

Boustead Heavy Industries Corporation Berhad (11106-V)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

For the quarter ended 30 June 2009	Current Period		Cumulative Period	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	120,294	111,399	236,063	212,380
Operating cost	(102,170)	(86,334)	(200,106)	(167,232)
Profit from operations	18,124	25,065	35,957	45,148
Interest income	200	395	418	960
Finance cost	(36)	(4)	(63)	(12)
Share of results of Associates	4,457	12,844	8,535	23,977
Profit before taxation	22,745	38,300	44,847	70,073
Taxation	(4,419)	(2,897)	(11,226)	(3,228)
Profit for the period	18,326	35,403	33,621	66,845
Attributable to:				
Shareholders of the Company	17,617	34,446	32,929	65,588
Minority interests	709	957	692	1,257
Net profit for the period	18,326	35,403	33,621	66,845
Earnings per share - sen				
Basic	7.09	13.87	13.25	26.40

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 30 June 2009	Audited 31 December	
	2009 RM'000	2008 RM'000
ASSETS		
Non current assets		
Property, plant and equipment	52,909	48,479
Prepaid land lease payments	12,289	12,381
Associates	163,761	155,226
Investments	1	9
	<u>228,960</u>	<u>216,095</u>
Current assets		
Inventories	773	462
Receivables	209,202	153,440
Cash and bank balances	60,583	94,920
	<u>270,558</u>	<u>248,822</u>
TOTAL ASSETS	<u>499,518</u>	<u>464,917</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	248,458	248,458
Reserves	91,175	71,814
Shareholders' equity	<u>339,633</u>	<u>320,272</u>
Minority interests	8,311	7,554
Total equity	<u>347,944</u>	<u>327,826</u>
Non current liabilities		
Long term borrowings	136	187
Deferred tax liabilities	445	528
	<u>581</u>	<u>715</u>
Current liabilities		
Borrowings	96	5,094
Trade and other payables	138,037	125,796
Taxation	12,860	5,486
	<u>150,993</u>	<u>136,376</u>
Total liabilities	<u>151,574</u>	<u>137,091</u>
TOTAL EQUITY AND LIABILITIES	<u>499,518</u>	<u>464,917</u>
Net assets per share attributable to ordinary equity holders of the parent - RM	<u>1.37</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 30 June 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	-	97	-	97	65	162
Dividend - final of the previous year			(13,665)	(13,665)	-	(13,665)
Net expense recognised directly in equity	-	97	(13,665)	(13,568)	65	(13,503)
Profit for the period	-	-	32,929	32,929	692	33,621
Balance at 30 June 2009	248,458	(8,094)	99,269	339,633	8,311	347,944
Balance at 1 January 2008	248,458	(8,442)	(31,388)	208,628	5,524	214,152
Foreign currency translation -group	-	127	-	127	85	212
Dividend - final of the previous year	-	-	(3,727)	(3,727)	-	(3,727)
Net expense recognised directly in equity	-	127	(3,727)	(3,600)	85	(3,515)
Profit for the period	-	-	65,588	65,588	1,257	66,845
Balance at 30 June 2008	248,458	(8,315)	30,473	270,616	6,866	277,482

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 30 June 2009

	2009	2008
	RM'000	RM'000
Operating Activities		
Receipts from customers	180,811	110,456
Cash paid to suppliers and employees	(189,398)	(163,450)
Cash (used in)/generated from operations	(8,587)	(52,994)
Tax paid less refund	(796)	(1,630)
Net cash used in operating activities	(9,383)	(54,624)
Investing Activities		
Capital expenditure	(6,711)	(3,051)
Others	493	979
	(6,218)	(2,072)
Financing Activities		
Repayment of borrowings	(49)	(188)
Net decrease in revolving credit	(5,000)	-
Interest paid	(63)	(12)
Dividends paid to shareholders of the Company	(13,665)	(3,727)
Net cash (used in)/generated from financing activities	(18,777)	(3,927)
Foreign exchange translation difference	41	(105)
Net (decrease)/increase in cash and cash equivalents	(34,337)	(60,728)
Cash and cash equivalent at beginning of period	94,920	106,713
Cash and Cash Equivalent at End of Period	60,583	45,985
Analysis of Cash and Cash Equivalents		
Deposits, cash and bank balances	60,583	45,985
Cash and Cash Equivalent at End of Period	60,583	45,985

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

Boustead Heavy Industries Corporation Berhad (11106-V)
Notes to the Interim Financial Report for the Quarter Ended 30 June 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 30 June 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

The final tax exempt dividend of 5.5% (2006: 1.5%) per share for the financial year ended 31 December 2008 amounting to RM13,665,169 was 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

BHIC Defence Technologies Sdn Bhd (BDT), a wholly owned subsidiary of the Company had, on 24 June 2009 formed a joint venture company, Boustead DCNS Naval Corporation Sdn Bhd (Boustead DCNS) with DCNS S.A. BDT holds 60% shareholding in Boustead DCNS.

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

A12. Changes in Contingent Liabilities

	30.06.2009	31.12.2008
	RM'000	RM'000
Bank guarantee to a customer by a subsidiary company is as follows:	<u>59,261</u>	<u>33,116</u>

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 30 June 2009:

	Authorised and contracted for	Total
	RM'000	RM'000
Property, plant and equipment	<u>4,221</u>	<u>4,221</u>

B14. Performance Review

For the six months period ended 30 June 2009, the Group recorded higher revenue of RM236.1 million, but a lower profit before tax of RM44.8 million compared to 2008's half year results due to higher costs and lower contribution from our associate. The higher revenue is mainly due to projects being at various stages of completion.

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

Revenue and profit before tax improved marginally as compared to the previous quarter. We delivered a well testing and servicing vessel in May 2009 and the MUDA Living Quarters structure for Carigali-PTTEPI Operating Company Sdn Bhd (CPOC) is in the final stages of completion.

B16. Current Year Prospects

Our focus on lean inventory, process improvements, risk management and prudent cash flow management remains a priority in view of the challenging market outlook. Our initiative to form a strategic alliance with DCNS S.A. for the maintenance of the Royal Malaysian Navy Scorpene class submarines is expected to add to our competitive advantage, moving forward.

Based on the existing order book, prospects for the second half of the year are expected to reflect trends established in the first six months.

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

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interests and shortfall in profit guarantee are not applicable.

B18. Taxation

	Current Period 2009 RM'000	Cumulative Period 2009 RM'000
Malaysian taxation based on profit for the period:		
- Current	4,429	9,345
- Underprovision in prior year	5	1,896
- Deferred	(15)	(15)
	4,419	11,226

The Group's effective tax rate for the 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 30 June 2009 are as follows:

	30.06.2009 RM'000	31.12.2008 RM'000
Long term borrowings:		
- Hire Purchase and finance lease liabilities	136	187
Short term borrowings		
- Revolving credit	-	5,000
- Hire Purchase and finance lease liabilities	96	94
	96	5,094

B23. Off Balance Sheet Financial Instruments

The Group does not have any off balance sheet financial instruments as at 30 June 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 28 August 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. Sale and purchase agreement had been signed on 30 June 2009 for the sale of the remaining 11 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 (Meridien)	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 counterclaim for general damages, interest on damages awarded, cost of action borne by Meridien on full

Company	Claimant Company	Amount RM'000	Remark
			<p>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>

B25. Dividend Payable

No dividend has been declared for the financial period ended 30 June 2009.

B26. Earnings per Share

	Current Period		Cumulative Period	
	2009	2008	2009	2008
Net profit for the period – RM'000	17,617	34,446	32,929	65,588
Number of ordinary shares in issue – '000	248,458	248,458	248,458	248,458
Basic earnings per share for – sen	7.09	13.87	13.25	26.40