

Boustead Heavy Industries Corporation Berhad (11106-V)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

For the quarter ended 31 March 2009	Current Period		Cumulative Period	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	115,769	100,981	115,769	100,981
Operating cost	(97,936)	(80,898)	(97,936)	(80,898)
Profit from operations	17,833	20,083	17,833	20,083
Interest income	218	565	218	565
Finance cost	(27)	(8)	(27)	(8)
Share of results of Associates	4,078	11,133	4,078	11,133
Profit before taxation	22,102	31,773	22,102	31,773
Taxation	(6,807)	(331)	(6,807)	(331)
Profit for the period	15,295	31,442	15,295	31,442
Attributable to:				
Shareholders of the Company	15,312	31,142	15,312	31,142
Minority interests	(17)	300	(17)	300
Net profit for the period	15,295	31,442	15,295	31,442
Earnings per share - sen				
Basic	6.16	12.53	6.16	12.53

The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2008.

Boustead Heavy Industries Corporation Berhad (11106-V)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 March 2009	Audited 31 December	
	2009 RM'000	2008 RM'000
ASSETS		
Non current assets		
Property, plant and equipment	51,985	48,479
Prepaid land lease payments	12,335	12,381
Associates	159,304	155,226
Investments	9	9
	<u>223,633</u>	<u>216,095</u>
Current assets		
Inventories	579	462
Receivables	162,941	153,440
Cash and bank balances	72,371	94,920
	<u>235,891</u>	<u>248,822</u>
TOTAL ASSETS	<u>459,524</u>	<u>464,917</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	248,458	248,458
Reserves	87,175	71,814
Shareholders' equity	<u>335,633</u>	<u>320,272</u>
Minority interests	7,569	7,554
Total equity	<u>343,202</u>	<u>327,826</u>
Non current liabilities		
Long term borrowings	178	187
Deferred tax liabilities	499	528
	<u>677</u>	<u>715</u>
Current liabilities		
Borrowings	80	5,094
Trade and other payables	103,376	125,796
Taxation	12,189	5,486
	<u>115,645</u>	<u>136,376</u>
Total liabilities	<u>116,322</u>	<u>137,091</u>
TOTAL EQUITY AND LIABILITIES	<u>459,524</u>	<u>464,917</u>
Net assets per share attributable to ordinary equity holders of the parent - RM	<u>1.35</u>	<u>1.29</u>

The Unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2008.

Boustead Heavy Industries Corporation Berhad (11106-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the quarter ended 31 March 2009	Attributable to shareholders of Company					
	Share Capital	*Exchange Fluctuation Reserves	Retained Profit /(Accumulated Loss)	Total	Minority Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2009	248,458	(8,191)	80,005	320,272	7,554	327,826
Foreign currency translation -group	-	49	-	49	32	81
Net expense recognised directly in equity	-	49	-	49	32	81
Profit for the period	-	-	15,312	15,312	(17)	15,295
Balance at 31 March 2009	248,458	(8,142)	95,317	335,633	7,569	343,202
Balance at 1 January 2008	248,458	(8,442)	(31,388)	208,628	5,524	214,152
Foreign currency translation -group	-	129	-	129	86	215
Net expense recognised directly in equity	-	129	-	129	86	215
Profit for the period	-	-	31,142	31,142	300	31,442
Balance at 31 March 2008	248,458	(8,313)	(246)	239,899	5,910	245,809

NOTES

* Denotes non distributable reserves.

The Unaudited Condensed Consolidated Statements of Changes of Equity should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2008.

Boustead Heavy Industries Corporation Berhad (11106-V)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the quarter ended 31 March 2009

	2009	Restated 2008
	RM'000	RM'000
Operating Activities		
Receipts from customers	88,355	44,541
Cash paid to suppliers and employees	(101,568)	(98,522)
Cash (used in)/generated from operations	(13,213)	(53,981)
Tax paid less refund	(105)	(686)
Net cash used in operating activities	(13,318)	(54,667)
Investing Activities		
Capital expenditure	(4,607)	(1,763)
Others	270	563
	(4,337)	(1,200)
Financing Activities		
Repayment of borrowings	(23)	(39)
Net decrease in revolving credit	(5,000)	-
Interest paid	(27)	(6)
Net cash (used in)/generated from financing activities	(5,050)	(45)
Foreign exchange translation difference	156	(105)
Net (decrease)/increase in cash and cash equivalents	(22,549)	(56,017)
Cash and cash equivalent at beginning of period	94,920	106,713
Cash and Cash Equivalent at End of Period	72,371	50,696
Analysis of Cash and Cash Equivalents		
Deposits, cash and bank balances	72,371	50,696
Cash and Cash Equivalent at End of Period	72,371	50,696

The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2008.

Note: The corresponding periods were restated.

Boustead Heavy Industries Corporation Berhad (11106-V)
Notes to the Interim Financial Report for the Quarter Ended 31 March 2009

Part A Explanatory Notes Pursuant to FRS 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2008.

A2. Changes in Accounting Policies

The accounting policies and method of computation adopted by the Group are consistent with those used in the preparation of the Y2008 Audited Financial Statements.

A3. Comments about Seasonal or Cyclical Factors

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

A4. Unusual Items Due to Their Nature, Size or Incidence

There were no items affecting the assets, liabilities, equity, net income or cash flows of the Group that are unusual because of their nature, size, or incidence for the current financial quarter ended 31 March 2009.

A5. Change in Estimates

There was no material changes in estimates of amounts reported in the prior interim periods of the previous financial year.

A6. Dividends Paid

There was no dividend paid for the current financial quarter ended 31 March 2009.

The tax exempt final dividend of 5.5% per share for the financial year ended 31 December 2008 will be paid on 18 May 2009.

A7. Segmental Information

The Group is principally engaged in heavy engineering segment within Malaysia. The other segments are not significant to be disclosed under the requirement of FRS 114 - Segment reporting.

A8. Debts and Equity Securities

There were no issuances and repayment of debt and equity securities, share buybacks, share cancellations, shares held as treasury shares and resale of treasury shares in the current financial period.

A9. Carrying Amount of Revalued Assets

There has been no revaluation of property, plant and equipment during the current quarter.

A10. Subsequent Events

There were no material subsequent events that will affect the financial statements of the financial period under review.

A11. Changes in Group Composition

There were no changes in the composition of the Group during the period under review.

A12. Changes in Contingent Liabilities

	31.03.2009	31.12.2008
	RM'000	RM'000
Bank guarantee to a customer by a subsidiary company is as follows:	53,261	33,116

Other than the above, the status of the contingent liabilities disclosed in the 2008 Annual Report remains unchanged. No other contingent liability has arisen since the financial year end.

A13. Capital Commitments

The Group has the following commitments as at 31 March 2009:

	Authorised and contracted for RM'000	Authorised but not contracted for RM'000	Total RM'000
Property, plant and equipment	1,449	-	1,449

B14. Performance Review

For the three months period ended 31 March 2009, the Group recorded higher revenue of RM115.8 million, but a lower profit before tax of RM22.1 million compared to 2008's first quarter results. Profit was mainly affected by higher costs. The reduced share of profit from our associate was due to lower progress billings of our vessels construction.

B15. Material Changes in Quarterly Results Compared to the Results of the Immediate Preceding Quarter

Revenue and profit before tax declined as compared to 2008's fourth quarter results. This was mainly due to lower progress billings of various projects. However, profit after tax was marginally higher in the first quarter of 2009 due to lower tax provision.

We continue to mitigate the effects of the current global economic downturn by managing operating expenses and cash flow.

B16. Current Year Prospects

Given the current global economic climate, we expect this to be a challenging year. Our strategy is to increase competitive advantage by forming alliances with foreign partners, with the aim of enhancing our capabilities through technology transfers.

Internally, we have implemented a rigorous continuous improvement system that will include the improvement of delivery of our products and services, strengthening our human capital, and enhancement of our processes and systems, including our vendor development programme.

B17. Notes on variance in actual profit and shortfall in profit guarantee

The Group has not issued any profit guarantees.

B18. Taxation

	Current Period 2009 RM'000	Cumulative Period 2009 RM'000
Malaysian taxation based on profit for the period:		
- Current	4,916	4,916
- Underprovision in prior year	1,891	1,891
	6,807	6,807

The Group's effective tax rate for the current quarter and financial year-to-date is higher than the statutory rate of tax applicable mainly due to the underprovision in prior year.

B19. Sale of Unquoted Investments and Properties

There were no sales of unquoted investments and properties for the period under review.

B20. Quoted Securities

There were no purchases or disposals of quoted securities for the period under review.

B21. Status of Corporate Proposal

There were no corporate proposals announced and there are none pending completion.

B22. Group Borrowings and Debt Securities

Total group borrowings as at 31 March 2009 are as follows:

	31.03.2009 RM'000	31.12.2008 RM'000
Long term borrowings:		
- Hire Purchase and finance lease liabilities	178	187
Short term borrowings		
- Revolving credit	-	5,000
- Hire Purchase and finance lease liabilities	80	94
	<u>80</u>	<u>5,904</u>

B23. Off Balance Sheet Financial Instruments

The Group does not have any off balance sheet financial instruments as at 31 March 2009.

B24. Changes in Material Litigations

There were no changes in material litigation, including the status of pending material litigation since the last annual balance sheet as at 31 December 2008, except the following cases are pending:

Company	Claimant Company	Amount RM'000	Remark
Boustead Penang Shipyard Sdn Bhd	Tetuan Thanggaya Khoo & Co.	4,000	Claims for purported outstanding legal fees amounting to RM4,000,000. The Plaintiff has filed an application for summary judgment which is fixed for mention on 26 May 2009.
Sedap Development Sdn Bhd	Malayan Banking Berhad	6,500	Sale and Purchase agreements had been signed on 12 November 2008 for the sale of 5 lots. 1 lot has been successfully auctioned off on 19 January 2009 at RM5.2 million. Chargee is in the process of seeking buyers for the remaining lots. Provisions for foreseeable loss for the land on the fair value were made in the previous year.
Boustead Naval Shipyard Sdn Bhd (BN Shipyard)	Meridien Shore Sdn Bhd	49,577	BN Shipyard, an associate company, has been served with a writ of summons by Meridien for special damages, interest on amount claimed, general damages and other cost and relief that the Court deems fit over alleged loss suffered by Meridien arising from foreclosure of several of its land by Bank Kerjasama Rakyat Sdn Bhd. BN Shipyard on 22 July 2008 has filed defence against Meridien's claim. BN Shipyard also filed a

Company	Claimant Company	Amount RM'000	Remark
			<p>counterclaim for general damages, interest on damages awarded, cost of action borne by Meridien on full indemnity basis and other relief that the Court deems fit and proper to grant over loss and damages suffered by BN Shipyard arising from Meridien failure to repay the sum owed of RM14,946,277.28. On 29 August 2008, Meridien has filed defence to BN Shipyard's counterclaim. Meridien has yet to file the Notice for Pre-Trial Case Management.</p> <p>BN Shipyard in consultation with the solicitors is of the view that BN Shipyard has a good chance to win in this suit.</p>
Sedap Trading Sdn Bhd (STSB)			<p>STSB has been served with a Writ of Summons by the Government on 26 March 2007 for outstanding taxes for the Year of Assessment 1998 and penalty for late payment in the amount of RM3,246,038, interest, cost and other relief that the Court deems fit over alleged losses suffered by the Government. Matter is fixed for case management on 17 March 2009 pending STSB's appeal to IRB to resolve and settle the matter amicably. The Government had filed an application for Summary Judgment on 3 February 2009 and pending hearing date to be fixed by the Court. STSB has however fully accounted for the amount of RM3,246,038 in the financial statements in the previous year. On 16 April 2009, parties come to a settlement and Notice of Discontinuance was filed.</p>

B25. Dividend Payable

No dividend has been declared for the financial period ended 31 March 2009.

B26. Earnings per Share

	Current Period		Cumulative Period	
	2009	2008	2009	2008
Net profit for the period – RM'000	15,312	31,142	15,312	31,142
Number of ordinary shares in issue – '000	248,458	248,458	248,458	248,458
Basic earnings per share for – sen	6.16	12.53	6.16	12.53