

## **Press Release**

**September 14<sup>th</sup> 2009**

### **Kentz Corporation Limited Interim Financial Results 2009**

London, 14<sup>th</sup> September 2009: Kentz Corporation Limited (the "Company" "Kentz"), the holding company of the Kentz Engineering and Construction Group, today announces its unaudited Group results for the six months ending 30<sup>th</sup> June 2009.

#### **Financial Highlights**

- Revenue in the first half of 2009 was marginally up at US\$328.8m (H1 2008: US\$328.6m)
- Profit before tax rose by 9.9% to US\$18.5m (H1 2008: US\$16.8m\*)
- Profit before tax margin increased to 5.6% (H1 2008: 5.1%\*)
- Cash increased in the first half of 2009 by 7.4% to US\$165.7m (FY 2008: US\$154.4m)
- EPS (basic and fully diluted) 11.09 US\$ cents up 0.9% (H1 2008: 10.99\* US\$ cents)
- Backlog as of the end of June 2009 was up by 9.7% to US\$1,100.9m (Dec 2008: US\$1,003.8m)

\* For the six month period ended 30 June 2008 stated before reflecting non-recurring costs arising from the admission of Kentz Corporation Limited to AIM

#### **Operational Highlights**

- The re-organisation of the Group into three Global Business Units which include Specialist EPC, Construction and Technical Support Services continues to be rolled out across the Group
- Our scope of work has grown on both the Sakhalin I and II developments together with our Russian joint venture partners where Kentz volume of total work is forecast to exceed US\$100m
- Further involvement in the main process areas for the mega Shell Pearl gas to liquids project in Qatar where Kentz volume of total work is forecast to exceed US\$300m
- Successful completion of the Saudi Aramco Khurais construction project in Saudi Arabia in excess of US\$60m
- Continued participation on several Sipchem projects in Saudi Arabia including commencement of engineering and procurement services for the new Acetyls Polishing Plant with a total value of approximately US\$150m

- Successful completion of the approximately US\$80m Rio Tinto Ilmenite project in Madagascar
- Expansion of the provision of maintenance and turnaround services on new facilities in South Africa and within the Technical Support Services Global Business Unit with total work on hand in excess of US\$30m.

#### Current Trading and Prospects

- Backlog as at the end of August 2009 increased further to US\$1,389.1m. The order book has grown over 38% since the year end December 2008
- The order intake to the end of August was US\$813m, including US\$172m of organic growth
- A substantial part of the growth in the order book has come from new onshore oil and gas developments in Australasia and the Middle East
- Award of a AUD\$500m (approx US\$400m) contract from Chevron Australia for the design, supply and delivery of the construction village on the Gorgon LNG project in Western Australia through our subsidiary Kentz (Pty) Ltd, as announced on 18<sup>th</sup> June 2009. The contract was awarded to the Thiess Decmil Kentz (TDK) JV. Kentz is a one third shareholder in the TDK JV.
- Award of a further contract from Chevron Australia for approximately AUD\$150m (US\$126m) for the engineering, procurement and construction of the telecoms and electronics systems for the Gorgon LNG project through our subsidiary Kentz (Pty) Ltd announced on 21<sup>st</sup> August 2009
- Award of a contract valued at approximately US\$146m to Kentz in Yemen for the engineering, procurement and construction of the utilities, process plant and infrastructure systems for a new central processing facility project with Global Process Systems, through our international arm Kentz Overseas Ltd.
- Award of a contract in excess of US\$30m to provide engineering, procurement and construction services for control systems modernisation from ADGAS in Abu Dhabi on its Das Island LNG facility, announced on 23<sup>rd</sup> July 2009
- Award of a contract in excess of US\$26m with Rio Tinto in Southern Africa to carry out the supply and fabrication of the structural steelwork and piping, mechanical erection and the electrical and instrumentation installation for a tails treatment plant. This project falls under the Construction business unit.
- Award of an EPC contract worth in excess of US\$15m by Qatar Petroleum for the replacement of two existing glycol regeneration trains at its Fahahil Stripping Plant in Dukhan, Qatar. Announced on the 4<sup>th</sup> September 2009.
- Award of a contract with AMEC worth approximately US\$3.9m for engineering, design and procurement services on the ExxonMobil Imperial Oil Kearl Lake Oil Sands project in Alberta Canada.

Pipeline of future prospects is currently in excess of US\$2.84bn, compared to US\$2.15bn as at December 2008. Trading since 30<sup>th</sup> June, continues to be in line with market expectations

Commenting on the results Hugh O'Donnell, Chief Executive of Kentz said:

"We are delighted to report a strong performance for the Group in the first half of 2009. In particular, we are pleased to have grown the backlog substantially through our global capabilities and network of strong client relationships. The outlook remains positive for projects in the onshore oil and gas sector across a number of regions. Australasia and the Middle East are the largest growth areas and Kentz has achieved some noteworthy contract awards in both locations during the past six months."

For more information about Kentz please refer to our website [www.kentz.com](http://www.kentz.com) or contact

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### **Chairman's Report**

I am delighted to report that, despite operating in the most severe recession since the 1930s, Kentz's financial performance has continued to go from strength to strength. Considering the extraordinary drop in energy prices with oil declining by approximately 50% from the peak of US\$147 per barrel just prior to this reporting period, it is a great achievement for the Group to have maintained revenue, produced a 9.9% increase in profit before tax and – even more significantly – increased backlog by 9.7%.

Last year, the Board of Kentz reported to its shareholders that it would undertake a five point programme focused on investing in the company's future. This included strengthening our resources, broadening our Business Development function, maintaining a close control of our overheads, expanding our Global Business Units to meet client needs and investing in new talent. I am pleased to announce that this programme is well underway. As a result, we now have a firm foundation in place that will enable us to emerge from the downturn as a stronger, more dynamic company.

Our international presence continues to expand with new and significant project awards in Australia and Yemen along with undertaking specialty assignments in Italy, Indonesia and the UK. This diversification is matched by the ever increasing

range of our service offerings, and we continue to focus on providing high quality specialty solutions to our blue chip client base.

Following the steady recovery of energy prices over the past few months we anticipate an increase in project activity for Kentz, and we have already seen an improvement in client confidence across our Global Business Units. Following Kentz's strong performance in adverse market conditions, we remain optimistic that Kentz will continue to prosper in the future.

Tan Sri Mohd Razali Abdul Rahman

### **Chief Executive Officer's Report**

During the first half of 2009, we have delivered growth in our key financial numbers in a highly challenging environment. The Group's revenue performance against that of the first half of 2008 has remained relatively flat, yet profits before tax have increased by 9.9%. In addition, cash is up by 7.4% and backlog has increased by 9.7% since the year end.

Certain large project awards have fallen outside of this reporting period and, as a result, we anticipate a stronger revenue weighting for the second half of the year. The increase in H1 profit before tax can be attributed primarily to a stronger performance from our construction division – leading to the profit before tax margin increasing from 5.1% in H1 2008 to 5.6% in H1 2009 – and the good spread of projects across all of our business lines gives us a smoother earnings profile.

#### **Backlog**

The Group's backlog of work at the end of June 2009 was US\$1,100.9m, up from US\$698.6m for the same period in 2008. It had increased further at the end of August 2009 to US\$1,389.1m. There are also a number of additional letters of intent that are waiting to be converted to contracts and the Company is working on bids and proposals for prospects for key projects that are under development, valued in excess of US\$2.8bn. In addition, we are participating in certain strategic prospects which have longer development terms - typically 12 to 18 months - or are being developed by our clients and are in pre-investment stage.

The profile of the Group's backlog at August 31<sup>st</sup> consists of Specialist EPC at 54% (H1 2008 46%), Construction at 38% (H1 2008 32%) and Technical Support Services at 8.0% (H1 2008 22%).

*NB: Backlog reflects the value of future work load on Kentz's books for the Specialist EPC, Construction and Technical Support Services business units. It comprises the value of work in contracts in progress, yet to be completed and confirmed new orders received. Backlog is not an audited measure and other companies may calculate the measure differently.*

### **Global Business Units**

Kentz continues to roll out its three global business units during the first half of 2009: Specialist Engineering, Procurement and Construction (EPC) services; Construction; and Technical Support Services. Each of our global business units is benefiting from increased exposure across the extended Kentz global network. Prior to 2009 each of

the business units had a limited global reach with the focus very much on the regions in which each business units had traditionally excelled. This internal reorganisation has provided a significant number of additional opportunities for Kentz.

In the first half of 2009, specialist EPC revenue was US\$66.2m (H1 2008: US\$125.0m), Construction services was US\$168.6m (H1 2008: US\$118.5m); and Technical Support Services was US\$94.0m (H1 2008: US\$85.1m). Recent project values range between: US\$50m to US\$250m for specialist EPC; US\$30m to US\$260m for Construction; and US\$3m to US\$50m for Services projects.

Our main aim is to be recognised across the globe as the preferred specialist solutions provider for all our clients, and we have continued to see strong demand for Kentz's services across our Business Units.

### Specialist Engineering, Procurement and Construction (EPC)

We have seen considerable benefits within the newly formed Global Specialist EPC business unit with new contract awards from within existing and new areas boosting our backlog to a record high of US\$752m as of the end of August. The Middle East and Africa regions have continued to experience sustained growth in backlog and this has been supported by two large new EPC wins in the Australasia region. There continues to be strong demand for onshore oil and gas process facilities and infrastructure in these particular regions. EPC revenues have decreased in H1 2009 due to some delays in the award of new projects in the latter half of 2008. However, there have been a number of new large EPC contracts awarded that have increased our EPC backlog by over 30% since the year end. These include the new central processing facilities in Yemen (US\$146m) and over US\$250m worth of contracts on the Gorgon LNG project in Australia.

The award of the US\$146m contract for EPC services on the onshore 30,000 bpd oil production facility in Yemen follows the formation of Kentz Global Oil and Gas Process Systems Ltd., a joint venture with GPS Inc. This project is a significant step forward in upstream onshore oil and gas production facilities business for Kentz. It also demonstrates the ongoing demand for medium sized speciality EPC contractors with the ability to execute remote and logistically challenging projects.

The Gorgon LNG project holds around 40 trillion cubic feet of gas reserves and is set to be one of the largest ever onshore oil and gas developments, with a planned capital spend in the region of AUD\$50 billion (approx US\$40 billion). A joint venture between the Australian subsidiaries of Chevron (Operator), ExxonMobil and Shell is developing the Greater Gorgon gas fields, located between 130km and 200km off the north-west coast of Western Australia. Kentz has been awarded two early works projects providing construction infrastructure, camp accommodation and telecommunications, with a combined contract value of US\$250m.

In the UAE, we continue to be involved with a number of major EPC projects. We are completing the construction and installation services for Bechtel on the GASCO OGDIII gas development programme. This is designed to: produce 125,000 bpd of condensate; produce 12,000 tpd of NLG's, including about 3,200 tonnes per day of ethane; and recycle an equal volume of produced gas into a reservoir via a high pressure gas injection system.

In Qatar, the prestigious Shell Pearl Gas to Liquids (GTL) project is going well, and we have provided specialist EPC services on the first phase with contracts in excess of US\$320m. The second phase process and utilities will be completed in 2009 and 2010 and Kentz is providing construction and commissioning services for a number of process plants. These services will enable the commencement of critically important process utilities commissioning, a precursor to plant-wide systems completion and start-up. In addition, Kentz has a general services contract to support project completion activities.

Work has also commenced on the Qatargas Operating Company's phase six liquefied natural gas (LNG) storage and loading facility in Ras Laffan Industrial City (RLIC), which is located on the Northeast coast of Qatar. Kentz is providing electrical, instrumentation and telecommunications services.

Engineering and procurement has started on the Sidra project, where Kentz is executing a US\$208m contract for the design, supply and delivery of the main electrical and telecommunications systems on the Qatar Foundation and Qatar Petroleum supported Sidra Medical and Research Centre in Doha. This project will take around three years to complete and will be one of the top medical facilities in the world.

In Abu Dhabi, our ADGAS (an ADNOC company) project team has now commenced mobilisation on the specialist EPC services to replace the existing control systems and associated electrical and instrumentation equipment on Das Island.

In Saudi Arabia, capital spending on some of the mega oil and gas projects was delayed during the latter half of 2008. However, projects on export refineries in Jubail and Yanbu are now proceeding, and in June Saudi Aramco requested the relaunch of bids for the Yanbu facility prior to the final investment decision in 2010. Saudi Aramco also continues to move ahead in a joint venture with Dow to upgrade and integrate the existing Rastanura refinery with a large scale petrochemical complex through a projected spend of US\$26bn. Separately, Saudi Aramco has a Clean Fuels programme to upgrade its existing refineries to meet US and European emission standards in future years and Kentz is well-positioned to participate in these upcoming mega-projects. Our track record in Saudi Arabia over the last 32 years coupled with Saudi Aramco's stated intention to increase both onshore and offshore oil and gas production suggests this is an area set for growth.

A key project for the EPC Business Unit is the infrastructure layout of the new Jubail petrochemicals phased development for the Saudi Arabian Royal Commission. As part of the overall oil and gas production, refining and petrochemicals development in Saudi Arabia, we are providing engineering and consultancy services for the further development of the Royal Commission's Jubail and Yanbu industrial park. In December, we started the development of approximately 2,000 hectares of land to the West of Jubail 2 where our contract includes engineering, studies and assessments to develop the civil and structural infrastructure works, main roads and highways, drainage, material handling systems, mechanical, electrical and telecommunications power and transmission, fuel and feedstock systems. Additionally, we have been awarded a five year US\$35m contract to develop a further 1,000 hectares development to the north side of Jubail 2. When completed, Jubail Industrial City will be the largest of its kind in the world.

In addition, we continue to provide EPC services to Sipchem, one of the largest, fully-integrated, petrochemical companies in the Middle East, owned and operated by the private sector. Kentz is executing EPC projects for the product pipelines, port expansion and some buildings on the new major Acetyls complex. The Acetyls complex consists of an Acetic Acid, Vinyl Acetate Monomer and a Carbon Monoxide plant. Kentz is also contracted to provide EPC services on several smaller upgrade projects in the region.

Elsewhere across the Global Business Unit, Kentz has continued its design work on the Gautrain Tunnel Ventilation systems and has been awarded an additional EPC contract for the tunnel control systems in South Africa. And in Ireland we continue to provide specialist EPC services to the medical industry as well as the Aviva Sports Stadium, where we are providing construction management and installation for the electrical systems and EPC services for the telecommunications systems. This is expected to be completed in 2010.

### Construction services

Our Construction business unit continues to go from strength to strength in both revenue and backlog. Kentz has consistently demonstrated its capacity to participate in large scale construction projects with leading resource clients particularly in oil and gas, metals and mining and power sectors. Project activity across these sectors remains strong for Kentz, witnessed by the volume of both natural growth and new awards during the first half of 2009. The business unit has experienced an increase of 42% in revenues during the first half of the year. This is due to several large construction projects – notably the Khurais and Sharq projects in Saudi Arabia, and the Pearl GTL project in Qatar for Shell and Qatar Petroleum. We have also continued to supply significant construction services on industrial related projects to Fluor, Technip and Linde in Qatar.

Kentz has a long track record of successfully providing construction services for the mining and metals sector in Sub-Saharan Africa and is well positioned for future construction projects that are being developed in the region.

In South Africa alone there is estimated to be over US\$98bn of infrastructure projects over the next three years. Last year Kentz was awarded the Medupi power contract worth in excess of US\$250m. Medupi is a Greenfield 6 x 740MW Coal Fired Power Station that forms part of a US\$12bn investment programme by the South African Power Supply and Utility Group Eskom, which will span over six years. Our contract is with GEA Energy, the German technology house whose responsibility includes the turnkey delivery of the overall air cooled condensing system for Medupi. The Kentz work scope includes the procurement, detailing, shop fabrication and installation of approximately 36,000 tonnes of steel structure and plate work, 40,000 tonnes of mechanical equipment and 1,800 tonnes of piping over a four and half year period.

Elsewhere in Sub-Saharan Africa, Kentz is supporting the maintenance and operation phase for the Kenmare Resources Moma Mineral Sands project in Mozambique, a 700,000 tonnes titanium minerals facility. In Madagascar, we continue to provide maintenance services on the Rio Tinto mineral sands QMM ilmenite titanium dioxide project, which has initial production of 750,000 tonnes of ilmenite per annum.

In terms of other regions, we have mobilised on three new construction projects for the Petrotrin Refinery in Trinidad & Tobago. Kentz is providing construction services

to Fluor for the Petrotrin Isomerisation project as well as the Techint's Acid Alkylation project – part of the Gasoline Optimisation Programme, and to ABBLG (now CB&I) to support its scope on the Acid Alkylation project. The isomerisation unit will produce isomerate which improves the octane rating of light gasoline, thus enabling Petrotrin to increase supplies to premium markets.

### Technical Support Services

The Technical Support Services business unit has performed extremely well with growth of approximately 10% in the first half of 2009. Demand for technical services for remote based projects has been a specific feature of new and ongoing awards. We have also seen continued growth for technical support services on projects where Kentz is also executing either Specialist EPC or Construction services.

We have recently received a number of Technical Support Service contracts with core clients for commissioning services on re-gasification facilities and early production systems. Many LNG developments are expected to come on stream during 2009 – including projects in Russia (Sakhalin), Qatar, Indonesia and Europe – all of which will provide opportunities for Kentz to utilise our significant commissioning and start-up expertise.

In Sakhalin, both Sakhalin I and II developments are going through extended phases that are being developed under their original license agreements. On Sakhalin I Kentz is working on ExxonNeftegas's second (Odoptu) and third (Arkutun-Dagi) phase developments. We have now started providing support and construction services on Odoptu and some preliminary engineering support services on Arkutun-Dagi. We are also providing technical support and construction services, including commissioning and project management personnel to Sakhalin Energy (SEIC) on the Sakhalin II onshore production and LNG facilities.

Elsewhere in our Arctic region, some of the Oil Sands projects under consideration in Alberta, Canada, are reaching final investment decision stage, which will provide opportunities for Kentz. We have received our first contract on the Kearl Oil Sands project, where our scope of work includes the provision of engineering and procurement services for the industrial telecommunications systems and systems integration for the plant.

In South Africa, we continue to provide construction and maintenance, shutdown and turnaround services to Sasol facilities, including Natref, Engen, Hoesef Fibres and Petro SA. We have been working on these projects since 2002 when we were awarded contracts on the Sasol 2 and 3 facilities.

In Kuwait Kentz has a five year PMC support services contract with Fluor, which includes the provision of engineering and consultancy resources and services to manage national oil and gas projects. Kentz is also providing completion and commissioning services for the massive Equate II Petrochemicals Complex to support plant transition from construction through completions and to start-up and production.

In Europe we are providing commissioning support services for LNG re-gasification facilities at South Hook LNG in the UK and for Adriatic LNG, Italy. In Norway we continue to support Aker Kvaerner offshore modular barge works for the Kashagan Project in Kazakhstan.

## **Geographical review**

Over the past reporting period, we have increased our project execution capacity in our core markets, especially in the Middle East where our revenues increased to US\$231.9m (H1 2008: US\$221.1), making up 70% of Group revenues. We have expanded our footprint and we are in the process of delivering projects with core clients in three new countries – Italy, Indonesia and Yemen. Kentz is now established and operating in 26 countries worldwide, including the Middle East, Southern Africa, Australia, Far East Russia, the Caribbean, South East Asia, USA, Canada and Europe.

The Middle East has been our strongest growth area in the recent past, and is still showing signs of significant future expansion. New projects are being developed by both national and international oil companies, especially in the UAE and Saudi Arabia for oil and gas production and refining industries.

In Qatar, we are currently working on a number of upstream and midstream projects with a workforce of over 3,800 delivering EPC, Construction and Technical Support Services. Our largest project in the country is on the Shell Pearl Gas to Liquid project.

In Abu Dhabi, there are a number of significant projects under development in the upstream sector. These include the ADCO SAS (Shah, Asab and Sahil) oilfield development – a 400,000 barrel per day expansion to a 1.8m barrel per day development programme across three oil fields – and GASCO's IGD (Integrated Gas Development), with combined project values close to US\$20bn. Given Kentz's history of working in this region for over 20 years and the fact that we have current projects with the same clients, we feel well positioned to participate in these upcoming programmes.

In Australia, we expect considerable investment in LNG liquefaction to take place in the Pacific Rim over the mid to longer term. Six 'mega' LNG processing facilities are either under development or in implementation, all of which are significant in size and complexity. The fact that these projects are all located in remote areas will play to Kentz's ability to carry out work of this kind, and our international experience of working on LNG projects will also stand us in good stead. We have been awarded two early works projects on the Gorgon LNG providing construction infrastructure, camp accommodation and telecommunications with a total value of over US\$250m.

Elsewhere, developments in the Caribbean remain small but existing projects allow us to maintain a presence there. Our activities in this region support the potential to develop in new areas such as Brazil, where we have now mobilised a small office as we focus on oil and gas production for both the onshore and offshore developments. Petrobras has announced its 2009 to 2013 business investment plan of US\$174.4bn, which includes US\$165.4bn for upstream development, refining, gas, energy and petrochemicals projects.

## **Operational review**

In the first half of 2009 82% of our revenue was derived from oil, gas and petrochemicals projects (H1 2008: 88%), 10% from our mining, metals and power operations and 8% from other businesses including governmental, infrastructure and

sporting arenas (H1 2008: 5%). In addition, we have a joint venture business with Thiess Pty Ltd of Australia, where a majority of the business is for mining, minerals and metals clients, and our share of revenue accounted for an additional US\$13.9m during the period.

Kentz continues to maintain a good balance and mix of clients with 50% of revenues in the first half of 2009 coming from end user international and national oil companies (FY 2008: 48%), 41% of revenues coming from leading engineering and project management companies (FY 2008: 45%), and 9% of revenues derived from other sources (FY 2008: 7%).

To accommodate the significant growth in our core operations we have increased the average number of employees by approximately 200 across all the regions, giving us a total average workforce of 10,700. This increase has been resourced predominantly by short term duration contracts.

### **Health & Safety and Environment (HSE) Report**

Our key priority continues to be the safety and welfare of our workforce. 83% of projects were completed without a lost time accident for the first half of 2009. The Total Recordable Incident Ratio (TRIR) for the first half of 2009 is 0.20 compared to 0.11 for H1 of 2008. We continue to monitor and report near misses, which helps to maintain focus and vigilance on continually improving our safety record. The number of man-hours completed in the first half of 2009 increased from 16.7 million to 16.9 million.

During the first half of 2009 we completed over 85,000 HSE training hours with an average attendance of 611 at the 74 training modules presented on our projects. In February of 2009 we rolled out our Safety Observation Card System programme. The programme allows us to focus on areas of unsafe behaviour and implement the necessary corrective actions thus helping to ensure we continue to maintain our excellent HSE record.

### **Growth Strategy including Acquisitions and Business Opportunities**

Through our Global Business Units we are able to provide more complete services across the globe and we expect to benefit from the increased capital spending currently taking place in the oil and gas markets.

We still plan to complete an acquisition in the near term within the upstream oil and gas industry. We are in discussions with potential targets, and our priority is finding an entity that will provide a good strategic fit as well as creating value for our shareholders.

### **Outlook**

Kentz's well diversified portfolio of clients and geographies has helped generate a record backlog and some major new contract awards in the first half of 2009. Key highlights have been our entry into the recent Australian LNG market, the growth of infrastructure projects in Southern Africa, and new project awards in the Middle East.

The slowdown in mega projects in the Middle East that we witnessed during H2 2008 and H1 2009 appears to be at an end, and they are now gaining capital expenditure

momentum. We therefore expect to deliver strong growth in the region in 2010 and beyond, especially as these projects can take two to four years to build and start up.

Over the past three months, oil prices have steadied at around US\$65 to US\$72 a barrel, and global economies are starting to report a return in confidence. We therefore anticipate that investment will continue at high levels and support our growth in 2009 and 2010.

Our strategy of focusing on oil and gas, petrochemicals and energy in developing regions has proved to be successful. A large number of International and National oil companies increased their exploration and production capital spending to historical highs in 2008 and, whilst capital expenditure plans for these companies varies considerably for 2009 due to the present global economic conditions, we are seeing continued positive capital investment sentiments for upstream exploration and production projects from important Kentz clients. These include Shell, ExxonMobil, Chevron, BP, and National Oil Companies such as Petrobras, Abu Dhabi National Oil Company and Kuwait Oil Company.

Industry relationships continue to be vital in all natural resource development sectors as the number of projects being developed grows. The client relationships that Kentz has developed through our excellent performance track record are stronger than ever, and we will continue to focus on serving the needs of our blue chip clients on a global basis.

We have strong foundations in all the markets in which we operate and this, along with the underlying volume of projects and the continued demand for our numerous services, gives us significant optimism for the future success and prosperity of Kentz.

Hugh O'Donnell  
Chief Executive Officer

## Chief Financial Officer's Report

### Summary of Key Financial Indicators (values and percentage changes)

For the six months ended 30 June:	2009 (US\$M)	2008 (US\$M)	% Change
Sales Revenue	328.8	328.6	-
EBITDA *	22.1	17.7	+25.0%
Profit before tax *	18.5	16.8	+9.9%
Profit after tax *	13.8	12.9	+6.9%
Profit after tax attributable to shareholders *	12.9	12.4	+3.8%
Net Cash from operating activity	32.2	40.1	-19.8%
Cash and equivalents at period end	165.7	195.5	-15.2%
Basic earnings per share (US\$ cents) *	11.09	10.99	+0.9%
Backlog	1,100.9	698.6	+57.6%

\* For comparison purposes, results shown for the six months ended 30 June 2008 are before costs associated with the AIM listing of US\$4.6m which were expensed during that period.

### Overview of Trends (values and percent of sales)

Continuing Operations	Six months ended 30 June		Year ended 31 Dec
	2009	2008	2008
(Values in US\$ millions)			
Sales Revenue	328.8	328.6	643.4
Gross Profit	43.8	40.2	87.6
% of sales	13.3%	12.2%	13.6%
S.G. & A. expenses	26.2	24.8	51.4
% of sales	8.0%	7.6%	8.0%
EBITDA *	22.1	17.7	42.2
% of sales	6.7%	5.4%	6.6%
Profit before tax *	18.5	16.8	40.7
% of sales	5.6%	5.1%	6.3%
Profit for the year – continuing operations *	13.8	12.9	30.9
% of sales	4.2%	3.9%	4.8%
ROCE *	12.3%	12.7%	27.5%
Cash and equivalents (period end)	165.7	195.5	154.4

The Group condensed interim financial statements are prepared in accordance with IFRS

## **Summary of Group Income Statement Highlights**

### **Revenue**

Sales revenues from continuing operations for the six months to 30 June 2009 at US\$328.8m were in line with prior year (30 June 2008: US\$328.6m). During the period we have achieved steady growth in the Middle East, Africa and Australia, Europe and the Caribbean regions – this progress was however offset by delays to anticipated projects in Russia and Canada.

The breakdown of revenue by business line for the current period shows a change in the split from that reported for full year 2008. Specialist EPC represents 20% of Group revenue (FY 2008: 29%), Construction 51% (FY 2008: 43%) and Technical Support Services 29% (FY 2008: 28%).

A review of the composition of our order backlog (US\$1,100.9m) at June 2009 covering projects extending over the period from 2009 through to 2011 shows that 42% of this total or US\$466m consists of Specialist EPC projects. This indicates that the apparent shift in composition we are seeing during the first half is a temporary one caused by delays in award of certain EPC contracts during which time Construction projects have increased to fill the gap prior to the commencement of major new EPC projects.

Sales to the oil and gas and petrochemicals market in H1 2009 totalled US\$270.9m or 82% of Group revenues, (H1 2008: 88%). Our remaining revenues have come from the mining and metals sector (5%) (H1 2008: 7%) and from other sectors (13%) (H1 2008: 5%).

### **Gross Profit**

Gross profits of US\$43.8m or 13.3% of sales were recorded in the six months to 30 June 2009, an increase of US\$3.6m or 8.9% on the 30 June 2008 figure of US\$40.2m or 12.2% of sales.

### **Selling, General & Administrative Expenses (SG&A)**

SG&A expenses in the six months to 30 June 2009 increased by US\$1.4m to US\$26.2m in absolute terms (30 June 2008: US\$24.8m). In relative terms compared to full year 2008, as a percentage of sales the number has remained unchanged at 8.0%.

### **Other operating income**

Net other operating income of US\$0.2m for the period relates to miscellaneous income from discounts received, sale of scrap and third party management fees.

### **Operating Profit before finance costs**

Operating profit before finance costs for the period increased by US\$2.1m overall or by 13.1% to US\$17.8m or 5.4% of sales (H1 08: US\$15.8m or 4.8% of sales excluding non-recurring AIM listing costs expensed during the prior period).

Geographically, the main increase occurred in the Middle East (up US\$3.0m to US\$16.6m) due to stronger performance in the Construction and Technical Support Services business segments which helped to compensate for weaker performance in the EPC segment, primarily caused by delays in award of some anticipated projects.

The Africa region also recorded an improved profit performance, (up US\$1.0m to US\$4.2m again, primarily in the Construction and Technical Support Services divisions.

Australasia, Europe and Caribbean recorded an operating loss of US\$3.9m during the period which was up US\$0.8m due to the combined effects of weaker Construction performance in Europe coupled with the fact that the group administration costs are mostly incurred in this region.

The Arctic and New Areas region recorded a reduced profit of US\$0.5m, down from US\$1.8m in the corresponding period last year, primarily due to lower activity caused by delays in award of anticipated orders in Russia and Canada in the Technical Support Services and Construction segments. We expect this situation to improve over the second half as a number of new orders are now set to move ahead.

#### Net finance income

Net finance income for the period was down US\$1.4m or by 77.7% on H1 2008 to US\$0.4m. The reduction is due to lower interest rates earned on cash balances held on deposit.

#### Share of joint ventures' profit/(loss)

Profit for the period from our joint venture operation was US\$0.3m (2008: loss of US\$0.8m). This improvement is attributable to an increase in activity levels and improved margins.

#### Profit before tax

Profit before tax for the period is up 9.9% to US\$18.5m or 5.6% of sales. This represents an increase of US\$1.7m on the six months to 30 June 2008 figure (US\$16.8m or 5.1% of sales excluding AIM listing costs).

#### Taxation

The tax charge for the period is US\$4.7m which is an effective tax rate of 25.4%. This compares with an effective rate of 23.4% for the same period in 2008. The slightly higher percentage this period is attributable to a higher portion of profits earned in the Middle East on taxable projects.

#### Net Profit for the period

Profit for the period from continuing operations was US\$13.8m, up 6.9% on the same period in 2008. Net profit for the period represents 4.2% of revenue, compared to 3.9% for the six months to 30 June 2008, excluding listing costs.

#### Minority Interest

Minority interest for the period is US\$0.9m up US\$0.4m or 91.4% on the same period last year. The minority interest relates to our Black Economic Empowerment partner in Africa and the higher figure reflects the fact that a higher proportion of our after tax profits were earned in Africa in H1 2009.

#### Earnings per share (Basic)

Basic earnings per share for the six months were 11.09 US\$ cents, up 0.9% (H1 2008: 10.99 US\$ cents). This calculation is based on 116,371,470 ordinary shares in issue in 2009 and 113,206,000 weighted average ordinary shares in issue for H1 2008.

## Dividend

The group reports its financial results in US dollars and accordingly declares its dividends in US dollars. Dividends are paid in Sterling using an exchange rate calculated at the record date and shareholders have the option of electing to have their dividend paid in another currency. The Board has approved an interim dividend based on the interim results of 2.0 US\$ cents per share to be paid on 16th October 2009, to all eligible shareholders on the register as on 25<sup>th</sup> September 2009. The interim dividend approved represents an increase of 5.3% on the corresponding period last year (H1 2008: 1.9 US\$ cents). This is in line with the Company's progressive dividend policy, paying out between 20% and 25% of profits after tax, paid on an interim (one third) and final (two thirds) basis.

A final dividend payment based on the final results to December 2009 is expected to be made around mid 2010.

## Summary of Group Balance Sheet Highlights

### Working Capital

Working capital at the period end was US\$99.1m, in line with H1 2008 and down 3.3% from 31 December 2008 year end (US\$102.5m).

Current assets at 30 June 2009 were US\$330.1m, similar to H1 2008 and up 17.4% from 31 December 2008. This growth is mainly due to increased receivables (up by US\$58.8m) and increased cash (up by US\$11.6m).

Current liabilities at 30 June 2009 were US\$231.0m, again similar to H1 2008 and up 29.3% from 31 December 2008. The rise since year end is mainly attributable to additional trade and other payables reflecting strong activity in H1 2009.

### Equity

Shareholders' equity at 30 June 2009 was US\$124.3m, up 9.0% on 31 December 2008 (US\$114.1m), reflecting the growth in the Group's profit performance.

## Summary of Group Cash Flow Highlights

### Cash flow from operations

Net cash flow from operating activities for the six months was US\$32.2m, down 19.8% or US\$7.9m on 30 June 2008 levels, but up \$21.1m or 191% on December 2008. This increase since year end is mainly attributable to a decrease in inventory levels during H1 2009.

### Cash flow used in investing activities

Net cash used in investing activities was US\$16.1m, up 474% on the same period in 2008 but similar to the level of investing activity at year end 31 December 2008. This mainly relates to the purchase of plant and equipment and a fabrication facility in South Africa to support the Medupi project.

### Cash flow from financing activities

Net cash used in financing activities for the period was US\$2.3m, down US\$36.6m on the six month period to 30 June 2008 which showed a net inflow of US\$34.4m. The difference mainly relates to the flotation proceeds of US\$34.2m net of expenses which were included in the prior period.

#### Net cash and equivalents

Net cash and cash equivalents amounted to US\$165.7m at 30 June 2009, down US\$29.8m or 15.2% on the June 2008 figure of US\$195.5m but up \$11.3m on the December 2008 figure of \$154.4m, reflecting continuing strong cash collections from trading.

## **Independent Review Report to Kentz Corporation Limited**

### **Introduction**

We have been instructed by the company to review the financial information for the six months ended 30 June 2009 which comprises of the Condensed Consolidated Income Statement, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Cash Flow Statement, the Condensed Consolidated Statement of Recognised Income and Expenses and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company, in accordance with the International Standard on Review Engagements (ISRE), 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

### **Directors' responsibilities**

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the AIM, a market operated by the London Stock Exchange which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts financial statements where any changes, and the reasons for them, are disclosed.

### **Review work performed**

We conducted our review in accordance with guidance contained in ISRE 2410 issued by the International Auditing & Assurance Standards Board for use in Ireland and the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of control and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

### **Review conclusion**

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2009

11<sup>th</sup> September 2009

**BDO Simpson Xavier**  
Registered Auditors

## Kentz Corporation Limited

### Condensed consolidated income statement for the period ended 30 June 2009

<i>In thousands of USD</i>	Notes	Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 Dec 2008
<i>Continuing Operations</i>				
<b>Revenue</b>	2	<b>328,752</b>	328,650	643,414
Cost of sales		<u>(284,944)</u>	<u>(288,410)</u>	<u>(555,773)</u>
<b>Gross profit</b>		<u><b>43,808</b></u>	<u>40,240</u>	<u>87,641</u>
Administration expenses		<b>(25,109)</b>	(23,648)	(48,848)
Distribution & selling costs		<b>(1,098)</b>	(1,174)	(2,561)
Other operating income		<b>228</b>	344	609
<b>Operating profit before finance costs</b>	2	<u><b>17,829</b></u>	<u>15,762</u>	<u>36,841</u>
Net finance income		<b>410</b>	1,842	3,994
Share of joint ventures' profit/(loss)		<b>272</b>	(760)	(118)
Flotation Costs	5	-	(4,565)	(4,695)
<b>Profit before tax</b>		<u><b>18,511</b></u>	<u>12,279</u>	<u>36,022</u>
Income tax expense		<b>(4,710)</b>	(3,937)	(9,845)
<b>Profit for the period</b>		<u><b>13,801</b></u>	<u>8,342</u>	<u>26,177</u>
Attributable to:				
Equity holders of the parent		<b>12,909</b>	7,876	24,109
Minority interest		<b>892</b>	466	2,068
<b>Profit for the period</b>		<u><b>13,801</b></u>	<u>8,342</u>	<u>26,177</u>
<b>Basic earnings per share (US\$ cents)*</b>	3			
From continuing and discontinued operations		<b>11.09</b>	10.99	25.09
From continuing operations		<b>11.09</b>	10.99	25.09
<b>Basic earnings per share (US\$ cents) after flotation costs</b>				
From continuing and discontinued operations		<b>11.09</b>	6.96	21.00
From continuing operations		<b>11.09</b>	6.96	21.00

\*2008 results are stated before non-recurring flotation costs

## Condensed consolidated statement of total recognised income and expenses

	Six months ended 30 June	Six months ended 30 June	Year ended 31 Dec
<i>In thousands of USD</i>	<b>2009</b>	<b>2008</b>	<b>2008</b>
<b>Profit for the financial period</b>	<b>13,801</b>	8,342	26,177
Exchange translation differences			
- on employee benefits	<b>(130)</b>	(794)	802
- on foreign currency net investments	<b>2,095</b>	(566)	3,150
Actuarial losses on defined benefit plan	<b>(110)</b>	(2,322)	(8,316)
<b>Total recognised income and expenses for the period</b>	<b>15,656</b>	<b>4,660</b>	<b>21,813</b>
<b>Attributable to:</b>			
Equity holders of the parent	<b>14,764</b>	4,194	19,745
Minority interest	<b>892</b>	466	2,068
<b>Total recognised income and expenses for the period</b>	<b>15,656</b>	<b>4,660</b>	<b>21,813</b>

## Condensed consolidated balance sheets

<i>In thousands of USD</i>	Notes	30 June 2009	30 June 2008	31 Dec 2008
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant & equipment		42,457	14,434	25,345
Goodwill		319	663	543
Other investments		3,156	2,949	2,902
Trade and other receivables		1,385	-	1,936
Deferred tax asset		535	1,242	184
		<b>47,852</b>	<b>19,288</b>	<b>30,910</b>
<b>Current assets</b>				
Inventories		17,721	16,145	39,157
Trade and other receivables		143,422	113,500	84,078
Amounts owed by related parties		2,830	2,430	3,412
Cash and cash equivalents		166,124	196,412	154,504
		<b>330,097</b>	<b>328,487</b>	<b>281,151</b>
<b>Total assets</b>		<b>377,949</b>	<b>347,775</b>	<b>312,061</b>
<b>EQUITY</b>				
Share capital	6	2,284	2,284	2,284
Share premium	7	39,568	39,568	39,568
Reserves	7	2,388	12	2,388
Retained earnings	7	80,108	58,691	69,861
<b>Total equity attributable to equity holders of the parent</b>		<b>124,348</b>	<b>100,555</b>	<b>114,101</b>
<b>Minority interests</b>		<b>1,177</b>	<b>755</b>	<b>125</b>
<b>Total equity</b>		<b>125,525</b>	<b>101,310</b>	<b>114,226</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Interest bearing loans and borrowings		1,302	139	30
Employee benefit obligations		15,757	12,595	15,670
Amounts owed to related parties		92	92	92
Trade and other payables		4,253	4,288	3,278
Deferred tax liabilities		48	-	81
		<b>21,452</b>	<b>17,114</b>	<b>19,151</b>
<b>Current liabilities</b>				
Trade and other payables		224,092	223,912	170,464
Corporation tax payable		1,572	1,963	4,317
Interest bearing loans and borrowings		3,338	1,851	2,009
Amounts owed to related parties		1,970	1,625	1,894
		<b>230,972</b>	<b>229,351</b>	<b>178,684</b>
<b>Total liabilities</b>		<b>252,424</b>	<b>246,465</b>	<b>197,835</b>
<b>Total equity and liabilities</b>		<b>377,949</b>	<b>347,775</b>	<b>312,061</b>

## Condensed consolidated cash flow statements

<i>In thousands of USD</i>	<b>Six months ended 30 June 2009</b>	<b>Six months ended 30 June 2008</b>	<b>Year ended 31 Dec 2008</b>
<b>Cash flows from operating activities</b>			
<b>Profit before taxation</b>	<b>18,511</b>	12,279	36,022
Adjustments for:			
Depreciation	<b>4,018</b>	2,698	5,448
Net finance income	<b>(411)</b>	(1,842)	(3,994)
Gain on sale of property, plant & equipment	<b>26</b>	60	65
Share of (profit)/loss from joint venture	<b>(272)</b>	760	118
Current service cost	<b>238</b>	275	519
(Increase)/decrease in trade and other receivables	<b>(57,975)</b>	(3,589)	22,771
Decrease/(increase)/in inventories	<b>21,414</b>	2,049	(20,964)
Increase/(decrease) in trade and other payables	<b>54,333</b>	33,462	(18,073)
<b>Cash generated from operations</b>	<b>39,882</b>	46,152	21,912
Interest paid	<b>(320)</b>	(63)	(202)
Income taxes paid	<b>(7,384)</b>	(5,965)	(10,662)
<b>Net cash from operating activities</b>	<b>32,178</b>	40,124	11,048
<b>Cash flows from investing activities</b>			
Return from joint venture	<b>254</b>	467	1,476
Disposal of subsidiary (net of cash)	<b>-</b>	1,000	1,000
Purchase of property, plant and equipment	<b>(16,402)</b>	(5,547)	(22,112)
Proceeds from sale of equipment	<b>31</b>	153	826
Interest received	<b>730</b>	1,797	4,182
Pension contribution	<b>(714)</b>	(676)	(2,311)
<b>Net cash used in investing activities</b>	<b>(16,101)</b>	(2,806)	(16,939)
<b>Cash flows from financing activities</b>			
Proceeds of share issue	<b>-</b>	37,114	37,114
Expenses associated with new share issue	<b>-</b>	(2,936)	(3,071)
Proceeds from/(payments of) long-term borrowings	<b>1,096</b>	23	(86)
Payment of short-term borrowings	<b>(122)</b>	(196)	(168)
Proceeds from short-term borrowings	<b>1,272</b>	369	1,388
Dividends paid	<b>(4,515)</b>	-	(2,004)
<b>Net cash (used)/from in financing activities</b>	<b>(2,269)</b>	34,374	33,173
<b>Net increase in cash and cash equivalents</b>	<b>13,808</b>	71,692	27,282
<b>Cash and cash equivalents at beginning of period</b>	<b>154,359</b>	123,651	123,651
<b>Exchange difference</b>	<b>(2,464)</b>	158	3,426
<b>Cash and cash equivalents at end of period</b>	<b>165,703</b>	195,501	154,359

## **Kentz Corporation Limited**

### **Notes to the condensed interim financial statement for the period ended 30 June 2009**

#### **1. Basis of Preparation**

The interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB) and Jersey Company law.

The accounting policies adopted are consistent with those described in the annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2008.

The interim condensed consolidated financial statements are presented in US Dollars, rounded to the nearest thousand which represents the functional currency of the Group as it is the primary economic environment in which the Group operates. They have been prepared on a historical cost basis except that financial instruments held for trading are recorded at their fair value.

#### **2. Segment reporting**

Segment information is presented in respect of the Group's geographical and business segments. The primary format, geographical segments, is based on the Group's management and internal reporting structure.

##### **(i) Geographical segments**

The Group manages its business on a worldwide basis by organising its activities into four distinct regions.

The geographical areas are:

- Middle East
- Africa
- Australasia, Europe and Caribbean
- Arctic and New Areas

Australasia, Europe and Caribbean includes all costs associated with the Group's administrative function.

In presenting the information on the basis of geographical segments, segment revenue is based on the geographical location of assets.

##### **(ii) Business segments**

The Group's activity comprises of the following main business segments:

- Engineering, procurement, and construction (EPC)
- Construction, and
- Technical support services

## 2. Segment reporting (continued)

### Primary segment information by location of assets

#### Geographical segments

<i>In thousands of USD</i>	Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 Dec 2008
<b>Revenue by location of assets</b>			
Middle East	231,872	221,101	405,951
Africa	63,151	59,078	131,108
Australasia, Europe and Caribbean	14,655	9,478	15,787
Arctic and New Areas	19,074	38,993	90,568
<b>Total Revenue</b>	<b>328,752</b>	<b>328,650</b>	<b>643,414</b>
<b>Operating profit before net finance cost by location of assets</b>			
Middle East	16,595	13,583	22,896
Africa	4,184	3,124	12,173
Australasia, Europe and Caribbean	(3,891)	(3,108)	(5,912)
Arctic and New Areas	464	1,762	5,892
	<b>17,352</b>	<b>15,361</b>	<b>35,049</b>
Unallocated group income	477	401	1,792
Unallocated flotation costs	-	(4,565)	(4,695)
<b>Continuing operations – operating profit</b>	<b>17,829</b>	<b>11,197</b>	<b>32,146</b>

### Secondary segment information by business

#### Business segments

<i>In thousands of USD</i>	Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 Dec 2008
<b>Revenue by business</b>			
EPC	66,249	125,029	184,471
Construction	168,544	118,493	279,204
Technical Support Services	93,959	85,128	179,739
<b>Continuing operations</b>	<b>328,752</b>	<b>328,650</b>	<b>643,414</b>

### 3. Earnings per ordinary share

<i>In thousands of USD</i>	<b>Six months ended 30 June</b>	<b>Six months ended 30 June</b>	<b>Year ended 31 Dec</b>
	<b>2009</b>	<b>2008</b>	<b>2008</b>
<b>Continuing and discontinued operations</b>			
Profit attributable to ordinary shareholders	<u>12,909</u>	<u>12,441</u>	<u>28,804</u>
<b>Weighted average number of shares of the Company</b>	<b>No. '000</b>	<b>No. '000</b>	<b>No. '000</b>
Basic and diluted	<u>116,371</u>	<u>113,206</u>	<u>114,802</u>
<b>Earnings per Share (US\$ cents)</b>			
<b>Basic and diluted</b>			
From continuing and discontinued operations	<u>11.09</u>	<u>10.99</u>	<u>25.09</u>
From continuing operations	<u>11.09</u>	<u>10.99</u>	<u>25.09</u>

Basic earnings per share for 2008 are calculated on earnings before non-recurring flotation costs.

The calculation at 31 December 2008 is based on 114,801,603 ordinary shares of STG£0.01 each which reflects the weighted average number of shares in issue in 2008. The actual number of shares in issue at 31 December 2008 was 116,371,470 shares of STG£0.01 each.

The calculation at 30 June 2009 is based on 116,371,470 ordinary shares of STG£0.01 each which reflects the actual number of shares in issue.

### 4. Employee Share Option Scheme

On 1 July 2009, 5,820,000 share options were granted under the Employee Share Option Scheme. These options are exercisable from 1 July 2012, subject to certain financial performance conditions being met. These options will expire on 30 June 2019.

### 5. AIM Listing and Flotation costs

The ordinary shares of the Company were admitted to trading on the AIM market of the London Stock Exchange on 5 February 2008. The Company raised US\$37.1m before expenses from the listing. Total expenses associated with the admission of Kentz Corporation Limited to the AIM are US\$7.7m. These are reflected in the condensed interim financial statements for the six month period ended 30 June 2008 with US\$3.1m being offset against share premium raised and US\$4.6m being charged to the income statement.

### 6. Share capital

<i>In thousands</i>	<b>30 June 2009</b>	<b>31 Dec 2008</b>
<b>Called up share capital</b>		
116,371,470 ordinary shares of Stg£0.01 each	<u>1,164</u>	<u>1,164</u>
US Dollar equivalent	<u>2,284</u>	<u>2,284</u>

## 7. Equity

<i>In thousands of USD</i>	Share capital account	Share premium account	Capital reserve	Retained earnings	Cumulative translation reserves	Total
At 1 January 2008	14	7,796	206	53,930	372	62,318
Issue of shares	323	36,791	-	-	-	37,114
Expenses associated with share issue	-	(3,072)	-	-	-	(3,072)
Bonus Issue	1,947	(1,947)	-	-	-	-
Total recognised income & expense	-	-	-	16,595	3,150	19,745
Transfer to statutory reserve	-	-	2,182	(2,182)	-	-
Dividends	-	-	-	(2,004)	-	(2,004)
<b>At 31 December 2008</b>	<b>2,284</b>	<b>39,568</b>	<b>2,388</b>	<b>66,339</b>	<b>3,522</b>	<b>114,101</b>
At 1 January 2009	2,284	39,568	2,388	66,339	3,522	114,101
Total recognised income & expense	-	-	-	12,667	2,095	14,762
Dividends	-	-	-	(4,515)	-	(4,515)
<b>At 30 June 2009</b>	<b>2,284</b>	<b>39,568</b>	<b>2,388</b>	<b>74,491</b>	<b>5,617</b>	<b>124,348</b>
At 1 January 2008	14	7,796	206	53,930	372	62,318
Issue of shares	323	36,791	-	-	-	37,114
Expenses associated with share issue	-	(3,071)	-	-	-	(3,071)
Bonus issue	1,947	(1,947)	-	-	-	-
Total recognised income & expense	-	-	-	4,760	(566)	4,194
Dividends	-	-	-	-	-	-
<b>At 30 June 2008</b>	<b>2,284</b>	<b>39,569</b>	<b>206</b>	<b>58,690</b>	<b>(194)</b>	<b>100,555</b>

## 8. Dividends

<i>In thousands of USD</i>	Six months ended 30 June		Year ended 31 Dec 2008
	2009	2008	
Dividends approved and paid	4,515	-	2,004
Dividends approved but not paid at the period end	-	-	-
	<b>4,515</b>	<b>-</b>	<b>2,004</b>

On 11<sup>th</sup> September 2009, the Board approved an interim dividend of 2.0 US\$ cents per share (2008: 1.9 US\$ cents), an increase of 5.3%, which will be paid on 16<sup>th</sup> October 2009 to eligible shareholders on the register at 25<sup>th</sup> September 2009. Shareholders who have not elected to receive dividends in US dollars will receive a Sterling equivalent based on the prevailing exchange rate ruling on the record date.