

Boustead Heavy Industries Corporation Berhad (11106-V)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

For the quarter ended 30 June 2013	Note	Current Period		Cumulative Period	
		2013 RM'000	Restated 2012 RM'000	2013 RM'000	Restated 2012 RM'000
Continuing operations					
Revenue	A7	61,835	57,626	126,240	114,101
Operating cost		(50,523)	(69,852)	(110,943)	(137,189)
Profit / (Loss) from operations	B18	11,312	(12,226)	15,297	(23,088)
Interest income		82	84	147	363
Finance cost		(4,828)	(4,255)	(9,658)	(9,398)
Share of results of joint ventures		2,866	(608)	6,592	711
Share of results of associates		1,714	(116)	3,992	619
Profit / (Loss) before taxation	A7	11,146	(17,121)	16,370	(30,793)
Taxation	B19	(865)	(110)	(1,085)	(567)
Profit / (Loss) for the period		10,281	(17,231)	15,285	(31,360)
Attributable to:					
Shareholders of the Company		10,177	(17,157)	15,285	(31,666)
Non-controlling interests		104	(74)	-	306
Net profit / (loss) for the period		10,281	(17,231)	15,285	(31,360)
Earnings / (Loss) per share - sen					
Basic	B27	4.10	(6.91)	6.15	(12.75)

The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Boustead Heavy Industries Corporation Berhad (11106-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the quarter ended 30 June 2013	Current Period		Cumulative Period	
	2013 RM'000	Restated 2012 RM'000	2013 RM'000	Restated 2012 RM'000
Continuing operations				
Profit / (Loss) for the period	10,281	(17,231)	15,285	(31,360)
Foreign currency translation	-	(274)	-	-
Total comprehensive income / (loss) for the period	10,281	(17,505)	15,285	(31,360)
Total comprehensive income / (loss) attributable to:				
Shareholders of the Company	10,177	(17,320)	15,285	(31,666)
Non-controlling interests	104	(185)	-	306
Net profit / (loss) for the period	10,281	(17,505)	15,285	(31,360)

The Unaudited Condensed Consolidated Statements Of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Boustead Heavy Industries Corporation Berhad (11106-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30 June	Restated Audited 31 December	Restated Audited 1 January
		2013 RM'000	2012 RM'000	2012 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment		166,233	169,106	207,205
Design rights		234	-	-
Goodwill		-	-	-
Deferred tax assets		19,435	19,435	15,703
Joint ventures		76,529	75,293	53,005
Associates		203,842	202,956	196,780
		<u>466,273</u>	<u>466,790</u>	<u>472,693</u>
Current assets				
Inventories		5,330	5,221	6,103
Receivables		347,754	370,864	392,282
Tax recoverable		8,042	8,827	11,448
Cash and bank balances		24,545	21,352	70,011
		<u>385,671</u>	<u>406,264</u>	<u>479,844</u>
TOTAL ASSETS		<u>851,944</u>	<u>873,054</u>	<u>952,537</u>
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital		248,458	248,458	248,458
Reserves		45,531	31,959	178,599
Shareholders' funds		<u>293,989</u>	<u>280,417</u>	<u>427,057</u>
Non-controlling interests		34	3,321	6,172
Total equity		<u>294,023</u>	<u>283,738</u>	<u>433,229</u>
Non-current liabilities				
Long term borrowings	B21	22,756	30,530	48,022
Deferred tax liabilities		-	-	564
		<u>22,756</u>	<u>30,530</u>	<u>48,586</u>
Current liabilities				
Borrowings	B21	383,441	386,962	322,900
Trade and other payables		151,724	171,824	145,023
Tax payables		-	-	2,799
		<u>535,165</u>	<u>558,786</u>	<u>470,722</u>
Total liabilities		<u>557,921</u>	<u>589,316</u>	<u>519,308</u>
TOTAL EQUITY AND LIABILITIES		<u>851,944</u>	<u>873,054</u>	<u>952,537</u>
Net assets per share attributable to ordinary equity holders of the Company - RM		<u>1.18</u>	<u>1.13</u>	<u>1.72</u>

The Unaudited Condensed Consolidated Statements Of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Boustead Heavy Industries Corporation Berhad (11106-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the period ended 30 June 2013	Attributable to equity holders of the Company					Total Equity
	Share Capital	*Exchange Fluctuation Reserves	Distributable Retained Earnings	Total	Non- controlling Interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2013	248,458	-	31,959	280,417	3,321	283,738
Total comprehensive income for the period	-	-	15,285	15,285	-	15,285
Transactions with owners:						
Dividends paid by a subsidiary to a non-controlling interest	-	-	-	-	(1,500)	(1,500)
Additional investment in a subsidiary	-	-	(1,713)	(1,713)	(1,787)	(3,500)
Balance at 30 June 2013	248,458	-	45,531	293,989	34	294,023
At 1 January 2012 (Restated)	248,458	121	178,478	427,057	6,172	433,229
Total comprehensive income for the period	-	-	(31,666)	(31,666)	306	(31,360)
Transactions with owners:						
Disposal of interest in subsidiaries	-	(121)	-	(121)	(2,999)	(3,120)
Dividend on ordinary shares - interim for the previous year	-	-	(14,907)	(14,907)	-	(14,907)
Balance at 30 June 2012 (Restated)	248,458	-	131,905	380,363	3,479	383,842

NOTES

* Denotes non-distributable reserves.

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Boustead Heavy Industries Corporation Berhad (11106-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	As at 30 June	Restated As at 30 June
	2013 RM'000	2012 RM'000
Operating Activities		
Receipts from customers	149,633	120,880
Cash paid to suppliers and employees	(125,002)	(157,059)
Cash generated from / (used in) operations	24,631	(36,179)
Tax paid less refund	(308)	(438)
Net cash generated from / (used in) operating activities	24,323	(36,617)
Investing Activities		
Capital expenditure	(2,690)	(1,612)
Dividends received	8,460	-
Additional investment in a subsidiary	(3,500)	-
Disposal of interest in a subsidiary	-	14,109
Others	147	363
Net cash generated from / (used in) investing activities	2,417	12,860
Financing Activities		
Net drawdown / (repayment) of borrowings	(13,728)	16,720
Dividends paid to shareholders of the Company	-	(14,907)
Dividends paid by a subsidiary to a non-controlling interest	(1,500)	-
Interest paid	(8,487)	(9,000)
Net cash generated from / (used in) financing activities	(23,715)	(7,187)
Net increase / (decrease) in cash and cash equivalents	3,025	(30,944)
Effect of foreign exchange rate changes	168	(11)
Cash and cash equivalents at beginning of period	21,352	70,011
Cash and Cash Equivalents at End of Period	24,545	39,056
Analysis of Cash and Cash Equivalents		
Deposits, cash and bank balances	24,545	39,056
Overdraft	-	-
Cash and Cash Equivalents at End of Period	24,545	39,056

The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Boustead Heavy Industries Corporation Berhad (11106-V)

Notes to the Interim Financial Report for the Quarter Ended 30 June 2013

Part A Explanatory Notes Pursuant to MFRS 134

A1. Basis of Preparation

These condensed consolidated interim financial statements, for the financial period ended 30 June 2013, have been prepared in accordance with MFRS 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 2012. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

A2. Changes in Accounting Policies

The significant accounting policies adopted in preparing these condensed consolidated financial statements are consistent with those in the audited financial statements for the year ended 31 December 2012 except as follows:

MFRS and Amendments to MFRSs		Effective for annual periods beginning on or after
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets And Financial Liabilities	1 January 2013

The adoption of the above will have no material impact on the financial statements of the Group and of the Company in the period of initial application, except as discussed below:

MFRS 10 Consolidated Financial Statements (MFRS 10)

MFRS 10 replaces part of MFRS 127 Consolidated and Separate Financial Statements (MFRS 127) that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

A2. Changes in Accounting Policies (cont'd)

Under MFRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its investment with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. This new control model differs from how previously companies were assessed to be a subsidiary. Under MFRS 127, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control.

MFRS 11 Joint Arrangements (MFRS 11)

MFRS 11 replaces MFRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-Controlled Entities – Non-monetary Contributions by Venturers.

The classification of joint arrangements under MFRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under MFRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

MFRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

The application of MFRS 10 and MFRS 11 affected the Group's financial statements, as follows:

- 1) Pyrotechnical Ordnance Malaysia Sdn Bhd ("POM") was previously treated as associate of the Group and accounted for using the equity accounting method. The directors have assessed and noted that POM is a joint venture rather than an associate under MFRS 11.

Other than reclassification, the change has no impact on the amounts reported in the Group's consolidated financial statements.

- 2) The following companies previously treated as subsidiaries of the Group have been assessed by the directors to be joint ventures rather than subsidiaries under MFRS 10 and MFRS 11:

<u>Name of Company</u>		<u>% of equity interest held as at 1 January 2013</u>
BHIC Bofors Asia Sdn Bhd	:	51
BYO Marine Sdn Bhd	:	51
Boustead DCNS Naval Corporation Sdn Bhd	:	60
Contraves Advanced Devices Sdn Bhd	:	51
BHIC MSM Sdn Bhd	:	60
BHIC Aeroservices Sdn Bhd	:	51

A2. Changes in Accounting Policies (cont'd)

The change in accounting of the Group's investments in these companies have been applied in accordance with the relevant transitional provisions as set out in MFRS 10 as if the acquisitions of these companies had been accounted for in accordance with MFRS 3, i.e. at the respective dates of acquisition.

The above change in accounting policy has affected the amounts reported in the Group's consolidated financial statements, as shown in Note 1(i) to 1(iii) below.

1(i) Impact of the application of the above new standards on net assets and equity of the Group as at 1 January 2012 and 30 June 2012

	As at 1 Jan. 2012 RM'000	MFRS10 adj. RM'000	As at 1 Jan. 2012 RM'000	As at 30 Jun. 2012 RM'000	MFRS10 adj. RM'000	As at 30 Jun. 2012 RM'000
ASSETS						
Non-current assets						
Property, plant and equipment	228,119	(20,914)	207,205	214,907	(21,863)	193,044
Goodwill	3,849	(3,849)	-	3,849	(3,849)	-
Deferred tax assets	15,703	-	15,703	15,703	-	15,703
Joint ventures	-	53,005	53,005	-	53,716	53,716
Associates	196,780	-	196,780	197,399	-	197,399
Other investments	-	-	-	-	-	-
	<u>444,451</u>	<u>28,242</u>	<u>472,693</u>	<u>431,858</u>	<u>28,004</u>	<u>459,862</u>
Current assets						
Inventories	41,150	(35,047)	6,103	28,987	(24,049)	4,938
Receivables	370,517	21,765	392,282	524,218	109,957	634,175
Tax recoverable	11,448	-	11,448	10,541	(774)	9,767
Cash and bank balances	290,883	(220,872)	70,011	323,068	(284,012)	39,056
	<u>713,998</u>	<u>(234,154)</u>	<u>479,844</u>	<u>886,814</u>	<u>(198,878)</u>	<u>687,936</u>
TOTAL ASSETS	<u>1,158,449</u>	<u>(205,912)</u>	<u>952,537</u>	<u>1,318,672</u>	<u>(170,874)</u>	<u>1,147,798</u>
EQUITY AND LIABILITIES						
Equity attributable to equity holders of the Company						
Share capital	248,458	-	248,458	248,458	-	248,458
Exchange fluctuation reserve	121	-	121	-	-	-
Retained earnings	178,478	-	178,478	131,905	-	131,905
Shareholders' funds	<u>427,057</u>	<u>-</u>	<u>427,057</u>	<u>380,363</u>	<u>-</u>	<u>380,363</u>
Non-controlling interests	48,460	(42,288)	6,172	46,556	(43,077)	3,479
Total equity	<u>475,517</u>	<u>(42,288)</u>	<u>433,229</u>	<u>426,919</u>	<u>(43,077)</u>	<u>383,842</u>
Non-current liabilities						
Long term borrowings	48,071	(49)	48,022	39,792	(49)	39,743
Trade payable	-	-	-	4,477	-	4,477
Deferred tax liabilities	1,409	(845)	564	845	(845)	-
	<u>49,480</u>	<u>(894)</u>	<u>48,586</u>	<u>45,114</u>	<u>(894)</u>	<u>44,220</u>
Current liabilities						
Borrowings	329,670	(6,770)	322,900	349,991	(1,732)	348,259
Trade and other payables	301,359	(156,336)	145,023	493,777	(124,602)	369,175
Tax payable	2,423	376	2,799	2,871	(569)	2,302
	<u>633,452</u>	<u>(162,730)</u>	<u>470,722</u>	<u>846,639</u>	<u>(126,903)</u>	<u>719,736</u>
Total liabilities	<u>682,932</u>	<u>(163,624)</u>	<u>519,308</u>	<u>891,753</u>	<u>(127,797)</u>	<u>763,956</u>
TOTAL EQUITY AND LIABILITIES	<u>1,158,449</u>	<u>(205,912)</u>	<u>952,537</u>	<u>1,318,672</u>	<u>(170,874)</u>	<u>1,147,798</u>

A2. Changes in Accounting Policies (cont'd)

- 1(ii) Impact of the application of the above new standards on profit for the Group for the six months period ended 30 June 2012

RM'000	MFRS 10 adjustments
Increase / (decrease) in revenue	(132,913)
(Increase) / decrease in operating costs	132,049
Increase / (decrease) in interest income	(2,208)
(Increase) / decrease in finance costs	89
Increase / (decrease) in share of results of joint ventures	711
Increase / (decrease) in share of results of associates	-
(Increase) / decrease in income tax expense	1,483
(Increase) / decrease in loss for the period	(789)
Increase / (decrease) in profit for the period attributable to:	
Owners of the Company	-
Non-controlling interests	(789)

- 1(iii) Impact of the application of the above new standards on cash flows of the Group for the six months period ended 30 June 2012

RM'000	MFRS 10 adjustments
Net cash inflow / (outflow) from operating activities	(68,983)
Net cash inflow / (outflow) from investing activities	800
Net cash inflow / (outflow) from financing activities	4,621
Net cash inflow / (outflow)	(63,562)

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 2013.

A5. Change in Estimates

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

A6. Dividends Paid

There was no dividend paid during the current financial quarter ended 30 June 2013.

A7. Operating Segments

Segment information for the cumulative period is presented in respect to the Group's business segments as follows:

	Heavy engineering RM'000	Manufacturing RM'000	Chartering RM'000	Elimination RM'000	Total RM'000
2013					
Revenue					
Group total sales	110,747	-	15,493	-	126,240
Inter-segment sales	-	-	-	-	-
External sales	<u>110,747</u>	<u>-</u>	<u>15,493</u>	<u>-</u>	<u>126,240</u>
Results					
Segmental results – external	19,771	-	(4,474)	-	24,245
Interest income	147	-	-	-	147
Finance cost	(9,658)	-	-	-	(9,658)
Share of results in joint ventures	3,311	3,281	-	-	6,592
Share of results in associates	3,992	-	-	-	3,992
Profit / (Loss) before taxation	<u>17,563</u>	<u>3,281</u>	<u>(4,474)</u>	<u>-</u>	<u>16,370</u>
Taxation					(1,085)
Profit for the period					<u>15,285</u>
2012 (Restated)					
Revenue					
External revenue	<u>108,174</u>	<u>-</u>	<u>5,927</u>	<u>-</u>	<u>114,101</u>
Results					
Segmental results – external	(24,806)	-	(6,009)	-	(30,815)
Interest income	363	-	-	-	363
Finance cost	(9,397)	-	(1)	-	(9,398)
Gain on disposal of a subsidiary	7,727	-	-	-	7,727
Share of results in joint ventures	(475)	1,186	-	-	711
Share of results in associates	619	-	-	-	619
Profit / (Loss) before taxation	<u>(25,969)</u>	<u>1,186</u>	<u>(6,010)</u>	<u>-</u>	<u>(30,793)</u>
Taxation					(567)
Loss for the period					<u>(31,360)</u>

A8. Debt and Equity Securities

There were no issuance 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 Material Events

There were no material subsequent events up to the date of this report that will affect the financial statements of the financial period under review.

A11. Changes in Group Composition

The Company, via its wholly-owned subsidiary, BHIC Defence Technologies Sdn Bhd (“BHIC-DT”), had on 5 June 2013, acquired one hundred and fifty three thousand (153,000) ordinary shares of RM1.00 each in BHIC Allied Defence Technology Sdn Bhd (formerly known as Atlas Defence Technology Sdn Bhd) (“ADT”), representing 30% of the total issued and paid up capital of ADT, for the purchase consideration of RM3,500,000. BHIC-DT previously held 70% of ADT’s issued and paid up capital and this acquisition has resulted in ADT becoming a wholly-owned sub-subsidiary of the Company.

Save as disclosed above, there were no other changes in the composition of the Group during the period under review.

A12. Changes in Contingent Liabilities

There has been no contingent liability arising since the financial year end.

A13. Capital Commitments

The Group has the following commitments as at 30 June 2013:

	Approved but not contracted for RM’000	Approved and contracted for RM’000	Total RM’000
Property, plant and equipment	31,142	905	32,047

B14. Analysis of Performance (YTD Q2 2013 vs. YTD Q2 2012)

For the first half of 2013, BHIC Group of companies obtained RM126.2 million in revenue, which represented a RM12.1 million or 11% increase over the RM114.1 million recorded during last year's corresponding period. This was primarily due to the chartering segment which reported utilisation and charter rates that were better than last year.

The current year's cumulative profit after tax of RM15.3 million was achieved on the back of improved performances. In the heavy engineering segment, income generated from maintenance, repairs and overhaul (MRO) activities, by subsidiaries as well as joint ventures, was higher in the period under review. Furthermore, the segment's result was no longer impacted by costs from the old shipbuilding projects.

For the associates and in the manufacturing segment, their results were mainly driven by the progress of the Littoral Combat Ship (LCS) project. The steady progress of work undertaken so far has resulted in a larger income contribution to the Group.

The chartering segment's higher revenue has cushioned the impact of foreign exchange losses attributed to unfavourable exchange rate fluctuations. As a result, this segment posted a smaller loss as compared with last year.

B15. Material Changes in Quarterly Results Compared with the Results of the Immediate Preceding Quarter (Q2 2013 vs. Q1 2013)

For the second quarter of 2013, the Group reported profit before tax of RM11.1 million as compared with RM5.2 million in the preceding quarter, an upturn of RM5.9 million. This was largely on account of heavy engineering segment's profit, which was higher by RM7.8 million and mostly generated by subsidiaries performing MRO related services.

However, the manufacturing segment's contribution was marginally lower by RM0.6 million in accordance with the percentage of work completed, whereas the chartering segment's loss increased by RM1.3 million on higher operating costs.

B16. Current Year Prospects

In the heavy engineering segment, the MRO sector is anticipated to provide further opportunities for growth, either via strategic partnerships or direct award of contracts. Notwithstanding this, the Group continues in its efforts to secure projects in other areas, especially commercial shipbuilding and oil & gas, from both local and international markets.

The associates and manufacturing segment's earnings will be influenced by the amount of work performed for the LCS project at each quarter. On the other hand, the chartering segment's outlook remains uncertain due to its dependence on the health of the shipping industry.

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 non-controlling interests and shortfall in profit guarantee are not applicable.

B18. Notes to the Consolidated Income Statements

Save as disclosed below and included in the consolidated income statements, there were no other items applicable to be disclosed pursuant to item 16 of Appendix 9B of the Listing Requirements of Bursa Malaysia:

	Current Period 2013 RM'000	Cumulative Period 2013 RM'000
Other income	(48)	(107)
Depreciation of property, plant and equipment	2,684	5,323
Net impairment / (write back) of receivables	(110)	197
Net loss / (gain) on foreign exchange	1,165	2,478
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B19. Taxation

	Current Period 2013 RM'000	Cumulative Period 2013 RM'000
Malaysian taxation based on profit for the period:		
- Current	736	1,111
Under / (Over) provision in prior year:		
- Income tax	129	(26)
	<hr/>	<hr/>
	865	1,085
	<hr/>	<hr/>

The Group's effective tax rate for the current and cumulative period are lower than the statutory rate of tax applicable mainly due to certain income not being subjected to income tax and availability of tax losses brought forward to offset against current profit of a subsidiary.

B20. Status of Corporate Proposal

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

B21. Group Borrowings and Debt Securities

Total group borrowings as at 30 June 2013 are as follows:

	30.6.2013 RM'000	Restated 31.12.2012 RM'000
Long term borrowings:		
Unsecured		
- Term loans	5,946	9,838
Secured		
- Term loans	16,707	20,560
- Hire purchase and finance lease liabilities	103	132
	<hr/>	<hr/>
	22,756	30,530
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B21. Group Borrowings and Debt Securities (cont'd)

	30.6.2013	Restated
	RM'000	31.12.2012
		RM'000
Short term borrowings		
Unsecured		
- Term loans	7,740	7,651
- Revolving credits	330,000	335,000
- Bankers acceptance	-	382
Secured		
- Term loans	9,198	8,928
- Revolving credits	36,446	34,933
- Hire purchase and finance lease liabilities	57	68
	<u>383,441</u>	<u>386,962</u>

Included above is a secured revolving credit of RM36.4 million (US Dollar: 11.4 million) and a secured term loan of RM21.2 million (US Dollar: 6.7 million) which are denominated in US Dollar. All other borrowings are denominated in Ringgit Malaysia.

B22. Disclosure of Derivatives

There were no outstanding derivatives as at 30 June 2013.

B23. Gains/Losses Arising From Fair Value Changes of Financial Liabilities

There were no gains/losses arising from fair value changes of the financial liabilities for the current quarter ended 30 June 2013.

B24. Realised and Unrealised Unappropriated Profits

	As at	Restated
	30 June	As at
	2013	31 December
	RM'000	RM'000
Total retained profits of Company and its subsidiaries:		
- Realised	(291,018)	(305,622)
- Unrealised	16,869	19,653
Total share of retained profits from joint ventures:		
- Realised	53,914	39,425
- Unrealised	(3,981)	2,182
Total share of retained profits from associates:		
- Realised	154,807	150,815
- Unrealised	-	-
	<u>(69,409)</u>	<u>(93,547)</u>
Consolidated adjustments	114,940	125,506
Total Group retained profits as per consolidated financial statements	<u>45,531</u>	<u>31,959</u>

B24. Realised and Unrealised Unappropriated Profits (cont'd)

The determination of realised and unrealised profits is compiled based on Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010. The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

B25. Changes in Material Litigations

There were no changes in material litigation, including the status of pending material litigation since the last annual statement of financial position as at 31 December 2012, except for the following cases:

Company	Claimant Company	Amount RM'000	Status
Boustead Naval Shipyard Sdn Bhd ("BN Shipyard")	Maraputra Sdn Bhd ("Maraputra")	10,367	On 31 March 2011, BN Shipyard filed an Application to Strike Out the Action. On 25 May 2011, the Court dismissed the Application. Trials were conducted on 15, 18 and 29 April 2013, 22 May 2013 and 13 to 14 June 2013. Decision has been fixed to be heard on 2 September 2013.
Boustead Naval Shipyard Sdn Bhd ("Defendant")	Meridien Shore Sdn Bhd (In Liquidation) ("Plaintiff")	49,577	The Court of Appeal had on 2 January 2013 dismissed with costs the Plaintiff's appeal against the High Court's decision. Subsequently, the Plaintiff had filed an application for leave to appeal at the Federal Court. The hearing on this matter was held on 25 July 2013. On the said date, the Plaintiff's application was rejected with cost of RM20,000.00.
Boustead Naval Shipyard Sdn Bhd ("BN Shipyard")	Ingat Kawan (M) Sdn Bhd ("Plaintiff")	50,000	On 14 March 2013, the Court had allowed the application to strike out the Plaintiff's claim with costs of RM5,000.00 to be paid by the Plaintiff to BN Shipyard. BN Shipyard, as instructed by the High Court, had on 1 April 2013 withdrawn its counterclaim with liberty to file afresh with no order as to costs. The Plaintiff, had on 22 March 2013 filed a Notice of Appeal to the Court of Appeal for which a copy was not served to BN Shipyard within the required statutory period. Thus, BN Shipyard had filed Notice of Motion to strike out the Plaintiff's appeal on 25 April 2013, for which hearing was held on 24 July 2013. On the said date, BN Shipyard's application to strike out the appeal was rejected by the Court of Appeal with no order as to cost. The Court of Appeal ordered the Plaintiff to file and serve Record of Appeal together with Memorandum of Appeal by 6 August 2013, failing which BN Shipyard have a new cause to strike out the Plaintiff's appeal.

B25. Changes in Material Litigations (cont'd)

Company	Claimant Company	Amount RM'000	Status
Boustead Penang Shipyard Sdn Bhd ("BP Shipyard")	Sealink Shipyard Sdn Bhd ("Plaintiff")	18,565	<p>BP Shipyard was served with a Statement of Claim dated 6 June 2013 on 6 June 2013 stating the Plaintiff's total claim amount of RM18,565,374.12. BP Shipyard had on 15 July 2013 filed its Statement of Defence and Counterclaim of RM17,315,296.73. The Plaintiff had also filed a Summary Judgment against BP Shipyard on 12 July 2013 and served the Summary Judgment to BP Shipyard on 15 July 2013.</p> <p>BP Shipyard is required to file and serve its Amended Statement of Defence and Counterclaim on 12 August 2013, and the Plaintiff to file its Reply and Defence to the BP Shipyard's Counterclaim on 23 September 2013.</p> <p>The next case management is fixed on 24 September 2013 for the parties to update the court on the filing of the above pleadings, and for the Judge to give directions for filing of Affidavits in the Summary Judgment application.</p>

B26. Dividend Payable

No dividend has been declared for the financial period ended 30 June 2013.

B27. Earnings per Share

	Current Period		Cumulative Period	
	2013	Restated 2012	2013	Restated 2012
Net profit / (loss) for the period – RM'000	10,177	(17,157)	15,285	(31,666)
Number of ordinary shares in issue – '000	248,458	248,458	248,458	248,458
Basic earnings / (loss) per share for – sen	4.10	(6.91)	6.15	(12.75)

By Order of the Board

LILYROHAYU BINTI AB. HAMID @ KASSIM (MAICSA 7044674)
SUZANA BINTI SANUDIN (LS 008028)
 Secretaries

Kuala Lumpur
 Date: 6 August 2013