

SCOMI ENGINEERING BHD(111633-M)
(incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED	PRECEDING YEAR CORRESPONDING QUARTER ENDED	CURRENT YEAR PERIOD ENDED	PRECEDING YEAR CORRESPONDING PERIOD ENDED
	30/09/2007 RM'000 Unaudited	30/09/2006 RM'000 Unaudited	30/09/2007 RM'000 Unaudited	30/09/2006 RM'000 Unaudited
Continuing Operations				
Revenue	88,631	82,989	263,994	184,162
Cost of sales	(64,362)	(62,945)	(202,418)	(135,985)
Gross Profit	24,269	20,044	61,576	48,177
Other income	772	921	3,563	611
Operating expenses	(10,023)	(10,295)	(27,419)	(20,289)
Finance costs	(836)	(1,390)	(2,253)	(2,705)
Profit before taxation	14,182	9,280	35,467	25,794
Taxation	(3,655)	(2,755)	(7,716)	(6,720)
Profit for the period from continuing operations	10,527	6,525	27,751	19,074
Discontinued Operations				
(Loss) / profit for the period from the discontinued operations	(440)	161	(781)	483
Profit for the period	10,087	6,686	26,970	19,557
Attributable to :				
Equity holders of the parent	10,002	6,450	26,629	19,321
Minority interest	85	236	341	236
Profit for the period	10,087	6,686	26,970	19,557
Earnings per share attributable to equity holders of the parent:				
Basic earnings per ordinary share (sen)				
- For profit from continuing operations	3.81	2.33	10.08	7.09
- For (loss)/ profit from discontinued operations	(0.16)	0.05	(0.29)	0.18
	3.65	2.38	9.79	7.27
Diluted earnings per ordinary share (sen)				
- For profit from continuing operations	3.57	2.25	9.44	6.90
- For (loss)/ profit from discontinued operations	(0.15)	0.06	(0.27)	0.18
	3.42	2.31	9.17	7.08

Note: The detailed calculations for the Basic and Diluted earnings per share are shown in Note B13.
The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2006 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2007

	As at 30/09/2007 RM'000 Unaudited	As at 31/12/2006 RM'000 Audited Restated
ASSETS		
Non-current Assets		
Property, plant & equipment	84,182	85,530
Other investments	1,330	627
Intangible assets	242,199	218,139
Prepaid lease payments	4,029	4,182
Deferred tax assets	-	410
Total non-current assets	331,740	308,888
Current Assets		
Other investments	700	7,750
Inventories	48,755	97,212
Receivables, deposits and prepayments	112,748	145,838
Tax recoverable	783	1,428
Amounts due from related corporations	5,626	27,288
Deposits with licensed banks	187	7,300
Cash and bank balances	20,827	28,991
	189,626	315,807
Assets of disposal group classified as held for sale	20,365	-
Total current assets	209,991	315,807
Total assets	541,731	624,695
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	274,712	270,627
Treasury shares	(2)	-
Share premium	79,547	78,598
Merger relief reserve	21,260	21,260
Share option and capital contribution reserves	2,959	2,731
Currency translation reserve	(8,931)	(4,908)
Accumulated profit/ (losses)	10,783	(7,616)
	380,328	360,692
Minority interest	281	14,404
Total equity	380,609	375,096
Non-current liabilities		
Finance lease and hire purchase creditors	812	10,660
Borrowings	9,416	11,723
Deferred tax liabilities	4,755	3,497
Total non-current liabilities	14,983	25,880
Current liabilities		
Trade and other payables	77,892	145,495
Amounts due to related corporations	-	65
Amount due to ultimate holding company	4,914	3,146
Borrowings	36,053	50,111
Finance lease and hire purchase creditors	1,168	4,289
Current tax liabilities	15,265	20,613
	135,292	223,719
Liabilities directly associated with the assets classified as held for sale	10,847	-
Total current liabilities	161,122	249,599
Total liabilities	176,105	275,479
TOTAL EQUITY AND LIABILITIES	541,731	624,695
<i>Net assets per share attributable to equity holders of the parent (RM)</i>	1.38	1.33

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31st December 2006 and the accompanying explanatory notes attached to the interim financial statements.

SCOMI ENGINEERING BERHAD (111633-M)
UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007

	30-Sep-07 RM'000 Unaudited	30-Sep-06 RM'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation from:		
Continuing operations	35,467	25,794
Discontinued operations	(545)	491
Adjustment for:		
Non-cash items	280	6,270
Non-operating items	7,404	(178)
Interest expense	2,878	3,391
Interest income	(497)	(643)
Operating profit before changes in working capital	<u>44,987</u>	<u>35,125</u>
Changes in working capital:		
Decrease/(Increase) in current assets	94,366	(47,538)
Decrease in current liabilities	(63,234)	(13,521)
	<u> </u>	<u> </u>
Cash flow generated from/(used in) operating activities	76,119	(25,934)
Tax paid	(12,869)	(803)
Interest paid	(2,878)	(3,391)
Net cash flow generated from/(used in) operating activities	<u>60,372</u>	<u>(30,128)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of additional shares in subsidiary	(30,823)	(30,483)
Purchase of property, plant and equipment	(18,743)	(10,582)
Proceeds from disposal of property, plant and equipment	278	72
Upliftment of investment/(Investment in) money market fund	7,050	(6,714)
Interest received	497	643
Profit guarantee monies received	8,295	6,226
Development expenditure incurred	(15,547)	(761)
Net cash flow used in investing activities	<u>(48,993)</u>	<u>(41,599)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	4,217	70,371
Share buy-back	(2)	-
Share issue expenses	-	(1,727)
Dividend paid	(8,230)	-
Proceeds from borrowings	3,239	4,013
Repayment of borrowings	(22,810)	-
Net utilisation of trade facilities	(2,952)	-
Net cash flow (used in)/ generated from financing activities	<u>(26,538)</u>	<u>72,657</u>
Net change in cash and cash equivalents	(15,159)	930
Currency translation differences	(630)	-
Cash and cash equivalents at the beginning of the period	<u>30,826</u>	<u>16,452</u>
Cash and cash equivalents at the end of the period	<u>15,037</u>	<u>17,382</u>
Cash and cash equivalents comprise:		
Deposits placed with licensed banks	187	6,992
Cash and bank balances	20,827	15,145
Bank overdrafts	(6,258)	(4,755)
	<u>14,756</u>	<u>17,382</u>
Cash and bank balances and deposits of disposal group	938	-
Deposits with licensed bank pledged as security for bank facilities	(657)	-
	<u>15,037</u>	<u>17,382</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2006 and the accompanying explanatory notes attached to the interim financial statements

**Unaudited Condensed Consolidated Statement of Changes in Equity
For the 9 month period ended 30 September 2007**

←-----Attributable to equity holders of the parent----->

	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Merger relief reserve RM'000	Currency translation reserve RM'000	Share option and capital contribution reserves RM'000	Accumulated profit/(losses) RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
At 1 January 2006	211,751	-	68,516	21,260	-	-	(35,883)	265,644	-	265,644
Issue of shares	57,552	-	11,510	-	-	-	-	69,062	-	69,062
- rights issue	-	-	(1,727)	-	-	-	-	(1,727)	-	(1,727)
- share issue costs	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	-	-	14,754	14,754
Employee Share Options Scheme (ESOS)	1,309	-	-	-	-	-	-	1,309	-	1,309
- shares issued	-	-	-	-	-	1,136	-	1,136	-	1,136
Recognition of share-based payment	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	19,321	19,321	236	19,557
Currency translation differences	-	-	-	-	(1,314)	-	-	(1,314)	-	(1,314)
At 30 September 2006	270,612	-	78,299	21,260	(1,314)	1,136	(16,562)	353,431	14,990	368,421
At 1 January 2007	270,627	-	78,598	21,260	(4,908)	2,731	(7,616)	360,692	14,404	375,096
Employee Share Options Scheme (ESOS)	4,085	-	132	-	-	-	-	4,217	-	4,217
- shares issued	-	-	817	-	-	(817)	-	-	-	-
- transfer from share option reserve on exercise of share options	-	-	-	-	-	1,045	-	1,045	-	1,045
- options granted	-	-	-	-	-	-	-	-	-	-
Share buy-back	-	(2)	-	-	-	-	-	(2)	-	(2)
Net profit for the period	-	-	-	-	-	-	26,629	26,629	341	26,970
Acquisition of additional equity interest in subsidiary company	-	-	-	-	-	-	-	-	(14,464)	(14,464)
Dividend paid	-	-	-	-	-	-	(8,230)	(8,230)	-	(8,230)
Currency translation differences	-	-	-	-	(4,023)	-	-	(4,023)	-	(4,023)
At 30 September 2007	274,712	(2)	79,547	21,260	(8,931)	2,959	10,783	380,328	281	380,609

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2006 and the accompanying explanatory notes notes attached to the interim financial statements.