

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

**INTERIM FINANCIAL STATEMENTS**

**CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED	PRECEDING YEAR CORRESPONDING QUARTER ENDED	CURRENT YEAR ENDED	PRECEDING YEAR ENDED
	31/12/2007 RM'000 Unaudited	31/12/2006 RM'000 Unaudited	31/12/2007 RM'000 Unaudited	31/12/2006 RM'000 Audited (restated)
<b><u>Continuing Operations</u></b>				
Revenue	98,127	131,506	362,121	315,668
Cost of sales	(73,042)	(102,789)	(275,460)	(238,774)
<b>Gross Profit</b>	25,085	28,717	86,661	76,894
Other income	3,250	1,683	6,813	2,294
Operating expenses	(15,202)	(15,019)	(42,621)	(35,308)
Finance costs	(865)	(584)	(3,118)	(3,289)
<b>Profit before taxation</b>	12,268	14,797	47,735	40,591
Taxation	2,283	(4,075)	(5,433)	(10,795)
<b>Profit for the period from continuing operations</b>	14,551	10,722	42,302	29,796
<b><u>Discontinued Operations</u></b>				
Profit/(Loss) for the period from the discontinued operations	406	(71)	(375)	412
<b>Profit for the period</b>	14,957	10,651	41,927	30,208
<b>Attributable to :</b>				
Equity holders of the parent	15,772	8,946	42,401	28,267
Minority interest	(815)	1,705	(474)	1,941
<b>Profit for the period</b>	14,957	10,651	41,927	30,208
Earnings per share attributable to equity holders of the parent:				
<b><u>Basic earnings per ordinary share (sen)</u></b>				
- For profit from continuing operations	5.59	3.33	15.68	10.43
- For profit/(loss) from discontinued operations	0.15	(0.03)	(0.14)	0.15
	5.74	3.30	15.54	10.58
<b><u>Diluted earnings per ordinary share (sen)</u></b>				
- For profit from continuing operations	5.23	3.24	14.66	10.17
- For profit/(loss) from discontinued operations	0.14	(0.03)	(0.13)	0.15
	5.37	3.21	14.53	10.32

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 31 DECEMBER

	As at 31/12/2007 RM'000 Unaudited	As at 31/12/2006 RM'000 Audited Restated
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant & equipment	89,773	85,530
Other investments	967	627
Intangible assets	243,474	218,139
Prepaid lease payments	3,889	4,182
Deferred tax assets	5,080	410
<b>Total non-current assets</b>	<b>343,183</b>	<b>308,888</b>
<b>Current Assets</b>		
Other investments	700	7,750
Inventories	72,851	97,212
Receivables, deposits and prepayments	121,406	145,838
Tax recoverable	845	1,428
Amounts due from related corporations	415	27,288
Deposits with licensed banks	192	7,300
Cash and bank balances	20,791	28,991
	217,200	315,807
Assets of disposal group classified as held for sale	20,207	-
<b>Total current assets</b>	<b>237,407</b>	<b>315,807</b>
<b>Total assets</b>	<b>580,590</b>	<b>624,695</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	274,872	270,627
Treasury shares	(2)	-
Share premium	45,434	78,598
Merger relief reserve	21,260	21,260
Share option and capital contribution reserves	2,961	2,731
Currency translation reserve	(10,479)	(4,908)
Accumulated profit/ (losses)	60,712	(7,616)
	394,758	360,692
Minority interest	262	14,404
<b>Total equity</b>	<b>395,020</b>	<b>375,096</b>
<b>Non-current liabilities</b>		
Finance lease and hire purchase creditors	750	10,660
Borrowings	10,893	11,723
Deferred tax liabilities	4,811	3,497
<b>Total non-current liabilities</b>	<b>16,454</b>	<b>25,880</b>
<b>Current liabilities</b>		
Trade and other payables	96,307	145,495
Amounts due to related corporations	-	65
Amount due to ultimate holding company	7,365	3,146
Borrowings	40,222	50,111
Finance lease and hire purchase creditors	1,125	4,289
Current tax liabilities	13,917	20,613
	158,936	223,719
Liabilities directly associated with the assets classified as held for sale	10,180	-
<b>Total current liabilities</b>	<b>169,116</b>	<b>223,719</b>
<b>Total liabilities</b>	<b>185,570</b>	<b>249,599</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>580,590</b>	<b>624,695</b>
<i>Net assets per share attributable to equity holders of the parent (RM)</i>	1.44	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 YEAR ENDED 31 DECEMBER 2007**

	31-Dec-07 RM'000 Unaudited	31-Dec-06 RM'000 Audited (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation from:		
Continuing operations	47,735	40,591
Discontinued operations	(385)	505
Adjustments for:		
Non-cash items	10,480	8,562
Non-operating items	229	3,514
Interest expense	3,830	4,189
Interest income	(638)	(1,522)
Operating profit before changes in working capital	<u>61,251</u>	<u>55,839</u>
Changes in working capital:		
Decrease/(Increase) in current assets	68,078	(96,604)
(Decrease) / increase in current liabilities	(41,541)	40,310
	<u>87,788</u>	<u>(455)</u>
Cash flow generated from/(used in) operating activities	87,788	(455)
Tax paid	(17,868)	(7,968)
Interest income	638	310
<b>Net cash flow generated from/(used in) operating activities</b>	<u>70,558</u>	<u>(8,113)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of additional shares in subsidiary	(30,823)	(30,483)
Purchase of property, plant and equipment	(27,683)	(8,172)
Proceeds from disposal of property, plant and equipment	442	775
Upliftment of investment/(Investment in) money market fund	7,050	(7,750)
Profit guarantee monies received	8,295	6,226
Development expenditure incurred	(15,958)	(1,576)
<b>Net cash flow used in investing activities</b>	<u>(58,677)</u>	<u>(40,980)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares		
- Rights issue	-	69,062
- Exercise of ESOS	4,390	1,324
Share buy-back	(2)	-
Share issue expenses	-	(1,727)
Dividend paid	(8,230)	-
Proceeds from borrowings	7,833	-
Repayment of borrowings	(26,031)	(11,892)
Net utilisation of trade facilities	(1,409)	13,847
Interest expense	(3,830)	(4,189)
Short term deposits released as pledge for bank facilities	-	503
<b>Net cash flow (used in)/ generated from financing activities</b>	<u>(27,279)</u>	<u>66,928</u>
<b>Net change in cash and cash equivalents</b>	(15,398)	17,835
<b>Currency translation differences</b>	(2,619)	(2,470)
<b>Cash and cash equivalents at the beginning of the year</b>	<u>30,826</u>	<u>15,461</u>
<b>Cash and cash equivalents at the end of the year</b>	<u>12,809</u>	<u>30,826</u>
<u>Cash and cash equivalents comprise:</u>		
Deposits placed with licensed banks	192	7,300
Cash and bank balances	20,791	28,991
Bank overdrafts	(7,922)	(4,977)
	<u>13,061</u>	<u>31,314</u>
Cash and cash equivalents of disposal group	236	-
Deposits with licensed bank pledged as security for bank facilities	(488)	(488)
	<u>12,809</u>	<u>30,826</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 statement.

**Unaudited Condensed Consolidated Statement of Changes in Equity  
For the year ended 31 December 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
<b>At 1 January 2006</b>	211,751	-	68,516	21,260	-	-	(35,883)	265,644	-	265,644
Issue of shares										
- rights issue	57,552	-	11,510	-	-	-	-	69,062	-	69,062
- share issue costs	-	-	(1,727)	-	-	-	-	(1,727)	-	(1,727)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	12,463	12,463
Employee Share Options Scheme (ESOS)										
- shares issued	1,324	-	299	-	-	(299)	-	1,324	-	1,324
- options granted	-	-	-	-	-	3,000	-	3,000	-	3,000
Options granted on ultimate holding company's ESOS	-	-	-	-	-	30	-	30	-	30
Net profit for the year	-	-	-	-	-	-	28,267	28,267	1,941	30,208
Currency translation differences	-	-	-	-	(4,908)	-	-	(4,908)	-	(4,908)
<b>At 31 December 2006</b>	<b>270,627</b>	<b>-</b>	<b>78,598</b>	<b>21,260</b>	<b>(4,908)</b>	<b>2,731</b>	<b>(7,616)</b>	<b>360,692</b>	<b>14,404</b>	<b>375,096</b>
<b>At 1 January 2007</b>	270,627	-	78,598	21,260	(4,908)	2,731	(7,616)	360,692	14,404	375,096
Employee Share Options Scheme (ESOS)										
- shares issued	4,245	-	145	-	-	-	-	4,390	-	4,390
- transfer from share option reserve on exercise of share options	-	-	848	-	-	(848)	-	-	-	-
- options granted	-	-	-	-	-	1,078	-	1,078	-	1,078
Share buy-back	-	(2)	-	-	-	-	-	(2)	-	(2)
Share Premium reduction	-	-	(34,157)	-	-	-	34,157	-	-	-
Net profit for the year	-	-	-	-	-	-	42,401	42,401	(474)	41,927
Acquisition of additional equity interest in subsidiary company	-	-	-	-	-	-	-	-	(13,668)	(13,668)
Dividend paid	-	-	-	-	-	-	(8,230)	(8,230)	-	(8,230)
Currency translation differences	-	-	-	-	(5,571)	-	-	(5,571)	-	(5,571)
<b>At 31 December 2007</b>	<b>274,872</b>	<b>(2)</b>	<b>45,434</b>	<b>21,260</b>	<b>(10,479)</b>	<b>2,961</b>	<b>60,712</b>	<b>394,758</b>	<b>262</b>	<b>395,020</b>

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.