

**SCOMI ENGINEERING BHD(111633-M)**

(incorporated in Malaysia)

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED	PRECEDING YEAR CORRESPONDING QUARTER ENDED	CURRENT YEAR PERIOD ENDED	PRECEDING YEAR CORRESPONDING PERIOD ENDED
	30-Sep-08 RM'000 Unaudited	30-Sep-07 RM'000 Unaudited	30-Sep-08 RM'000 Unaudited	30-Sep-07 RM'000 Unaudited
<b>Continuing Operations</b>				
Revenue	91,936	88,631	318,578	263,994
Cost of sales	<u>(71,383)</u>	<u>(64,362)</u>	<u>(253,874)</u>	<u>(202,418)</u>
<b>Gross Profit</b>	20,553	24,269	64,704	61,576
Other income	242	772	2,762	3,563
Operating expenses	(15,521)	(10,023)	(36,777)	(27,419)
Finance costs	(1,421)	(836)	(3,666)	(2,253)
<b>Profit before taxation</b>	3,853	14,182	27,023	35,467
Taxation	<u>673</u>	<u>(3,655)</u>	<u>(4,632)</u>	<u>(7,716)</u>
<b>Profit for the period from continuing operations</b>	4,526	10,527	22,391	27,751
<b>Discontinued Operations</b>				
Loss for the period from discontinued operations	-	(440)	(662)	(781)
<b>Profit for the period</b>	<u>4,526</u>	<u>10,087</u>	<u>21,729</u>	<u>26,970</u>
<b>Attributable to :</b>				
Equity holders of the parent	4,376	10,002	21,409	26,629
Minority interest	150	85	320	341
<b>Profit for the period</b>	<u>4,526</u>	<u>10,087</u>	<u>21,729</u>	<u>26,970</u>
Earnings per share attributable to equity holders of the parent:				
<b>Basic earnings per ordinary share (sen)</b>				
- For profit from continuing operations	1.59	3.81	8.01	10.08
- For loss from discontinued operations	-	(0.16)	(0.24)	(0.29)
	<u>1.59</u>	<u>3.65</u>	<u>7.77</u>	<u>9.79</u>
<b>Diluted earnings per ordinary share (sen)</b>				
- For profit from continuing operations	-	3.57	-	9.44
- For loss from discontinued operations	-	(0.15)	-	(0.27)
	<u>-</u>	<u>3.42</u>	<u>-</u>	<u>9.17</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.

**SCOMI ENGINEERING BHD (111633-M)**  
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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2008**

	As at 30-Sep-08 RM'000 Unaudited	As at 31-Dec-07 RM'000 Audited
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant & equipment	102,904	90,154
Other investments	966	967
Intangible assets	246,768	237,551
Prepaid land lease payments	6,074	6,141
Deferred tax assets	5,684	5,270
<b>Total non-current assets</b>	<b>362,396</b>	<b>340,083</b>
<b>Current Assets</b>		
Other investments	1,500	700
Inventories	94,030	79,347
Receivables, deposits and prepayments	163,178	155,401
Tax recoverable	1,740	849
Amounts due from related corporations	-	598
Short-term deposits, cash and bank balances	26,847	20,985
	287,295	257,880
Assets of disposal group classified as held for sale	-	16,288
<b>Total current assets</b>	<b>287,295</b>	<b>274,168</b>
<b>Total assets</b>	<b>649,691</b>	<b>614,251</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	275,694	274,871
Treasury shares	(99)	(2)
Reserves	144,995	132,777
	420,590	407,646
Minority interest	582	262
<b>Total equity</b>	<b>421,172</b>	<b>407,908</b>
<b>Non-current liabilities</b>		
Long term borrowings	33,415	10,055
Deferred tax liabilities	4,448	4,948
<b>Total non-current liabilities</b>	<b>37,863</b>	<b>15,003</b>
<b>Current liabilities</b>		
Trade and other payables	131,926	118,346
Amounts due to related corporations	1,022	78
Amount due to ultimate holding company	237	5,588
Short term borrowings	47,364	42,879
Current tax liabilities	10,107	13,941
	190,656	180,832
Liabilities directly associated with the assets classified as held for sale	-	10,508
<b>Total current liabilities</b>	<b>190,656</b>	<b>191,340</b>
<b>Total liabilities</b>	<b>228,519</b>	<b>206,343</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>649,691</b>	<b>614,251</b>
Net assets per share attributable to equity holders of the parent (RM)	1.53	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 SEPTEMBER 2008**

	30-Sep-08 RM'000 Unaudited	30-Sep-07 RM'000 Unaudited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation from:		
Continuing operations	27,023	35,467
Discontinued operations	(662)	(545)
	<u>26,361</u>	<u>34,922</u>
Adjustments for:		
Non-cash items	5,328	280
Non-operating items	(2,030)	7,404
Interest expense	3,857	2,878
Interest income	(461)	(497)
Operating profit before changes in working capital	<u>33,055</u>	<u>44,987</u>
Changes in working capital:		
(Increase)/decrease in current assets	(19,019)	94,366
Decrease/(increase) in current liabilities	19,308	(63,234)
Cash flow generated from operating activities	<u>33,344</u>	<u>76,119</u>
Tax paid	(10,618)	(12,869)
Interest paid	(3,791)	(2,878)
<b>Net cash flow generated from operating activities</b>	<u>18,935</u>	<u>60,372</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of additional shares in subsidiary	-	(30,823)
Proceeds from disposal of subsidiary, net of cash in subsidiary disposed	3,178	-
Purchase of property, plant and equipment	(17,792)	(18,743)
(Investment in) / Upliftment of money market fund	(800)	7,050
Profit guarantee monies received	-	8,295
Interest received	461	497
Proceeds from disposal of property, plant and equipment	304	278
Development expenditure incurred	(9,259)	(15,547)
<b>Net cash flow used in investing activities</b>	<u>(23,908)</u>	<u>(48,993)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares		
- exercise of ESOS	823	4,217
Treasury shares purchased	(97)	(2)
Dividend paid	(13,778)	(8,230)
Proceeds from borrowings	25,039	3,239
Repayment of borrowings	(9,990)	(22,810)
Net utilisation / (settlement) of trade facilities	69	(2,952)
Short term deposits released as securities for bank facilities	350	-
<b>Net cash flow generated from/(used in) financing activities</b>	<u>2,416</u>	<u>(26,538)</u>
<b>Net change in cash and cash equivalents</b>	(2,557)	(15,159)
<b>Currency translation differences</b>	564	(630)
<b>Cash and cash equivalents at the beginning of the period</b>	<u>12,251</u>	<u>30,826</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>10,258</u>	<u>15,037</u>
<u>Cash and cash equivalents comprise:</u>		
Deposits placed with licensed banks	8,728	187
Cash and bank balances	18,119	20,827
Bank overdrafts	(15,894)	(6,258)
	<u>10,953</u>	<u>14,756</u>
Cash and cash equivalents of disposal group	-	938
Deposits with licensed banks pledged as security for bank facilities	(695)	(657)
	<u>10,258</u>	<u>15,037</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.

SCOMI ENGINEERING BERHAD (111633-M)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 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
<b>9-month ended 30 September 2008</b>										
<b>At 1 January 2008</b>	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	823	-	-	-	-	-	-	823	-	823
- transfer from share option reserve on exercise of share options	-	-	163	-	-	(163)	-	-	-	-
- options granted	-	-	-	-	-	839	-	839	-	839
Treasury shares purchased	-	(97)	-	-	-	-	-	(97)	-	(97)
Amount recognised directly in equity in relation to disposal of subsidiary company	-	-	-	-	-	(113)	750	637	-	637
Dividend paid	-	-	-	-	-	-	(13,778)	(13,778)	-	(13,778)
Currency translation differences arising during the period	-	-	-	-	3,111	-	-	3,111	-	3,111
Net profit for the period	-	-	-	-	-	-	21,409	21,409	320	21,729
<b>At 30 September 2008</b>	<b>275,694</b>	<b>(99)</b>	<b>45,598</b>	<b>21,260</b>	<b>(6,975)</b>	<b>3,554</b>	<b>81,558</b>	<b>420,590</b>	<b>582</b>	<b>421,172</b>
<b>9-month ended 30 September 2007</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	4,085	-	132	-	-	-	-	4,217	-	4,217
- transfer from share option reserve on exercise of share options	-	-	817	-	-	(817)	-	-	-	-
- options granted	-	-	-	-	-	1,045	-	1,045	-	1,045
Treasury shares purchased	-	(2)	-	-	-	-	-	(2)	-	(2)
Acquisition of additional equity interest in subsidiary company	-	-	-	-	-	-	-	-	(14,464)	(14,464)
Dividend paid	-	-	-	-	-	-	(8,230)	(8,230)	-	(8,230)
Currency translation differences arising during the period	-	-	-	-	(4,023)	-	-	(4,023)	-	(4,023)
Net profit for the period	-	-	-	-	-	-	26,629	26,629	341	26,970
<b>At 30 September 2007</b>	<b>274,712</b>	<b>(2)</b>	<b>79,547</b>	<b>21,260</b>	<b>(8,931)</b>	<b>2,959</b>	<b>10,783</b>	<b>380,328</b>	<b>281</b>	<b>380,609</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 2007 and the accompanying explanatory notes attached to the interim financial statements.