ARAB HEAVY INDUSTRIES P.J.S.C.
AND SUBSIDIARY
AJMAN - UNITED ARAB EMIRATES

CONSOLIDATED INTERIM FINANCIAL INFORMATION AND REVIEW REPORT FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2009

Arab Heavy Industries P.J.S.C. and Subsidiary
Ajman - United Arab Emirates

Consolidated Interim Financial Information and Review Report For the Three Month Period Ended March 31, 2009

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Report on Review of Consolidated Interim Financial Information

The Board of Directors
Arab Heavy Industries P.J.S.C. and Subsidiary
Ajman
United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Arab Heavy Industries P.J.S.C. and Subsidiary, Ajman, United Arab Emirates** as of March 31, 2009 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three month period then ended and explanatory notes. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Accounting Standard 34: Interim Financial Reporting. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34: Interim Financial Reporting.

For Deloitte & Touche

Sharjah
April 23, 2009

Saba Y. Sindaha
Partner
(Registration No. 410)

Arab Heavy Industries P.J.S.C. and Subsidiary
Ajman - United Arab Emirates

Condensed Consolidated Statement of Financial Position
At March 31, 2009
(In Arab Emirates Dirhams)

	Notes	March 31, 2009 Unaudited	December 31, 2008 Audited
ASSETS			
Current assets			
Bank balances and cash	5	**145,851,099**	120,807,259
Trade and other receivables		**59,061,009**	45,560,012
Inventories		**20,876,872**	27,378,530
Due from a related party		**1,055**	1,055
Total current assets		**225,790,035**	193,746,856
Non-current assets			
Goodwill		**2,773,497**	2,773,497
Property, plant and equipment		**105,719,286**	105,917,298
Total non-current assets		**108,492,783**	108,690,795
Total Assets		**334,282,818**	302,437,651
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		**150,950,994**	70,366,442
Due to related parties		**403,375**	294,829
Total current liabilities		**151,354,369**	70,661,271
Non-current liabilities			
Provision for employees' end of service benefits		**6,860,945**	6,472,745
Total Liabilities		**158,215,314**	77,134,016
Capital and reserves			
Issued capital	6	**67,225,900**	67,225,900
Statutory reserve		**32,861,244**	32,861,244
General reserve		**6,722,590**	6,722,590
Retained earnings		**69,257,770**	118,493,901
Total Equity		**176,067,504**	225,303,635
Total Liabilities and Equity		**334,282,818**	302,437,651

The accompanying notes form an integral part of this consolidated interim financial information.

Chairman

Managing Director

Condensed Consolidated Statement of Comprehensive Income
For the three month period ended March 31, 2009
(In Arab Emirates Dirhams)

	Three month period ended March 31, 2009	Three month period ended March 31, 2008
	Unaudited	Unaudited
Revenue	**70,065,782**	50,108,834
Operating expenses	**(46,129,808)**	(29,748,327)
Profit from operations	**23,935,974**	20,360,507
Interest income	**1,669,235**	645,914
Other income	**1,190,350**	609,846
Profit for the period	**26,795,559**	21,616,267
Other comprehensive income for the period	**-**	-
Total comprehensive income for the period	**26,795,559**	21,616,267
Basic earnings per share (Note 8)	**39.86**	32.15

The accompanying notes form an integral part of this consolidated interim financial information.

Arab Heavy Industries P.J.S.C. and Subsidiary
Ajman - United Arab Emirates

Condensed Consolidated Statement of Changes in Equity
For the three month period ended March 31, 2009
(In Arab Emirates Dirhams)

	Issued capital	Statutory reserve	General reserve	Retained earnings	Total
Balance at December 31, 2007 (Audited)	67,225,900	24,014,421	6,722,590	75,084,789	173,047,700
Profit for the period	-	-	-	21,616,267	21,616,267
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	21,616,267	21,616,267
Dividends	-	-	-	(36,974,245)	(36,974,245)
Directors' remuneration	-	-	-	(1,736,000)	(1,736,000)
	-	-	-	(38,710,245)	(38,710,245)
Balance at March 31, 2008 (Unaudited)	67,225,900	24,014,421	6,722,590	57,990,811	155,953,722
Balance at December 31, 2008 (Audited)	67,225,900	32,861,244	6,722,590	118,493,901	225,303,635
Profit for the period	-	-	-	26,795,559	26,795,559
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	26,795,559	26,795,559
Dividends	-	-	-	(73,948,490)	(73,948,490)
Directors' remuneration	-	-	-	(2,083,200)	(2,083,200)
	-	-	-	(76,031,690)	(76,031,690)
Balance at March 31, 2009 (Unaudited)	**67,225,900**	**32,861,244**	**6,722,590**	**69,257,770**	**176,067,504**

The accompanying notes form an integral part of this consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows
For the three month period ended March 31, 2009
(In Arab Emirates Dirhams)

	Three month period ended March 31, 2009	Three month period ended March 31, 2008
	Unaudited	Unaudited
Operating activities		
Profit for the period	**26,795,559**	21,616,267
Adjustments for:		
Depreciation of property, plant and equipment	**1,618,933**	1,535,849
Provision for employees' end of service benefits	**395,671**	301,173
Interest income	**(1,669,235)**	(645,914)
Operating cash flows before movements in working capital	**27,140,928**	22,807,375
Increase in trade and other receivables	**(13,500,997)**	(8,631,144)
Decrease in inventories	**6,501,658**	1,196,139
Increase in due from related parties	-	(10,232)
Increase/(decrease) in trade and other payables	**4,552,862**	(639,782)
Increase in due to related parties	**108,546**	3,128,063
Cash generated from operations	**24,802,997**	17,850,419
Employees' end of service benefits paid	**(7,471)**	(50,087)
Net cash generated from operating activities	**24,795,526**	17,800,332
Investing activities		
Decrease in fixed deposits	**11,915,343**	14,000,000
Purchase of property, plant and equipment	**(1,420,921)**	(203,072)
Interest received	**1,669,235**	645,914
Net cash generated from investing activities	**12,163,657**	14,442,842
Net increase in cash and cash equivalents	**36,959,183**	32,243,174
Cash and cash equivalents at the beginning of the period	**95,840,617**	70,017,370
Cash and cash equivalents at the end of the period (Note 10)	**132,799,800**	102,260,544

The accompanying notes form an integral part of this consolidated interim financial information.

Notes to the Consolidated Interim Financial Information
For the three month period ended March 31, 2009

1. General information

Arab Heavy Industries P.J.S.C. (the "Company") is a public joint stock company incorporated in the Emirate of Ajman, United Arab Emirates, pursuant to a decree issued by H.H. the Ruler of Ajman in 1975. The "Group" comprises Arab Heavy Industries P.J.S.C. and Arab Eagle Marine Engineering L.L.C. (see Note 3). The address of the Company's registered office is P. O. Box 529, Ajman, United Arab Emirates.

The principal activity of the Company is ship repair and steel fabrication.

2. Basis of preparation

This consolidated interim financial information is prepared in accordance with the International Accounting Standard No. 34 - *Interim Financial Reporting* issued by the International Accounting Standard Board and also comply with the applicable requirements of the laws in the U.A.E. The consolidated interim financial information is prepared in accordance with the historical cost basis, except for the measurement at fair value of financial instruments. The consolidated interim financial information is presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Group's transactions are denominated.

This consolidated interim financial information do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended December 31, 2008. In addition, results for the 3 months ended March 31, 2009 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2009.

(a) Estimates

The preparation of consolidated interim financial information require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual consolidated financial statements as at and for the year ended December 31, 2008.

(b) Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements as at and for the year ended December 31, 2008.

3. Basis of consolidation

The consolidated interim financial information of Arab Heavy Industries P.J.S.C. and Subsidiary (the "Group") incorporate the financial information of the Company and enterprise controlled by the Company (its subsidiary). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All significant intra-group transactions, balances, income and expenses are eliminated on consolidation.

Subsidiary:

Details of the Company's subsidiary at March 31, 2009 are as follows:

Name of subsidiary	Proportion of ownership interest	Country of incorporation	Principal activities
Arab Eagle Marine Engineering L.L.C.	99.9%	UAE	Engaged in the activity of ship repair.

The remaining equity in the above subsidiary is held by the Company beneficially through nominee arrangements.

4. Accounting policies

The accounting policies used in the preparation of this consolidated interim financial information are consistent with those used in the annual audited consolidated financial statements for the year ended December 31 2008, except for the impact of the adoption of the IAS 1 (revised 2007) Presentation of Financial Statements. The revised Standard has introduced a number of terminology changes (including revised titles for the condensed financial information) and has resulted in a number of changes in presentation and disclosure. However, the revised Standard has had no impact on the reported results or financial position of the Group.

5. Bank balances and cash

	March 31, 2009	December 31, 2008
	Unaudited	Audited
	AED	AED
Cash on hand	**30,000**	30,000
Bank balances:		
Current accounts	**4,701,683**	2,256,878
Fixed deposits	**141,119,416**	118,520,381
	145,851,099	120,807,259

Bank balances are maintained with banks in U.A.E.

6. Issued capital

	March 31, 2009	December 31, 2008
	Unaudited	Audited
	AED	AED
Issued and fully paid		
(672,259 ordinary shares of AED 100 each)	**67,225,900**	67,225,900

7. Related party transactions

During the period, the Group entered into the following transactions with related parties:

	Three Month Period Ended March 31,	
	2009	2008
	Unaudited	Unaudited
	AED	AED
Purchases	**15,039**	165,768
Management fees to Keppel Group	**3,247,284**	2,591,542
Board of directors' remuneration	**2,083,200**	1,736,000
Other expenses	**390,522**	1,193,431

7. Related party transactions (continued)

The Group is managed by a member of the Keppel Group. As per the management agreement, the Group is charged a fee of Singapore Dollars 450,000 (2008: Singapore Dollars 450,000) per annum plus 10% of the net profit.

Transactions with related parties were entered into on terms agreed with the management.

8. Basic earnings per share

	Three Month Period Ended March 31,	
	2009	2008
	Unaudited	Unaudited
Profit for the period (in AED)	**26,795,559**	21,616,267
Number of shares	**672,259**	672,259
Basic earnings per share (in AED)	**39.86**	32.15

9. Dividends

At the annual general meeting held on March 25, 2009, the Shareholders approved a dividend of AED 73,948,490 (AED 110 per share) for 2008 (2007: dividend of AED 36,974,245, AED 55 per share).

10. Cash and cash equivalents

	March 31, 2009	March 31, 2008
	Unaudited AED	Unaudited AED
Bank balances and cash	**145,851,099**	102,260,544
Bank fixed deposits with maturity greater than three months	**(13,051,299)**	-
	132,799,800	102,260,544

11. Approval of consolidated interim financial information

The consolidated interim financial information were approved and authorised for issue on April 23, 2009.

12. Comparative amounts

Certain amounts for the prior period were reclassified to conform to current period presentation.