

Boustead Heavy Industries Corporation Berhad (11106-V)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

For the quarter ended 31 March 2013	Note	Current Period		Cumulative Period	
		2013 RM'000	Restated 2012 RM'000	2013 RM'000	Restated 2012 RM'000
Continuing operations					
Revenue	A7	64,405	56,475	64,405	56,475
Operating cost		(60,420)	(67,337)	(60,420)	(67,337)
Profit / (Loss) from operations	B18	3,985	(10,862)	3,985	(10,862)
Interest income		65	279	65	279
Finance cost		(4,830)	(5,143)	(4,830)	(5,143)
Share of results of joint ventures		3,726	1,319	3,726	1,319
Share of results of associates		2,278	735	2,278	735
Profit / (Loss) before taxation	A7	5,224	(13,672)	5,224	(13,672)
Taxation	B19	(220)	(457)	(220)	(457)
Profit / (Loss) for the period		5,004	(14,129)	5,004	(14,129)
Attributable to:					
Shareholders of the Company		5,108	(14,509)	5,108	(14,509)
Non-controlling interests		(104)	380	(104)	380
Net profit / (loss) for the period		5,004	(14,129)	5,004	(14,129)
Earnings / (Loss) per share - sen					
Basic	B27	2.06	(5.84)	2.06	(5.84)

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 31 March 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	5,004	(14,129)	5,004	(14,129)
Foreign currency translation	-	274	-	274
Total comprehensive income / (loss) for the period	5,004	(13,855)	5,004	(13,855)
Total comprehensive income / (loss) attributable to:				
Shareholders of the Company	5,108	(14,346)	5,108	(14,346)
Non-controlling interests	(104)	491	(104)	491
Net profit / (loss) for the period	5,004	(13,855)	5,004	(13,855)

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 31 March	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		168,086	169,106	207,205
Goodwill		-	-	-
Deferred tax assets		19,435	19,435	15,703
Joint ventures		73,664	75,293	53,005
Associates		205,233	202,956	196,780
		466,418	466,790	472,693
Current assets				
Inventories		5,017	5,221	6,103
Receivables		335,892	370,864	392,282
Tax recoverable		9,447	8,827	11,448
Cash and bank balances		43,420	21,352	70,011
		393,776	406,264	479,844
TOTAL ASSETS		860,194	873,054	952,537
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital		248,458	248,458	248,458
Reserves		37,067	31,959	178,599
Shareholders' funds		285,525	280,417	427,057
Non-controlling interests		3,217	3,321	6,172
Total equity		288,742	283,738	433,229
Non-current liabilities				
Long term borrowings	B21	26,738	30,530	48,022
Deferred tax liabilities		-	-	564
		26,738	30,530	48,586
Current liabilities				
Borrowings	B21	384,200	386,962	322,900
Trade and other payables		160,514	171,824	145,023
Tax payables		-	-	2,799
		544,714	558,786	470,722
Total liabilities		571,452	589,316	519,308
TOTAL EQUITY AND LIABILITIES		860,194	873,054	952,537
Net assets per share attributable to ordinary equity holders of the Company - RM		1.15	1.13	1.72

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 31 March 2013	Attributable to equity holders of the Company					
	Share Capital	*Exchange Fluctuation Reserves	Distributable Retained Earnings	Total	Non- controlling Interests	Total Equity
	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	-	-	5,108	5,108	(104)	5,004
Balance at 31 March 2013	248,458	-	37,067	285,525	3,217	288,742
At 1 January 2012	248,458	121	178,478	427,057	6,172	433,229
Total comprehensive income for the period	-	163	(14,509)	(14,346)	491	(13,855)
Transactions with owners:						
- interim for the previous year	-	-	(14,907)	(14,907)	-	(14,907)
Balance at 31 March 2012	248,458	284	149,062	397,804	6,663	404,467

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 31 March	Restated As at 31 March
	2013 RM'000	2012 RM'000
Operating Activities		
Receipts from customers	72,532	87,447
Cash paid to suppliers and employees	(42,051)	(93,784)
Cash generated from / (used in) operations	30,481	(6,337)
Tax paid less refund	(840)	(870)
Net cash generated from / (used in) operating activities	29,641	(7,207)
Investing Activities		
Capital expenditure	(1,625)	(91)
Dividend received from a joint venture company	5,355	-
Others	65	277
Net cash generated from / (used in) investing activities	3,795	186
Financing Activities		
Net drawdown / (repayment) of borrowings	(7,984)	5,840
Dividends paid to shareholders of the Company	-	(14,907)
Interest paid	(3,500)	(4,956)
Net cash generated from / (used in) financing activities	(11,484)	(14,023)
Net increase / (decrease) in cash and cash equivalents	21,952	(21,044)
Effect of foreign exchange rate changes	116	(324)
Cash and cash equivalents at beginning of period	21,352	70,011
Cash and Cash Equivalents at End of Period	43,420	48,643
Analysis of Cash and Cash Equivalents		
Deposits, cash and bank balances	43,420	48,643
Overdraft	-	-
Cash and Cash Equivalents at End of Period	43,420	48,643

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 31 March 2013

Part A Explanatory Notes Pursuant to MFRS 134

A1. Basis of Preparation

These condensed consolidated interim financial statements, for the financial period ended 31 March 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 31 March 2012

	As at 1 Jan. 2012 RM'000	MFRS10 adj. RM'000	As at 1 Jan. 2012 RM'000	As at 31 Mar. 2012 RM'000	MFRS10 adj. RM'000	As at 31 Mar. 2012 RM'000
ASSETS						
Non-current assets						
Property, plant and equipment	228,119	(20,914)	207,205	226,252	(21,599)	204,653
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	-	54,324	54,324
Associates	196,780	-	196,780	197,515	-	197,515
Other investments	-	-	-	-	-	-
	<u>444,451</u>	<u>28,242</u>	<u>472,693</u>	<u>443,319</u>	<u>28,876</u>	<u>472,195</u>
Current assets						
Inventories	41,150	(35,047)	6,103	40,688	(34,130)	6,558
Receivables	370,517	21,765	392,282	397,180	(38,610)	358,570
Tax recoverable	11,448	-	11,448	12,184	(809)	11,375
Cash and bank balances	290,883	(220,872)	70,011	194,322	(145,679)	48,643
	<u>713,998</u>	<u>(234,154)</u>	<u>479,844</u>	<u>644,374</u>	<u>(219,228)</u>	<u>425,146</u>
TOTAL ASSETS	<u>1,158,449</u>	<u>(205,912)</u>	<u>952,537</u>	<u>1,087,693</u>	<u>(190,352)</u>	<u>897,341</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	284	-	284
Retained earnings	178,478	-	178,478	149,062	-	149,062
Shareholders' funds	<u>427,057</u>	<u>-</u>	<u>427,057</u>	<u>397,804</u>	<u>-</u>	<u>397,804</u>
Non-controlling interests	48,460	(42,288)	6,172	49,867	(43,204)	6,663
Total equity	<u>475,517</u>	<u>(42,288)</u>	<u>433,229</u>	<u>447,671</u>	<u>(43,204)</u>	<u>404,467</u>
Non-current liabilities						
Long term borrowings	48,071	(49)	48,022	43,139	(49)	43,090
Trade payable	-	-	-	4,859	-	4,859
Deferred tax liabilities	1,409	(845)	564	1,367	(845)	522
	<u>49,480</u>	<u>(894)</u>	<u>48,586</u>	<u>49,365</u>	<u>(894)</u>	<u>48,471</u>
Current liabilities						
Borrowings	329,670	(6,770)	322,900	332,712	(1,144)	331,568
Trade and other payables	301,359	(156,336)	145,023	255,130	(144,689)	110,441
Tax payable	2,423	376	2,799	2,815	(421)	2,394
	<u>633,452</u>	<u>(162,730)</u>	<u>470,722</u>	<u>590,657</u>	<u>(146,254)</u>	<u>444,403</u>
Total liabilities	<u>682,932</u>	<u>(163,624)</u>	<u>519,308</u>	<u>640,022</u>	<u>(147,148)</u>	<u>492,874</u>
TOTAL EQUITY AND LIABILITIES	<u>1,158,449</u>	<u>(205,912)</u>	<u>952,537</u>	<u>1,087,693</u>	<u>(190,352)</u>	<u>897,341</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 three months period ended 31 March 2012

RM'000	MFRS 10 adjustments
Increase / (decrease) in revenue	(48,321)
(Increase) / decrease in operating costs	46,036
Increase / (decrease) in interest income	(675)
(Increase) / decrease in finance costs	59
Increase / (decrease) in share of results of joint ventures	1,319
Increase / (decrease) in share of results of associates	-
(Increase) / decrease in income tax expense	665
(Increase) / decrease in loss for the period	(917)
Increase / (decrease) in profit for the period attributable to:	
Owners of the Company	-
Non-controlling interests	(917)

- 1(iii) Impact of the application of the above new standards on cash flows of the Group for the three months period ended 31 March 2012

RM'000	MFRS 10 adjustments
Net cash inflow / (outflow) from operating activities	66,681
Net cash inflow / (outflow) from investing activities	1,026
Net cash inflow / (outflow) from financing activities	6,227
Net cash inflow / (outflow)	73,934

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 2013.

A5. Change in Estimates

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

A6. Dividends Paid

There was no dividend paid during the current quarter.

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	57,258	-	7,147	-	64,405
Inter-segment sales	-	-	-	-	-
External sales	<u>57,258</u>	-	<u>7,147</u>	-	<u>64,405</u>
Results					
Segmental results – external	5,571	-	(1,586)	-	3,985
Interest income	65	-	-	-	65
Finance cost	(4,830)	-	-	-	(4,830)
Share of results in joint ventures	1,796	1,930	-	-	3,726
Share of results in associates	2,278	-	-	-	2,278
Profit / (Loss) before taxation	4,880	1,930	(1,586)	-	5,224
Taxation					(220)
Profit for the period					<u>5,004</u>
2012 (Restated)					
Revenue					
External revenue	<u>53,622</u>	-	<u>2,853</u>	-	<u>56,475</u>
Results					
Segmental results – external	(10,186)	-	(676)	-	(10,862)
Interest income	279	-	-	-	279
Finance cost	(5,143)	-	-	-	(5,143)
Share of results in joint ventures	869	450	-	-	1,319
Share of results in associates	735	-	-	-	735
Profit / (Loss) before taxation	(13,446)	450	(676)	-	(13,672)
Taxation					(457)
Loss for the period					<u>(14,129)</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 that will affect the financial statements of the financial period under review.

A11. Changes in Group Composition

These sub-subsidiaries have been dissolved:

- i) Alpha Shanghai (M) Sdn Bhd,
- ii) Marine Technology Industrial Park Sdn Bhd,
- iii) PSC Sri Jeluda Sdn Bhd, and
- iv) PSC Welding Services Sdn Bhd.

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 31 March 2013:

	Approved but not contracted for RM'000	Approved and contracted for RM'000	Total RM'000
Property, plant and equipment	31,906	-	31,906

Part B Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia

B14. Analysis of Performance (Q1 2013 vs. Q1 2012)

For the financial period ended 31 March 2013, the Group's revenue of RM64.4 million was RM7.9 million or 14% higher than the RM56.5 million recorded in the first quarter of 2012. The positive variance arose from chartering income which benefitted from improved utilization of the tankers coupled with better charter rates.

The Group achieved a turnaround by reporting a profit after tax of RM5.0 million against last year's net loss of RM14.1 million. The heavy engineering segment registered a profit as its performance was no longer impacted by costs from the old shipbuilding projects. Furthermore, the share of profit in associate companies was relatively better on the back of higher progress achieved on the Littoral Combat Ship (LCS) project.

The manufacturing segment's result was favourable as compared with the first quarter of last year owing mainly to a defence related project it is undertaking. Conversely, the chartering segment incurred higher losses despite attaining commendable revenue largely because of foreign exchange losses attributed to unfavourable exchange rates.

B15. Material Changes in Quarterly Results Compared with the Results of the Immediate Preceding Quarter (Q1 2013 vs. Q4 2012)

	Heavy engineering RM'000	Manufacturing RM'000	Chartering RM'000	Elimination RM'000	Total RM'000
Q4 2012 (Restated)					
Revenue					
External revenue	100,703	-	8,496	-	109,199
Results					
Segmental results – external	(69,325)	-	(25,409)	-	(94,734)
Interest income	99	-	-	-	99
Finance cost	(4,941)	-	-	-	(4,941)
Gain on disposal of a subsidiary	3,364	-	-	-	3,364
Share of results in joint ventures	9,605	7,302	-	-	16,907
Share of results in associates	2,969	-	-	-	2,969
Profit / (Loss) before taxation	(58,229)	7,302	(25,409)	-	(76,336)
Taxation					3,441
Loss for the period					(72,895)

The heavy engineering segment's revenue for the first quarter of 2013 was lower than the preceding quarter due to smaller income generated by several subsidiaries performing maintenance, repair and overhaul (MRO) work. This, coupled with lower contribution from the joint venture companies, affected the income of this segment. However, without the losses from the old commercial shipbuilding projects, the segment performed better in current quarter under review.

B15. Material Changes in Quarterly Results Compared with the Results of the Immediate Preceding Quarter (Q1 2013 vs. Q4 2012) (cont'd)

The fourth quarter earnings of the chartering segment were impacted by the chemical tankers' impairment cost of RM21.4 million. Even excluding this, the segment performed relatively better in the first quarter of 2013. As for the manufacturing segment, its contribution for the quarter under review was lesser in tandem with lower activity recorded. Overall, the Group generated earnings before tax of RM5.2 million as compared with a loss of RM76.3 million in the last quarter of 2012.

B16. Current Year Prospects

The Group is pleased with the recent award of contracts, in particular for the MRO of weapons and Fennec helicopters. These contracts are expected to boost the heavy engineering segment's income in the coming quarters.

The joint venture company under the manufacturing segment has also been receiving contract works from Boustead Naval Shipyard Sdn Bhd (BN Shipyard). As a systems integrator for the LCS project, Contraves Advanced Devices Sdn Bhd is assisting BN Shipyard throughout the project's implementation period, and this is providing a constant stream of earnings to the segment. The outlook for the chartering segment however, will continue to be adversely affected by the uncertain external economic environment.

The Group is actively pursuing opportunities in the commercial shipbuilding and oil & gas sectors as well as leveraging on its portfolio of defence related products and services in order to replenish its order book.

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	(59)	(59)
Depreciation of property, plant and equipment	2,639	2,639
Net impairment / (write back) of receivables	307	307
Net loss / (gain) on foreign exchange	1,313	1,313

B19. Taxation

	Current Period 2013 RM'000	Cumulative Period 2013 RM'000
Malaysian taxation based on profit for the period:		
- Current	375	375
Overprovision in prior year:		
- Income tax	(155)	(155)
	<u>220</u>	<u>220</u>

The Group's effective tax rate for the current period is higher than the statutory rate of tax applicable mainly due to certain non-deductible expenses.

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 31 March 2013 are as follows:

	31.3.2013 RM'000	Restated 31.12.2012 RM'000
Long term borrowings:		
Unsecured		
- Term loans	7,898	9,838
Secured		
- Term loans	18,722	20,560
- Hire purchase and finance lease liabilities	118	132
	<u>26,738</u>	<u>30,530</u>
Short term borrowings		
Unsecured		
- Term loans	7,694	7,651
- Revolving credits	330,000	335,000
- Bankers acceptance	1,548	382
Secured		
- Term loans	9,085	8,928
- Revolving credits	35,812	34,933
- Hire purchase and finance lease liabilities	61	68
	<u>384,200</u>	<u>386,962</u>

Included above is a secured revolving credit of RM35.8 million (US Dollar: 11.4 million) and a secured term loan of RM22.5 million (US Dollar: 7.2 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 31 March 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 31 March 2013.

B24. Realised and Unrealised Unappropriated Profits

	As at 31 March 2013 RM'000	Restated As at 31 December 2012 RM'000
Total retained profits of Company and its subsidiaries:		
- Realised	(298,973)	(305,622)
- Unrealised	17,497	19,653
Total share of retained profits from joint ventures:		
- Realised	48,851	39,425
- Unrealised	(3,518)	2,182
Total share of retained profits from associates:		
- Realised	153,093	150,815
- Unrealised	-	-
	<u>(83,050)</u>	<u>(93,547)</u>
Consolidated adjustments	120,117	125,506
Total Group retained profits as per consolidated financial statements	<u>37,067</u>	<u>31,959</u>

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”)	Marapura Sdn Bhd (“Marapura”)	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. The Court had fixed 22 May 2013 and 17 June 2013 as further trial dates.

B25. Changes in Material Litigations (cont'd)

Company	Claimant Company	Amount RM'000	Status
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 has been fixed on 25 July 2013.
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.
Boustead Penang Shipyard Sdn Bhd ("BP Shipyard")	Sealink Shipyard Sdn Bhd ("Plaintiff")	23,141	On 29 April 2013, BP Shipyard was served with a generally endorsed Writ of Summons by the Plaintiff. The generally endorsed Writ of Summons was filed in the High Court of Malaya at Kuala Lumpur on 2 May 2013. According to the general endorsement to the Writ of Summons, the Plaintiff is claiming against BP Shipyard an amount of RM23,141,373.37, costs and other reliefs that the Court deems just and fit, arising from an alleged breach of two contracts, both dated 3 September 2008, by BP Shipyard, with regard to the work done and/or goods supplied for the construction of the accommodation work barges for Hull No. 131 (first contract) and Hull No. 132 (second contract). The Directors of BP Shipyard are confident that the claim lacks merit and combined with BP Shipyard's future claims, they are of the view that BP Shipyard will succeed in its defence. In addition, BP Shipyard is presently seeking legal advice in respect of a counterclaim to be filed by BP Shipyard against the Plaintiff in this action. The matter was fixed for case management on 13 May 2013. The Judge directed for the Plaintiff to file and serve its Statement of Claim by 6 June 2013 and for BP Shipyard to file and serve its Statement of Defence by 27 June 2013. The next case management has been fixed on 28 June 2013.

B26. Dividend Payable

No dividend has been declared for the financial period ended 31 March 2013.

B27. Earnings per Share

	Current Period		Cumulative Period	
	2013	Restated 2012	2013	Restated 2012
Net profit / (loss) for the period – RM'000	5,108	(14,509)	5,108	(14,509)
Number of ordinary shares in issue – '000	248,458	248,458	248,458	248,458
Basic earnings / (loss) per share for – sen	2.06	(5.84)	2.06	(5.84)

By Order of the Board

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

Kuala Lumpur
Date: 14 May 2013