

SCOMI ENGINEERING BHD (111633-M)

(Incorporated in Malaysia)

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Quarter	Current Year Period Ended	Preceding Year Period Ended
	30-Sep-12 RM'000 Unaudited	30-Sep-11 RM'000 Unaudited	30-Sep-12 RM'000 Unaudited	30-Sep-11 RM'000 Unaudited
Revenue	92,989	76,518	268,950	244,493
Cost of sales	(83,055)	(69,013)	(241,955)	(210,207)
Gross profit	9,934	7,505	26,995	34,286
Other income	400	216	2,674	1,226
Operating expenses	(10,116)	(7,902)	(24,146)	(23,642)
Net unrealised foreign exchange losses	(2,939)	(9,641)	(14,022)	(16,902)
Operating loss	(2,721)	(9,822)	(8,499)	(5,032)
Finance costs	(1,014)	(1,574)	(2,824)	(5,111)
Loss before taxation	(3,735)	(11,396)	(11,323)	(10,143)
Tax expense	(2,310)	3,916	(2,609)	1,036
Loss for the financial period	(6,045)	(7,480)	(13,932)	(9,107)
Other comprehensive loss				
Currency translation differences arising from foreign operations	(128)	(2,055)	(2,350)	(3,684)
Available-for-sale financial assets	-	(37)	-	(4)
Total other comprehensive loss	(128)	(2,092)	(2,350)	(3,688)
Total comprehensive loss for the financial period	(6,173)	(9,572)	(16,282)	(12,795)
Loss per share (sen) from operations attributable to owners of the Company:	(1.79)	(2.19)	(4.13)	(2.66)

Note: The detailed calculations for the Basic loss 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 SEPTEMBER 2012

	As at 30-Sep-12 RM'000 Unaudited	As at 31-Dec-11 RM'000 Audited
ASSETS		
NON-CURRENT ASSETS		
Property, plant & equipment	72,634	76,358
Intangible assets	146,926	142,306
Deferred tax assets	12,409	13,638
Available-for-sale financial assets	1,516	1,516
	<u>233,485</u>	<u>233,818</u>
CURRENT ASSETS		
Inventories	19,711	10,899
Receivables, deposits and prepayments	557,919	464,234
Tax recoverable	11,055	10,966
Short term deposits, cash and bank balances	62,510	53,721
	<u>651,195</u>	<u>539,820</u>
TOTAL ASSETS	<u>884,680</u>	<u>773,638</u>
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
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	4,792	4,423
Currency exchange reserve	(8,346)	(5,996)
Accumulated losses	(91,643)	(77,711)
	<u>309,951</u>	<u>325,864</u>
NON-CURRENT LIABILITIES		
Borrowings	76,078	482
ICULS	-	490
	<u>76,078</u>	<u>972</u>
CURRENT LIABILITIES		
Payables	152,295	133,989
Short term borrowings	342,271	307,216
Current income tax liabilities	944	1,427
Deferred government grant	2,155	2,155
ICULS	986	2,015
	<u>498,651</u>	<u>446,802</u>
TOTAL LIABILITIES	<u>574,729</u>	<u>447,774</u>
TOTAL EQUITY AND LIABILITIES	<u>884,680</u>	<u>773,638</u>
Net assets per share attributable to owners of the Company (RM)	<u>1.08</u>	<u>1.14</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 SEPTEMBER 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
9-months ended 30 September 2012										
At 1 January 2012	286,044	(103)	46,605	51,342	-	21,260	(5,996)	4,423	(77,711)	325,864
Comprehensive income	-	-	-	-	-	-	-	-	(13,932)	(13,932)
Loss for the period	-	-	-	-	-	-	-	-	-	-
Other comprehensive loss	-	-	-	-	-	-	(2,349)	-	-	(2,349)
Currency translation differences	-	-	-	-	-	-	(2,349)	-	(13,932)	(16,281)
Total comprehensive income	-	-	-	-	-	-	-	369	-	369
Share options: - options granted	-	-	-	-	-	-	-	369	-	369
At 30 September 2012	286,044	(103)	46,605	51,342	-	21,260	(8,345)	4,792	(91,643)	309,952

9-months ended 30 September 2011

	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
At 1 January 2011	285,969	(103)	46,605	51,411	(2,467)	21,260	755	3,099	3,895	410,424
Comprehensive income	-	-	-	-	-	-	-	-	(9,107)	(9,107)
Loss for the period	-	-	-	-	-	-	-	-	-	-
Other comprehensive loss	-	-	-	-	-	-	(3,684)	-	-	(3,684)
Currency translation differences	-	-	-	-	(4)	-	-	-	-	(4)
Available-for-sale financial assets	-	-	-	-	(4)	-	(3,684)	-	(9,107)	(12,795)
Total comprehensive income	-	-	-	-	(4)	-	(3,684)	-	(9,107)	(12,795)
Share options: - options granted	-	-	-	-	-	-	-	628	-	628
Conversion of ICULS	23	-	-	(21)	-	-	-	-	-	2
At 30 September 2011	285,992	(103)	46,605	51,390	(2,471)	21,260	(2,929)	3,727	(5,212)	398,259

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

	30-Sep-12 RM'000 Unaudited	30-Sep-11 RM'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(11,323)	(10,143)
Adjustments for:		
Non-cash items	20,860	22,633
Interest expense	20,268	18,936
Interest income	(2,478)	(339)
Operating profit before working capital changes	27,327	31,087
Movements in working capital:		
Increase in current assets	(116,061)	(90,304)
Increase in current liabilities	21,065	13,914
Cash flows used in operations	(67,669)	(45,303)
Tax paid	(2,808)	(1,106)
Interest received	2,478	339
Net cash flow used in operating activities	(67,999)	(46,070)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,284)	(1,908)
Government grant received	-	587
Proceeds from disposal of property, plant and equipment	-	103
Development expenditure incurred	(4,883)	(2,991)
Net cash flow used in investing activities	(6,167)	(4,209)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(14,172)	(4,500)
Drawdown of borrowings	105,921	24,056
Finance lease principal repayment	(48)	(79)
Net utilisation of trade facilities	26,769	28,726
ICULS Interest paid	(1,520)	(1,684)
Interest paid	(19,682)	(18,581)
Short term deposits pledged as security for bank facilities	(4,299)	(3,668)
Net cash flow from financing activities	92,969	24,270
Net increase in cash and cash equivalents during the financial period	18,803	(26,009)
Currency translation differences	(1,600)	(873)
Cash and cash equivalents at beginning of financial year	(82,855)	(69,788)
Cash and cash equivalents at end of the period	(65,652)	(96,670)
Cash and cash equivalents comprise:		
Deposits placed with licensed banks	36,246	3,700
Cash and bank balances	26,264	22,423
Bank overdrafts	(103,607)	(103,894)
	(41,097)	(77,771)
Deposits with licensed banks pledged as security for bank facilities	(24,555)	(18,899)
	(65,652)	(96,670)

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.