

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

INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2008

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED	PRECEDING YEAR CORRESPONDING QUARTER ENDED	CURRENT YEAR PERIOD ENDED	PRECEDING YEAR CORRESPONDING PERIOD ENDED
	31/3/2008 RM'000 Unaudited	31/3/2007 RM'000 Unaudited	31/3/2008 RM'000 Unaudited	31/3/2007 RM'000 Unaudited
<u>Continuing Operations</u>				
Revenue	95,058	76,445	95,058	76,445
Cost of sales	<u>(75,600)</u>	<u>(59,037)</u>	<u>(75,600)</u>	<u>(59,037)</u>
Gross Profit	19,458	17,408	19,458	17,408
Other income	3,393	590	3,393	590
Operating expenses	(10,480)	(8,018)	(10,480)	(8,018)
Finance costs	<u>(1,070)</u>	<u>(797)</u>	<u>(1,070)</u>	<u>(797)</u>
Profit before taxation	11,301	9,183	11,301	9,183
Taxation	<u>(2,422)</u>	<u>(1,832)</u>	<u>(2,422)</u>	<u>(1,832)</u>
Profit for the period from continuing operations	8,879	7,351	8,879	7,351
<u>Discontinued Operations</u>				
Loss for the period from discontinued operations	(662)	(251)	(662)	(251)
Profit for the period	<u>8,217</u>	<u>7,100</u>	<u>8,217</u>	<u>7,100</u>
Attributable to :				
Equity holders of the parent	8,147	7,111	8,147	7,111
Minority interest	70	(11)	70	(11)
Profit for the period	<u>8,217</u>	<u>7,100</u>	<u>8,217</u>	<u>7,100</u>
Earnings per share attributable to equity holders of the parent:				
<u>Basic earnings per ordinary share (sen)</u>				
- For profit from continuing operations	3.20	2.72	3.20	2.72
- For loss from discontinued operations	<u>(0.24)</u>	<u>(0.09)</u>	<u>(0.24)</u>	<u>(0.09)</u>
	<u>2.96</u>	<u>2.63</u>	<u>2.96</u>	<u>2.63</u>
<u>Diluted earnings per ordinary share (sen)</u>				
- For profit from continuing operations	3.14	2.61	3.14	2.61
- For loss from discontinued operations	<u>(0.24)</u>	<u>(0.09)</u>	<u>(0.24)</u>	<u>(0.09)</u>
	<u>2.90</u>	<u>2.52</u>	<u>2.90</u>	<u>2.52</u>

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 2007 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2008

	As at 31/3/2008 RM'000 Unaudited	As at 31/12/2007 RM'000 Audited
ASSETS		
Non-current Assets		
Property, plant & equipment	89,663	90,154
Other investments	967	967
Intangible assets	239,995	237,551
Prepaid land lease payments	5,888	6,141
Deferred tax assets	5,144	5,270
Total non-current assets	341,657	340,083
Current Assets		
Other investments	500	700
Inventories	89,068	79,347
Receivables, deposits and prepayments	163,284	155,401
Tax recoverable	901	849
Amounts due from related corporations	678	598
Deposits with licensed banks	5,262	2,603
Cash and bank balances	17,846	18,382
	277,539	257,880
Assets of disposal group classified as held for sale	-	16,288
Total current assets	277,539	274,168
Total assets	619,196	614,251
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	275,680	274,871
Treasury shares	(4)	(2)
Share premium	45,595	45,435
Merger relief reserve	21,260	21,260
Share option and capital contribution reserves	2,998	2,991
Currency translation reserve	(12,595)	(10,086)
Accumulated profit	82,074	73,177
	415,008	407,646
Minority interest	332	262
Total equity	415,340	407,908
Non-current liabilities		
Finance lease and hire purchase creditors	450	796
Borrowings	13,440	9,259
Deferred tax liabilities	4,743	4,948
Total non-current liabilities	18,633	15,003
Current liabilities		
Trade and other payables	105,460	118,346
Amounts due to related corporations	-	78
Amount due to ultimate holding company	5,306	5,588
Borrowings	63,121	41,852
Finance lease and hire purchase creditors	1,147	1,027
Current tax liabilities	10,189	13,941
	185,223	180,832
Liabilities directly associated with the assets classified as held for sale	-	10,508
Total current liabilities	185,223	191,340
Total liabilities	203,856	206,343
TOTAL EQUITY AND LIABILITIES	619,196	614,251
<i>Net assets per share attributable to equity holders of the parent (RM)</i>	1.51	1.48

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31st December 2007 and the accompanying explanatory notes attached to the interim financial statements.

SCOMI ENGINEERING BERHAD (111633-M)
UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2008

	31-Mar-08 RM'000 Unaudited	31-Mar-07 RM'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation from:		
Continuing operations	11,301	9,183
Discontinued operations	(662)	(170)
	<u>10,639</u>	<u>9,013</u>
Adjustments for:		
Non-cash items	(437)	2,403
Interest expense	1,262	996
Interest income	(34)	(590)
Operating profit before changes in working capital	<u>11,430</u>	<u>11,822</u>
Changes in working capital:		
(Increase)/decrease in current assets	(19,828)	106,284
Decrease in current liabilities	(6,503)	(80,995)
	<u>(26,331)</u>	<u>(74,711)</u>
Cash flow (used in)/from operating activities	(14,901)	37,111
Tax paid	(6,078)	(1,095)
Interest income	34	590
Net cash flow (used in)/from operating activities	<u>(20,945)</u>	<u>36,606</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of subsidiary, net of cash in subsidiary disposed	3,597	-
Purchase of property, plant and equipment	(2,492)	(2,277)
Proceeds from disposal of property, plant and equipment	195	-
Upliftment of investment in money market fund	200	7,100
Development expenditure incurred	(2,540)	(2,370)
Net cash flow (used in)/from investing activities	<u>(1,040)</u>	<u>2,453</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares		
- exercise of ESOS	809	533
Treasury shares purchased	(2)	-
Proceeds from borrowings	27,692	4,757
Repayment of borrowings	(3,278)	(14,626)
Net utilisation of trade facilities	(3,810)	(17,414)
Interest expense	(1,262)	(996)
Short term deposits released/(pledged) as security for bank facilities	470	(186)
Net cash flow from/(used in) financing activities	<u>20,619</u>	<u>(27,932)</u>
Net change in cash and cash equivalents	(1,366)	11,127
Currency translation differences	(564)	(401)
Cash and cash equivalents at the beginning of the period	<u>12,251</u>	<u>30,826</u>
Cash and cash equivalents at the end of the period	<u>10,321</u>	<u>41,552</u>
<u>Cash and cash equivalents comprise:</u>		
Deposits placed with licensed banks	5,262	22,167
Cash and bank balances	17,846	21,699
Bank overdrafts	(12,125)	(2,799)
	<u>10,983</u>	<u>41,067</u>
Cash and cash equivalents of disposal group	-	1,159
Deposits with licensed banks pledged as security for bank facilities	(662)	(674)
	<u>10,321</u>	<u>41,552</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2007 and the accompanying explanatory notes attached to the interim financial statements.

**Unaudited Condensed Consolidated Statement of Changes in Equity
For the 3 month period ended 31 March 2008**

	<-----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 2007	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	533	-	-	-	-	-	-	533	-	533
Net profit for the period	-	-	-	-	-	-	7,111	7,111	(11)	7,100
Currency translation differences arising during the period	-	-	-	-	(968)	-	-	(968)	-	(968)
At 31 March 2007	271,160	-	78,598	21,260	(5,876)	2,731	(505)	367,368	14,393	381,761
At 1 January 2008	274,871	(2)	45,435	21,260	(10,086)	2,991	73,177	407,646	262	407,908
Employee Share Options Scheme (ESOS)										
- shares issued	809	-	-	-	-	-	-	809	-	809
- transfer from share option reserve on exercise of share options	-	-	160	-	-	(160)	-	-	-	-
- options granted	-	-	-	-	-	167	-	167	-	167
Treasury shares purchased	-	(2)	-	-	-	-	-	(2)	-	(2)
Net profit for the period	-	-	-	-	-	-	8,147	8,147	70	8,217
Amount recognised directly in equity in relation to disposal of subsidiary company	-	-	-	-	-	-	750	750	-	750
Currency translation differences arising during the period	-	-	-	-	(2,509)	-	-	(2,509)	-	(2,509)
At 31 March 2008	275,680	(4)	45,595	21,260	(12,595)	2,998	82,074	415,008	332	415,340

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2007 and the accompanying explanatory notes attached to the interim financial statements.