.736	0.700	0.718	11,560
Nov 2008	1,000	0.753	0.753	0.753	795
Total	117,800				98,072

A7. Dividend Paid

A final tax exempt dividend of 5 sen per share in respect of the financial year ended 31 December 2007 amounting RM13,778,813 was paid on 10 September 2008.

A8. Segmental Information

	3-month ended		YTD 12-month ended	
	31.12.08	31.12.07	31.12.08	31.12.07
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Revenue from continuing operations:				
Energy Engineering	71,775	54,759	266,431	232,236
Logistics Engineering	36,760	43,383	160,682	129,900
Total revenue from continuing operations	108,535	98,142	427,113	362,136
Revenue from discontinued operations (Note A11)	-	1,616	1,646	6,667
Total	**108,535**	**99,758**	**428,759**	**368,803**
Segment Results				
Results from continuing operations:				
Energy Engineering	2,508	10,133	20,071	36,514
Logistics Engineering	(11,620)	4,394	(6,956)	7,569
Total results from continuing operations	(9,112)	14,527	13,115	44,083
Results from discontinued operations (Note A11)	-	406	(662)	(375)
Total results from operations	(9,112)	14,933	12,453	43,708
Corporate expenses	(225)	39	(2,073)	(1,766)
Gain on disposal of subsidiaries	-	-	2,011	
Total	**(9,337)**	**14,972**	**12,391**	**41,942**

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 financial year under review

There were no significant events subsequent to the financial year under review.

A11. Changes in Composition of the Group

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

(i) 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 RM3.8 million to be satisfied in cash. SCOTS has a wholly-owned subsidiary, Asian Rent-A-Car Sdn Bhd (collectively known as the "SCOTS group").

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 RM2.0 million;

(ii) On 7 May 2008, the Company had incorporated a subsidiary company, Scomi OMS Oilfield Services Arabia Limited ("SOOSAL"), in the Kingdom of Saudi Arabia. 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 SR1.05 million (equivalent to RM889,840). The principal activity of SOOSAL is intended to be the manufacturing of casing connectors, slip joint pipes, pup joints, cross-overs and other tubular accessories; and

(iii) On 4 December 2008, the Company and its wholly-owned subsidiary, Scomi Rail Bhd ("SRB") had incorporated a limited liability company known as Urban Transit Private Limited ("UTPL") in India. UTPL, 100% held by the Group, has an authorized and paid up share capital of 10,000 shares of INR10 each of which the Company subscribed for 9,999 equity shares of INR10 each and SRB subscribed 1 share of INR10 each. The total cash consideration amounted to INR100,000 (equivalent to RM7,290 based on exchange rate of 0.07290 as at 4 December 2008). The principal activity of UTPL is to engage in business of development, manufacturing and supply of monorail transportation infrastructure system equipment and services.

A12. Contingent Liabilities

The contingent liabilities of the Group and the Company as at 31 December 2008 are as follows:-

	Group		Company	
	31.12.08 RM'000	**31.12.07 RM'000**	**31.12.08 RM'000**	**31.12.07 RM'000**
Corporate guarantees given to financial institutions for facilities granted to subsidiaries	-	-	113,112	110,108
Bank guarantees given to third party in respect of performance guarantee given by subsidiaries	91,666	-	-	-
	91,666	-	113,112	110,108

A13. Capital and Operating Lease Commitments

(a) The capital commitments not provided for in the financial statements are as follows:

	31.12.08 RM'000	**31.12.07 RM'000**
Approved and contracted for		
- Property, plant and equipment	28,875	35,986
- Others	10	-
	28,885	35,986
Approved but not contracted for		
- Property, plant and equipment	18,336	40,448
- Others	14,901	46,000
	33,237	86,448
Total	62,122	122,434

(b) The Group has entered into non-cancellable operating lease agreements for property, plant and equipment. Commitments for future minimum lease payments are as follows:

	31.12.08 RM'000	**31.12.07 RM'000**
Later than 1 year	1,816	917
Later than 2 years and not later than 5 years	1,525	2,575
Later than 5 years	2,777	2,562
Total	6,118	6,054

A14. Significant related party transactions

The following is the Group's significant related party transaction:

	3-month ended 31.12.08 RM'000	YTD 12-month ended 31.12.08 RM'000
- Administrative service fee paid /payable to holding company	843	4,863

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

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 revenue of RM108.5 million for the quarter ended 31 December 2008 against RM99.8 million in the corresponding quarter of 2007. This represents an increase of 8.8% contributed by higher sales from the Energy Engineering Division and Rail unit of the Logistics Engineering Division.

The Group registered a net loss of RM9.3 million for the quarter ended 31 December 2008 compared to a net profit of RM15.0 million in the corresponding quarter of 2007. The loss for the quarter was mainly due to reduced margin arising from higher handling and logistic charges, higher overheads and foreign exchange loss incurred. This is in addition to the higher operating cost attributable to the expansion and development works associated with building internal capability and enhancing competencies in the Logistics Engineering Division.

B2. Results against Preceding Quarter

The Group recorded revenue of RM108.5 million for the current quarter compared to RM91.9 million in the preceding quarter ended 30 September 2008, an increase of 18.1%, mainly due to higher sales generated from Energy Engineering Division and Rail unit of the Logistics Engineering Division, offset by weaker coach and special purpose vehicles sales.

The Group registered a net loss for the current quarter of RM9.3 million compared to a net profit of RM4.5 million in the preceding quarter mainly due to reduced margin and higher overheads associated with the expansion and development works of the Logistics Engineering Division.

B3. Current year prospects

The global economic situation is deepening with the contagion from the US financial chaos spreading worldwide. With the dismal outlook of the global economy, the Malaysia Institute of Economic Research may be revising its GDP growth forecast for 2009 to less than 3%. Weak consumer demand and tightening credit will continue to impact the Group's 2009 performance.

The Energy Engineering business will continue to contribute positively to the Group in 2009 with the new facilities in Saudi and Johor Bahru in full operations. The Division will continuously optimize its machine utilization to generate optimum revenue.

For Logistics Engineering business, contribution from the Mumbai monorail project is anticipated to lead the performance of the Group in 2009. With its current international recognition, the Rail unit will aggressively pursue other overseas monorail projects. On the other hand, the softening in demand of the coach and special purpose vehicle products will dampen the unit's performance and management is continuously monitoring the performance and viability of certain product lines.

B3. Current year prospects (continue)

The Group's business environment will remain challenging amidst difficult operating conditions. Recognizing the challenges ahead, the Management will continue to maintain and implement its cost savings measures to remain competitive and continue to focus on growth and productivity. At the same time, the Group will further optimize its assets utilization to generate optimum revenue to mitigate the effects of the slower economic conditions. Nevertheless, the Board is cautiously optimistic that the performance of the Group will improve in 2009.

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-month ended		**YTD 12-month ended**	
	31.12.08	31.12.07	31.12.08	31.12.07
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Current tax				
Malaysian income tax	(1,847)	121	385	1,065
Foreign tax	1,340	306	5,530	6,701
	(507)	427	5,915	7,766
Under provision of tax	1,438	1,289	643	1,666
Income tax expense	931	1,716	6,558	9,432
Deferred tax	268	(4,002)	(727)	(4,002)
Total	1,199	(2,286)	5,831	5,430
Discontinued operations				
Current tax				
Malaysian income tax	-	126	-	362
Deferred tax		(372)		(372)
Total	-	(246)	-	(10)
Total income tax expense	1,199	(2,532)	5,831	5,420

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

The higher effective tax rate of 31% (2007: 11%) for the financial year is mainly due to tax losses incurred by certain subsidiaries which were not available to offset against taxable profits of other subsidiaries with the Group.

B6. Unquoted Investments and Properties

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

B7. Quoted and Marketable Investments

Investments in quoted securities as at 31 December 2008 are as follows:

Non-current assets	**31.12.08 RM'000**	**31.12.07 RM'000**
Quoted shares		
- at cost	2,594	2,594
- at carrying/book value	208	425
- at market value	208	425
Unquoted shares	541	541
Current assets		
Investment in a money market fund		
- at cost	1,500	700
- at market value	1,500	700

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 are as follows:

	31.12.08 RM'000	**31.12.07 RM'000**
Secured		
Short term borrowings	56,199	42,879
Long term borrowings	39,817	10,055
Total borrowings	96,016	52,934

Borrowings are denominated in the following currencies:

	31.12.08 RM'000 equivalent	**30.12.07 RM'000 equivalent**
United States Dollars	10,767	9,930
Ringgit Malaysia	85,103	42,656
Singapore Dollars	146	348
Total Borrowings	96,016	52,934

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 2008 of 5% per share (2007: 5% per share), amounting to a dividend payable of approximately RM13,785,000 (2007: RM13,778,813).

B13. Earnings per share

The computations for earnings per share are as follows:

	3-month ended		**YTD 12-month ended**	
	31.12.08 RM'000	31.12.07 RM'000	31.12.08 RM'000	31.12.07 RM'000
Profit/(Loss) from continuing operations attributable to ordinary equity holders of the Company	(8,973)	15,381	13,097	42,791
(Loss)/Profit from discontinued operations attributable to ordinary equity holders of the Company	-	406	(662)	(375)
Profit/(Loss) attributable to ordinary equity holder of the Company	(8,973)	15,787	12,435	42,416
Weighted average number of shares in issue ('000)	274,872	274,813	275,566	272,739
Dilutive effect of unexercised share option ('000)	-	19,124	-	18,975
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	274,872	293,937	275,566	291,714
(a) Basic Earnings per share (sen) for:				
Profit / (Loss) from continuing operations	(3.26)	5.59	4.76	15.69
(Loss) / Profit from discontinued operations	-	0.15	(0.24)	(0.14)
Profit / (Loss) for the year	(3.26)	5.74	4.52	15.55
(b) Diluted earnings per share (sen) for:				
Profit from continuing operations	-	5.23	-	14.67
(Loss) / Profit from discontinued operations	-	0.14	-	(0.13)
Profit for the year	-	5.37	-	14.54

Note:-

There is no dilution in the earnings per share of the Company as the market price of the Company's ordinary shares as at Balance Sheet date is lower than the exercise price.

B14. Authorisation for Issue

The interim financial statements were authorised for issue on 27 February 2009 by the Board of Directors.