

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

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****FOR THE PERIOD ENDED 30 JUNE 2012**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Quarter	Current Year Period Ended	Preceding Year Period Ended
	30-Jun-12 RM'000 Unaudited	30-Jun-11 RM'000 Unaudited	30-Jun-12 RM'000 Unaudited	30-Jun-11 RM'000 Unaudited
Revenue	<b>102,953</b>	88,788	<b>175,961</b>	167,975
Cost of sales	<b>(92,709)</b>	(75,069)	<b>(158,900)</b>	(141,194)
Gross profit	<b>10,244</b>	13,719	<b>17,061</b>	26,781
Other income	<b>602</b>	758	<b>2,274</b>	1,010
Operating expenses	<b>(6,360)</b>	(7,833)	<b>(14,030)</b>	(15,739)
Net unrealised foreign exchange losses	<b>(11,597)</b>	(890)	<b>(11,083)</b>	(7,262)
Operating (loss)/profit	<b>(7,111)</b>	5,754	<b>(5,778)</b>	4,790
Finance costs	<b>(526)</b>	(1,793)	<b>(1,810)</b>	(3,537)
(Loss)/Profit before taxation	<b>(7,637)</b>	3,961	<b>(7,588)</b>	1,253
Tax expense	<b>(322)</b>	(3,116)	<b>(299)</b>	(2,880)
(Loss)/Profit for the financial period	<b>(7,959)</b>	845	<b>(7,887)</b>	(1,627)
<b>Other comprehensive (loss)/profit</b>				
Currency translation differences arising from foreign operations	<b>(3,084)</b>	(1,100)	<b>(2,222)</b>	(1,629)
Available-for-sale financial assets	-	24	-	33
<b>Total other comprehensive loss</b>	<b>(3,084)</b>	(1,076)	<b>(2,222)</b>	(1,596)
<b>Total comprehensive loss for the financial period</b>	<b>(11,043)</b>	(231)	<b>(10,109)</b>	(3,223)
<b>Basic (loss)/earnings per share (sen) from operations attributable to owners of the Company:</b>	<b>(2.36)</b>	0.25	<b>(2.34)</b>	(0.48)

Note: The detailed calculations for the basic (loss)/earnings per share are shown in Note B10.

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Report for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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

**INTERIM FINANCIAL STATEMENTS**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2012**

	<b>As at 30-Jun-12 RM'000 Unaudited</b>	As at 31-Dec-11 RM'000 Audited
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant & equipment	74,020	76,358
Intangible assets	146,268	142,306
Deferred tax assets	13,329	13,638
Available-for-sale financial assets	1,516	1,516
	<u>235,133</u>	<u>233,818</u>
<b>CURRENT ASSETS</b>		
Inventories	16,409	10,899
Receivables, deposits and prepayments	520,118	464,234
Tax recoverable	10,940	10,966
Derivative financial assets	32	-
Short term deposits, cash and bank balances	72,346	53,721
	<u>619,845</u>	<u>539,820</u>
<b>TOTAL ASSETS</b>	<u><b>854,978</b></u>	<u><b>773,638</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	286,044	286,044
Treasury shares	(103)	(103)
Share premium	46,605	46,605
Irredeemable convertible unsecured loan stock ("ICULS")	51,342	51,342
Merger relief reserve	21,260	21,260
Share option and capital contribution reserve	4,547	4,423
Currency exchange reserve	(8,218)	(5,996)
Accumulated losses	(85,598)	(77,711)
	<u>315,879</u>	<u>325,864</u>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	76,161	482
ICULS	-	490
	<u>76,161</u>	<u>972</u>
<b>CURRENT LIABILITIES</b>		
Payables	139,146	133,989
Short term borrowings	318,689	307,216
Current income tax liabilities	1,462	1,427
Deferred government grant	2,155	2,155
ICULS	1,486	2,015
	<u>462,938</u>	<u>446,802</u>
<b>TOTAL LIABILITIES</b>	<u><b>539,099</b></u>	<u><b>447,774</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>854,978</b></u>	<u><b>773,638</b></u>
Net assets per share attributable to owners of the Company (RM)	<u><b>1.10</b></u>	<u><b>1.14</b></u>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Report for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2012**

<-----Attributable to owners of the Company----->

	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	ICULS RM'000	Available- for-sale reserve RM'000	Merger relief reserve RM'000	Currency exchange reserve RM'000	Share option and capital contribution reserves RM'000	Retained earnings/ (accumulated losses) RM'000	Total equity RM'000
<b><u>6-months ended 30 June 2012</u></b>										
<b>At 1 January 2012</b>	286,044	(103)	46,605	51,342	-	21,260	(5,996)	4,423	(77,711)	325,864
<u>Comprehensive income</u>										
Loss for the period	-	-	-	-	-	-	-	-	(7,887)	(7,887)
<u>Other comprehensive loss</u>										
Currency translation differences	-	-	-	-	-	-	(2,222)	-	-	(2,222)
Total comprehensive income	-	-	-	-	-	-	(2,222)	-	(7,887)	(10,109)
Share options:										
- options granted	-	-	-	-	-	-	-	124	-	124
<b>At 30 June 2012</b>	<b>286,044</b>	<b>(103)</b>	<b>46,605</b>	<b>51,342</b>	<b>-</b>	<b>21,260</b>	<b>(8,218)</b>	<b>4,547</b>	<b>(85,598)</b>	<b>315,879</b>
<b><u>6-months ended 30 June 2011</u></b>										
<b>At 1 January 2011</b>	285,969	(103)	46,605	51,411	(2,467)	21,260	755	3,099	3,895	410,424
<u>Comprehensive income</u>										
Loss for the period	-	-	-	-	-	-	-	-	(1,627)	(1,627)
<u>Other comprehensive profit/(loss)</u>										
Currency translation differences	-	-	-	-	-	-	(1,629)	-	-	(1,629)
Available-for-sale financial assets	-	-	-	-	33	-	-	-	-	33
Total comprehensive profit/(loss)	-	-	-	-	33	-	(1,629)	-	(1,627)	(3,223)
Share options:										
- options granted	-	-	-	-	-	-	-	628	-	628
Conversion of ICULS	23	-	-	(21)	-	-	-	-	-	2
<b>At 30 June 2011</b>	<b>285,992</b>	<b>(103)</b>	<b>46,605</b>	<b>51,390</b>	<b>(2,434)</b>	<b>21,260</b>	<b>(874)</b>	<b>3,727</b>	<b>2,268</b>	<b>407,831</b>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Report for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

**SCOMI ENGINEERING BERHAD (111633-M)**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2012**

	<b>30-Jun-12</b> <b>RM'000</b> <b>Unaudited</b>	30-Jun-11 RM'000 Unaudited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	<b>(7,588)</b>	1,253
Adjustments for:		
Non-cash items	<b>14,950</b>	11,147
Interest expense	<b>12,894</b>	12,470
Interest income	<b>(1,788)</b>	(220)
Operating profit before working capital changes	<b>18,468</b>	24,650
Movements in working capital:		
Increase in current assets	<b>(75,082)</b>	(28,516)
Increase in current liabilities	<b>9,068</b>	12,771
Cash flows (used in)/from operations	<b>(47,546)</b>	8,905
Tax refund/(paid)	<b>35</b>	(24)
Interest received	<b>1,788</b>	220
Net cash flow (used in)/from operating activities	<b>(45,723)</b>	9,101
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	<b>(948)</b>	(1,730)
Government grant received	-	479
Proceeds from disposal of property, plant and equipment	-	54
Development expenditure incurred	<b>(4,424)</b>	(984)
Net cash flow used in investing activities	<b>(5,372)</b>	(2,181)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	<b>(11,672)</b>	(3,000)
Drawdown of borrowings	<b>84,343</b>	6,021
Finance lease principal repayment	<b>(32)</b>	(83)
Net utilisation of trade facilities	<b>16,859</b>	17,746
ICULS Interest paid	<b>(1,019)</b>	(1,066)
Interest paid	<b>(12,602)</b>	(12,392)
Short term deposits pledged as security for bank facilities	<b>(3,250)</b>	(3,358)
Net cash flow from financing activities	<b>72,627</b>	3,868
<b>Net increase in cash and cash equivalents during the financial period</b>	<b>21,532</b>	10,788
<b>Currency translation differences</b>	<b>(591)</b>	(1,730)
<b>Cash and cash equivalents at beginning of financial year</b>	<b>(82,855)</b>	(69,788)
<b>Cash and cash equivalents at end of the period</b>	<b>(61,914)</b>	(60,730)
Cash and cash equivalents comprise:		
Deposits placed with licensed banks	<b>41,721</b>	11,111
Cash and bank balances	<b>30,625</b>	28,272
Bank overdrafts	<b>(110,754)</b>	(81,524)
	<b>(38,408)</b>	(42,141)
Deposits with licensed banks pledged as security for bank facilities	<b>(23,506)</b>	(18,589)
	<b>(61,914)</b>	(60,730)

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Report for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.