

Letter to Shareholders

Third Quarter 2011 Performance Update

30 November, 2011

Dear Shareholders,

For the third quarter of 2011, Scomi Group posted a marginal increase in revenue of RM378.7 million compared to RM367.6 million for the corresponding quarter in 2010 mainly generated by the Oilfield Services and Transport Solutions Divisions. Lower gross profit margins in both the Divisions were affected by higher material costs at Oilfield Services and higher costs due to monorail project delays at Transport Solutions. In addition, the Group's performance was also affected by foreign exchange losses of RM6.1 million within the Oilfield Services Division and RM9.6 million within the Transport Solutions Division. With the lower gross profit margins and foreign exchange losses, the Group posted a loss after tax of RM11.85 million for the current quarter.

Below is a brief snapshot of the consolidated results at Scomi Group:

• Scomi Group Bhd Consolidated Results

Note : all figures are stated in RM'000

	Actual			YTD
	Q3	Q2	Q1	Actual
Revenue	378,670	398,170	337,393	1,114,233
GP	83,137	95,435	87,640	266,212
GP Margin	22.0%	24.0%	26.0%	23.9%
EBITDA	21,790	64,879	50,818	137,487
EBITDA Margin	5.8%	16.3%	15.1%	12.3%
OPEX	72,456	59,283	63,981	195,719
OPEX / Revenue	19.1%	14.9%	19.0%	17.6%
PAT	(11,849)	20,305	11,567	20,023
PAT Margin	- 3.1%	5.1%	3.4%	1.8%

Oilfield Services

The Oilfield Services Division performed better for the current quarter registering higher revenue of RM301.9 million representing an increase of RM23.5 million or 8.4% over RM278.4 million recorded in Q3 2010. This increase was mainly attributable to higher sales generated in the Eastern Hemisphere countries of Malaysia, Thailand, Myanmar and Turkmenistan.

Transport Solutions

A lower revenue of RM76.5 million was posted by the Transport Solutions Division for the current quarter compared to revenue in the previous year's corresponding quarter of RM77.2 million. Delays experienced in the Mumbai monorail project, for which the Transport Solutions Division has received an Extension of Time, have contributed to higher costs compared to the third quarter in the previous year.

Energy Logistics

The Energy Logistics Division has continued to improve its performance with the implementation of further cost management and operational efficiency measures.

Scomi

Outlook for the year

The Oilfield Services Division is expected to continue to benefit from the increase in drilling activities in the Eastern Hemisphere countries. However, with the increasing uncertainty in the global economic outlook, performance for the countries in the Western Hemisphere and Middle East will remain challenging.

The performance of the Transport Solutions Division will continue to be challenging in the next quarter. Nevertheless, the Division is expected to benefit through contributions from its Kuala Lumpur Monorail Fleet Expansion project in Malaysia and two large projects together with its Consortium partners in Brazil in the ensuing Quarters. The Division will continue to pursue opportunities in monorail projects especially in Malaysia, Brazil and India to capitalize on the increasing demand and opportunities for infrastructure development in these countries.

The Energy Logistics Division is expected to continue doing well for the remaining year.

Notwithstanding the foregoing, the Group's operating results for current year will be impacted by provisions arising from the sale of assets and other potential impairment.

On behalf of the Board of Directors, management and valued staff at Scomi, we thank you for your trust and support.

SHAH HAKIM ZAIN

Group CEO
Scomi Group Bhd

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