

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

INTERIM FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2008

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED	PRECEDING YEAR CORRESPONDING QUARTER ENDED	CURRENT YEAR PERIOD ENDED	PRECEDING YEAR CORRESPONDING PERIOD ENDED
	30/6/2008 RM'000 Unaudited	30/6/2007 RM'000 Unaudited	30/6/2008 RM'000 Unaudited	30/6/2007 RM'000 Unaudited
Continuing Operations				
Revenue	131,584	98,918	226,642	175,363
Cost of sales	(106,891)	(79,019)	(182,491)	(138,056)
Gross Profit	24,693	19,899	44,151	37,307
Other (expenses) / income	(873)	2,201	2,520	2,791
Operating expenses	(10,777)	(9,378)	(21,257)	(17,396)
Finance costs	(1,175)	(620)	(2,245)	(1,417)
Profit before taxation	11,868	12,102	23,169	21,285
Taxation	(2,883)	(2,229)	(5,305)	(4,061)
Profit for the period from continuing operations	8,985	9,873	17,864	17,224
Discontinued Operations				
Loss for the period from discontinued operations	-	(90)	(662)	(341)
Profit for the period	8,985	9,783	17,202	16,883
Attributable to :				
Equity holders of the parent	8,885	9,516	17,032	16,627
Minority interest	100	267	170	256
Profit for the period	8,985	9,783	17,202	16,883
Earnings per share attributable to equity holders of the parent:				
Basic earnings per ordinary share (sen)				
- For profit from continuing operations	3.23	3.54	6.42	6.26
- For loss from discontinued operations	-	(0.03)	(0.24)	(0.13)
	3.23	3.51	6.18	6.13
Diluted earnings per ordinary share (sen)				
- For profit from continuing operations	-	3.29	-	5.82
- For loss from discontinued operations	-	(0.03)	-	(0.12)
	-	3.26	-	5.70

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.

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2008

	As at 30/6/2008 RM'000 Unaudited	As at 31/12/2007 RM'000 Audited
ASSETS		
Non-current Assets		
Property, plant & equipment	101,096	90,154
Other investments	966	967
Intangible assets	242,950	237,551
Prepaid land lease payments	5,866	6,141
Deferred tax assets	4,273	5,270
Total non-current assets	355,151	340,083
Current Assets		
Other investments	1,500	700
Inventories	117,912	79,347
Receivables, deposits and prepayments	232,187	155,401
Tax recoverable	839	849
Amounts due from related corporations	560	598
Short-term deposits, cash and bank balances	27,395	20,985
	380,393	257,880
Assets of disposal group classified as held for sale	-	16,288
Total current assets	380,393	274,168
Total assets	735,544	614,251
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	275,680	274,871
Treasury shares	(88)	(2)
Reserves	136,935	132,777
	412,527	407,646
Minority interest	432	262
Total equity	412,959	407,908
Non-current liabilities		
Long term borrowings	9,894	10,055
Deferred tax liabilities	4,796	4,948
Total non-current liabilities	14,690	15,003
Current liabilities		
Trade and other payables	214,150	118,346
Amounts due to related corporations	-	78
Amount due to ultimate holding company	1,940	5,588
Short term borrowings	69,271	42,879
Dividend payable	13,744	-
Current tax liabilities	8,790	13,941
	307,895	180,832
Liabilities directly associated with the assets classified as held for sale	-	10,508
Total current liabilities	307,895	191,340
Total liabilities	322,585	206,343
TOTAL EQUITY AND LIABILITIES	735,544	614,251
Net assets per share attributable to equity holders of the parent (RM)	1.50	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 PERIOD ENDED 30 JUNE 2008**

	30-Jun-08 RM'000 Unaudited	30-Jun-07 RM'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation from:		
Continuing operations	23,169	21,285
Discontinued operations	(662)	(193)
	<u>22,507</u>	<u>21,092</u>
Adjustments for:		
Non-cash items	3,884	(112)
Non-operating items	(1,995)	4,906
Interest expense	2,437	1,849
Interest income	(225)	(492)
Operating profit before changes in working capital	<u>26,608</u>	<u>27,243</u>
Changes in working capital:		
(Increase)/decrease in current assets	(115,656)	104,311
Decrease/(Increase) in current liabilities	102,651	(73,194)
	<u>13,603</u>	<u>58,360</u>
Cash flow generated from operating activities	13,603	58,360
Tax paid	(9,572)	(7,017)
Interest paid	(2,212)	(1,357)
Net cash flow generated from operating activities	<u>1,819</u>	<u>49,986</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of additional shares in subsidiary	-	(30,823)
Proceeds from disposal of subsidiary, net of cash in subsidiary disposed	3,178	259
Purchase of property, plant and equipment	(15,322)	(11,993)
Investment in money market fund	(800)	(3,250)
Profit guarantee monies received	-	8,295
Proceeds from disposal of property, plant and equipment	298	-
Development expenditure incurred	(5,410)	(6,652)
Net cash flow used in investing activities	<u>(18,056)</u>	<u>(44,164)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares		
- exercise of ESOS	809	1599
Treasury shares purchased	(86)	-
Proceeds from borrowings	27,533	3,239
Repayment of borrowings	(9,352)	(16,072)
Net utilisation of trade facilities	1,115	(10,645)
Short term deposits released/(pledged) as security for bank facilities	352	-
Net cash flow generated from/(used in) financing activities	<u>20,371</u>	<u>(21,879)</u>
Net change in cash and cash equivalents	4,134	(16,057)
Currency translation differences	(188)	(458)
Cash and cash equivalents at the beginning of the period	12,251	30,826
Cash and cash equivalents at the end of the period	<u>16,197</u>	<u>14,311</u>
Cash and cash equivalents comprise:		
Deposits placed with licensed banks	8,225	186
Cash and bank balances	19,170	16,029
Bank overdrafts	(10,503)	(2,533)
	<u>16,892</u>	<u>13,682</u>
Cash and cash equivalents of disposal group	-	1,285
Deposits with licensed banks pledged as security for bank facilities	(695)	(656)
	<u>16,197</u>	<u>14,311</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 CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 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
6-month ended 30 June 2008										
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	-	-	-	-	-	449	-	449	-	449
Treasury shares purchased	-	(86)	-	-	-	-	-	(86)	-	(86)
Amount recognised directly in equity in relation to disposal of subsidiary company	-	-	-	-	-	-	750	750	-	750
Dividend payable	-	-	-	-	-	-	(13,744)	(13,744)	-	(13,744)
Currency translation differences arising during the period	-	-	-	-	(329)	-	-	(329)	-	(329)
Net profit for the period	-	-	-	-	-	-	17,032	17,032	170	17,202
At 30 June 2008	275,680	(88)	45,595	21,260	(10,415)	3,280	77,215	412,527	432	412,959
6-month ended 30 June 2007										
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	1,597	-	319	-	-	227	-	2,143	-	2,143
Acquisition of additional equity interest in subsidiary company	-	-	-	-	-	-	-	-	(14,560)	(14,560)
Dividend payable	-	-	-	-	-	-	(8,119)	(8,119)	-	(8,119)
Currency translation differences arising during the period	-	-	-	-	(2,843)	-	-	(2,843)	-	(2,843)
Net profit for the period	-	-	-	-	-	-	16,627	16,627	256	16,883
At 30 June 2007	272,224	-	78,917	21,260	(7,751)	2,958	892	368,500	100	368,600

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.