

Boustead Heavy Industries Corporation Berhad 197101000758 (11106-V)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

For the quarter ended 30 June 2020	Note	Current Period		Cumulative Period	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	A7	35,905	53,930	79,953	90,225
Operating costs		(31,448)	(44,971)	(67,419)	(81,152)
Reversal of expected credit losses		-	1,249	18,636	1,249
Results from operations		4,457	10,208	31,170	10,322
Interest income		112	48	256	132
Finance cost		(3,602)	(4,200)	(7,855)	(8,149)
Share of results of joint ventures		612	1,852	(1,338)	3,052
Share of results of associates		-	(3,017)	-	(4,523)
Profit before taxation	A7	1,579	4,891	22,233	834
Taxation	B20	(2,146)	(1,952)	(2,416)	(2,193)
(Loss) / Profit for the period		(567)	2,939	19,817	(1,359)
Attributable to:					
Shareholders of the Company		(567)	2,939	19,817	(1,359)
Non-controlling interests		-	-	-	-
Net (loss) / profit for the period		(567)	2,939	19,817	(1,359)
Basic (loss) / earnings per share attributable to shareholders of the Company (sen):	B26	(0.23)	1.18	7.98	(0.55)

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 197101000758 (11106-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the quarter ended 30 June 2020	Current Period		Cumulative Period	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
(Loss) / Profit for the period	(567)	2,939	19,817	(1,359)
Foreign currency translation	-	-	-	-
Total comprehensive (loss) / income for the period	(567)	2,939	19,817	(1,359)
Total comprehensive (loss) / income attributable to:				
Shareholders of the Company	(567)	2,939	19,817	(1,359)
Net (loss) / income for the period	(567)	2,939	19,817	(1,359)

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 197101000758 (11106-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30 June	As at 31 December
		2020 RM'000	2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		14,774	16,246
Investment property		12,106	12,355
Right of use assets		35,524	36,207
Deferred tax assets		15,388	15,388
Investments in joint ventures		98,592	99,931
Investments in associates		-	-
		<u>176,384</u>	<u>180,127</u>
Current assets			
Inventories		5,812	6,209
Trade and other receivables		276,545	249,661
Contract assets		3,555	1,725
Tax recoverables		1,313	2,941
Cash and bank balances		11,070	28,307
		<u>298,295</u>	<u>288,843</u>
TOTAL ASSETS		<u>474,679</u>	<u>468,970</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		248,458	248,458
Accumulated losses		(112,662)	(132,479)
Shareholders' funds, representing total equity		<u>135,796</u>	<u>115,979</u>
Non-current liabilities			
Loans and borrowings	B22	71,006	71,566
Deferred tax liabilities		140	140
Lease liabilities		7,619	7,783
		<u>78,765</u>	<u>79,489</u>
Current liabilities			
Contract liabilities		18	1,514
Provisions		843	843
Loans and borrowings	B22	220,620	229,620
Trade and other payables		37,730	40,503
Tax payables		327	213
Lease liabilities		580	809
		<u>260,118</u>	<u>273,502</u>
Total liabilities		<u>338,883</u>	<u>352,991</u>
TOTAL EQUITY AND LIABILITIES		<u>474,679</u>	<u>468,970</u>
Net assets per share attributable to ordinary equity holders of the Company - RM		<u>0.55</u>	<u>0.47</u>

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

Boustead Heavy Industries Corporation Berhad 197101000758 (11106-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

← Attributable to equity holders of the Company →

For the period ended 30 June 2020	Share Capital	(Accumulated Losses) / Distributable Retained Earnings	Total	Non- controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	248,458	(132,479)	115,979	-	115,979
Total comprehensive income for the period	-	19,817	19,817	-	19,817
Balance at 30 June 2020	248,458	(112,662)	135,796	-	135,796
At 1 January 2019	248,458	(15,843)	232,615	-	232,615
Total comprehensive loss for the period	-	(1,359)	(1,359)	-	(1,359)
Balance at 30 June 2019	248,458	(17,202)	231,256	-	231,256

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 197101000758 (11106-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	As at 30 June	As at 30 June
	2020	2019
	RM'000	RM'000
Operating Activities		
Receipts from customers	60,738	68,397
Cash paid to suppliers and employees	(62,858)	(80,617)
Net cash paid to related companies	(137)	(277)
Cash used in operations	(2,257)	(12,497)
Interest paid	(4,491)	(7,650)
Net tax paid less refunds	(673)	(1,252)
Net cash used in operating activities	(7,421)	(21,399)
Investing Activities		
Interest received	256	132
Dividends received from joint venture companies	-	2,627
Purchase of property, plant and equipment	(120)	(199)
Net cash generated from investing activities	136	2,560
Financing Activities		
Repayment of borrowings	(9,560)	(1,725)
Payment of principal portion of lease liabilities	(393)	(438)
Proceed from drawdown of revolving credits	-	13,500
Net cash (used in) / generated from financing activities	(9,953)	11,337
Net decrease in cash and cash equivalents	(17,238)	(7,502)
Effect of foreign exchange rate changes	1	28
Cash and cash equivalents at beginning of the period	28,307	17,890
Cash and Cash Equivalents at End of the Period	11,070	10,416
Cash and Cash Equivalents at End of the Period Comprise:		
Deposits with licensed banks	6,157	3,300
Cash and bank balances	4,913	7,116
Cash and Cash Equivalents at End of the Period	11,070	10,416

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 197101000758 (11106-V)
Notes to the Interim Financial Report for the Quarter Ended 30 June 2020

Part A Explanatory Notes Pursuant to MFRS 134

A1. Basis of Preparation

These condensed consolidated interim financial statements, for the financial period ended 30 June 2020, 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 2019. 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 2019 except as follows:

MFRS and Amendments to MFRSs		Effective for annual periods beginning on or after
Amendments to MFRS 3 (Business Combinations)	Definition of a Business	1 January 2020
Amendments to MFRS 9 (Financial Instruments), MFRS 139 (Financial Instruments: Recognition and Measurement) and MFRS 7 (Financial Instruments: Disclosures)	Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 (Presentation of Financial Statements) and MFRS 108 (Accounting Policies, Changes in Accounting Estimates and Errors)	Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS standards	Conceptual Framework	1 January 2020
Amendments to MFRS 16 (Leases)	Covid-19 Related Rent Concessions	1 June 2020

A2. Changes in Accounting Policies (cont'd.)

Standards and interpretations that are issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective:

MFRS and Amendments to MFRSs		Effective for annual periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 116 (Property, Plant & Equipment)	Proceeds before Intended Use	1 January 2022
Amendments to MFRS 10 (Consolidated Financial Statements) and MFRS 128 (Investments in Associates and Joint Ventures)	Sales or Contribution of Asset between Investor and its Associates or Joint Venture	Deferred

The Group will adopt the above pronouncements when they become effective in the respective financial periods.

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

i) Right-sizing Exercise

An exercise was undertaken to identify the optimal organisational structure for the Group. An obvious component of this exercise is a critical review of appropriate human capital resources, which will impact the entire Group. Specific right-sizing initiatives, based on the Group's established performance appraisal processes, have commenced in all primary operating facilities, including the head office and will lead to a reduction in overall employee headcount. This exercise is expected to be completed by 30 June 2021.

As at 30 June 2020, a total of 160 personnel had accepted the mutual separation scheme offered by the Group since 2016 with a total payment of RM11.5 million.

A4. Unusual Items Due to Their Nature, Size or Incidence (cont'd.)

ii) Internal Business Reorganisation

The Group started an exercise to review the operational structure and decided to merge the operations of certain business units. Three non-performing business units and one department have been identified and the closure is ongoing. This exercise is expected to be completed by 30 June 2021.

As at 30 June 2020, the closure resulted in a retrenchment of 78 staffs with a total payment of RM5.7 million.

A5. Change in Estimates

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

A6. Dividend

The Board of Directors does not propose any dividend in the quarter ended 30 June 2020 (30 June 2019: RM nil).

A7. Operating Segments

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

As at 30 June 2020

	Commercial RM'000	Defence RM'000	Energy RM'000	Others RM'000	Elimination RM'000	Total RM'000
Group Total Sales	445	79,429	-	5,021	(4,942)	79,953
Inter-Segment Sales	-	(82)	-	(4,860)	4,942	-
External Revenue	445	79,347	-	161	-	79,953
Operating costs	(6,082)	(51,139)	(1,992)	(4,869)	(3,337)	(67,419)
Reversal of expected credit losses	-	18,636	-	-	-	18,636
Results from operations	(5,637)	46,844	(1,992)	(4,708)	(3,337)	31,170
Interest income	-	435	-	1,507	(1,686)	256
Finance costs	(850)	(571)	-	(9,424)	2,990	(7,855)
Share of result in joint ventures	-	(1,338)	-	-	-	(1,338)
Share of result in associates	-	-	-	-	-	-
(Loss) / Profit before taxation	(6,487)	45,370	(1,992)	(12,625)	(2,033)	22,233
Taxation						(2,416)
Profit for the period						19,817

A7. Operating Segments (cont'd.)

As at 30 June 2019

	Commercial RM'000	Defence RM'000	Energy RM'000	Others RM'000	Elimination RM'000	Total RM'000
Group Total Sales	598	89,355	665	4,061	(4,454)	90,225
Inter-Segment Sales	<u>(1)</u>	<u>(515)</u>	<u>-</u>	<u>(3,938)</u>	<u>4,454</u>	<u>-</u>
External Revenue	597	88,840	665	123	-	90,225
Operating costs	(2,138)	(68,165)	(1,513)	(7,132)	(2,204)	(81,152)
Reversal of expected credit losses	<u>-</u>	<u>1,249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,249</u>
Results from operations	(1,541)	21,924	(848)	(7,009)	(2,204)	10,322
Interest income	-	732	-	1,381	(1,981)	132
Finance costs	(800)	(617)	-	(9,670)	2,938	(8,149)
Share of result in joint ventures	-	3,052	-	-	-	3,052
Share of result in associates	<u>-</u>	<u>(4,523)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,523)</u>
(Loss) / Profit before taxation	(2,341)	20,568	(848)	(15,298)	(1,247)	834
Taxation						<u>(2,193)</u>
Loss for the period						<u>(1,359)</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

Save and except as disclosed in Note B25 (Changes in Material Litigation), there has been no subsequent material events during the current quarter.

A11. Changes in Contingent Liabilities

i) Liquidated Ascertained Damages

a) In-Service Support (“ISS”) Contract

On 10 July 2017, the joint venture company, Boustead DCNS Naval Corporation Sdn Bhd (“BDNC”) received a letter from the Ministry of Defence Malaysia (“MINDEF”) claiming for Liquidated Damages (“LD”) amounting to RM53.2 million and EUR19.3 million for the ISS for the Royal Malaysian Navy (“RMN”) SCORPENE Submarine Contract.

BDNC had made adequate provision for the LD claim to the extent that it is deemed to be sufficient for the ISS Contract, and appeals were submitted to MINDEF for consideration.

b) Refit Contract

On 28 June 2019, BDNC received a letter from MINDEF claiming for LD amounting to RM22.4 million and EUR8.8 million for the refit works on KD TUNKU ABDUL RAHMAN.

BDNC had made adequate provision for the LD claim to the extent that it is deemed to be sufficient for this refit Contract, and appeals were submitted to MINDEF for consideration.

c) Extended In-Service Support (“EISS”) Contract

On 29 May 2020, BDNC received a letter from MINDEF claiming for LD amounting to RM11.6 million and EUR6.5 million for the EISS Contract.

BDNC had made adequate provision for the LD claim to the extent that it is deemed to be sufficient for this EISS Contract and an appeal has been submitted to MINDEF for consideration.

The Group is of the opinion that the above provisions for the LD are sufficient and no further losses expected to be incurred after taking into consideration appropriate justifications and supporting documents which had been submitted to MINDEF for their consideration.

Other than the contingent liabilities as disclosed above and in Note B25 (Changes in Material Litigations), there has been no other contingent liability arising since the previous financial year end and in the current financial period.

A12. Capital Commitments

The Group has the following commitments as at 30 June 2020:

	Approved but not contracted for RM’000	Approved and contracted for RM’000	Total RM’000
Property, plant and equipment	68,774	3	68,777

B13. Analysis of Performance (FPE 30 June 2020 vs. FPE 30 June 2019)

For the quarter ended 30 June 2020	Current Period			Cumulative Period		
			+/(-)			+/(-)
	2020	2019	%	2020	2019	%
	RM'000	RM'000		RM'000	RM'000	
Revenue	35,905	53,930	(33)	79,953	90,225	(11)
Results from operations	4,457	10,208	(56)	31,170	10,322	>100
Profit before taxation	1,579	4,891	(68)	22,233	834	>100
(Loss) / Profit for the period	(567)	2,939	>-100	19,817	(1,359)	>100

The Group recorded a net profit of RM19.8 million versus same corresponding period last year's loss of RM1.4 million mainly due to reversal of expected credit losses of RM18.6 million.

For the current financial period ended 30 June 2020, BHIC Group recorded a revenue of RM80.0 million, RM10.2 million lower than RM90.2 million reported in the same corresponding period last year. Submarine contracts and other defence-related Maintenance, Repair & Overhaul ("MRO") projects mainly contributed to the current period revenue. Lower commercial-based MRO works undertaken in the current period due to no new works undertaken except on the ongoing fabrication of storage tanks at Jerejak Yard.

The joint venture companies posted a negative contribution of RM1.3 million in the cumulative period mainly contributed by Contraves Advanced Devices Group ("CAD Group") recording lower income of arising from unfavourable foreign exchange translations and lower demand from its customers as a result of Covid-19 pandemic. However, higher share of profits by BHIC AeroServices Sdn Bhd ("BHICAS") was due to higher flying hours clocked in by both contracts from the Royal Malaysian Air Force ("RMAF") and Malaysian Maritime Enforcement Agency ("MMEA"). In 2019, positive contribution of RM3.1 million by the joint ventures companies was mainly due to higher flying hours recorded by RMAF and MMEA contracts under BHICAS and CAD Group undertaking the Littoral Combat Ship ("LCS") programme.

No contribution from the associates in the cumulative period as losses has been recognised up to the Group's cost of investment in December 2019. In 2019, the associates recorded a negative contribution of RM4.5 million due to unfavourable foreign exchange translations arising from outstanding trade payables and variations in milestones achieved on its shipbuilding projects.

Finance cost was lower in the cumulative period as compared with the same corresponding period last year arising from repayment of principal borrowings of RM9.6 million in 2020 and lower interest rate due to reduction in Bank Negara Malaysia Overnight Policy Rate ("BNM OPR") by 100 basis points.

B14. Material Changes in Quarterly Results Compared with the Results of the Immediate Preceding Quarter (Q2 2020 vs. Q1 2020)

For the quarter ended 30 June 2020	Current Period	Immediate Preceding Period	+ / (-)
	Q2 2020	Q1 2020	%
	RM'000	RM'000	
Revenue	35,905	44,048	(18)
Results from operations	4,457	26,713	(83)
Profit before taxation	1,579	20,654	(92)
(Loss) / Profit for the period	(567)	20,384	>-100

The Group posted a net loss of RM567,000 for the current quarter as compared with RM20.4 million profit in the preceding quarter.

The variance between the current quarter revenue of RM35.9 million and preceding quarter revenue of RM44.0 million was due to variations in milestones achieved for defence-related MRO projects.

Higher expenses in Q2 2020 was mainly due to additional staff costs of RM5.7 million incurred under retrenchment arising from the closure of non-profitable business operations.

The joint venture companies posted a positive contribution of RM612,000 in the current quarter, mainly contributed by BHICAS arising from higher flying hours by RMAF & MMEA. Higher loss by CAD Group in Q1 2020 was due to unfavourable foreign exchange translations of RM3.7 million arising from outstanding trade payables.

In addition, the Group recorded higher provision for taxation arising from the profits under the submarine contracts.

B15. Material Changes in Statement of Financial Position (FPE 30 June 2020 vs. FYE 31 December 2019)

The Group's property, plant and equipment decreased from RM16.2 million to RM14.8 million in the current period mainly due to depreciation charge during the period.

The decrease in the Group's cash from RM28.3 million to RM11.1 million was mainly due to lower receipts from customers.

The increase in receivables by RM26.9 million was mainly due to project variations. On the other hand, decrease in payables by RM2.8 million was due to payments made to suppliers.

B16. Material Changes in Statement of Cash Flows (FPE 30 June 2020 vs. FPE 30 June 2019)

The cash and cash equivalent of RM11.1 million at the end of the current period was higher as compared with RM10.4 million in the same corresponding period last year largely attributable to lower payments to suppliers and employees as well as lower interest expense and tax paid.

B17. Commentary on Prospects

Being part of the Boustead Group, BHIC's initiatives support Boustead Holdings Berhad's Transformation Plan dubbed EDGE20 that was launched on 16 July 2020. This is a three-year journey to transform Boustead Group into a high performing and sustainable conglomerate. EDGE20 contains 20 initiatives covering Funding, Structural, Operational and Corporate Governance. In line with the key objectives of the plan to strengthen the Group's prospects and unlock value, we have put in place plans to enhance efficiency and productivity to steer ourselves back on the path of profitability.

The Group remain cautious about its prospects in the current financial year amidst the adverse effects of the Covid-19 pandemic on the nation's and the global economy. It is expected that the impending economic slowdown to affect the Defence budget but the Group is confident that the Malaysian Government will not waver from its commitment to protect the nation's defence sector.

The movement restrictions imposed in China and Malaysia to curb the Covid-19 pandemic had caused some delay to the Littoral Mission Ship ("LMS") programme. Although work has partially resumed, the milestones of the project will have to be reviewed given the delay caused by the lockdown. Our Associate, Boustead Naval Shipyard Sdn Bhd ("BNS") continues engaging with the relevant stakeholders to finalise the current issues on LCS programme.

The contracts awarded to the Group's joint ventures for the In-Service Support for the RMN's Prime Minister's Class Submarines and extension for the Integrated Maintenance and Logistic Support Services on three units of MMEA Dauphin AS365N3 helicopters, are expected to positively contribute to the Group's bottomline.

With regard to the winding-up petition served by MTU Services (Malaysia) Sdn Bhd on our Associate, BNS, we are assessing the operational and financial impacts of the petition on BNS and we have engaged legal counsel to advise us on the matter.

B18. 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.

B19. 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		Cumulative Period	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Other income	(11)	(2)	(43)	(333)
Reversal of expected credit losses	-	(1,225)	(18,636)	(1,225)
Net loss / (gain) on foreign currency exchange	53	11	(216)	(1,791)
Depreciation of investment property	124	124	249	249
Depreciation of right of use assets	334	123	683	277
Depreciation of property, plant and equipment	784	1,107	1,577	2,265
Gain on disposal of scrap	-	-	(1,478)	-

B20. Taxation

	Current	Cumulative
	Period	Period
	2020	2020
	RM'000	RM'000
Malaysian taxation based on profit for the period:		
- Current corporate tax	2,149	2,409
- (Over)/Under provision in prior year	(3)	7
	2,146	2,416

The current period domestic statutory tax rate will be reduced by 1%, 2%, 3% or 4% if a company records an increase in chargeable income by 5% to 9.99%, 10% to 14.99%, 15% to 19.99% or more than 20% respectively from the immediate preceding year of assessment.

The Group's effective tax rates for the current and cumulative period are lower than the statutory rate of tax applicable mainly due to certain subsidiaries utilising its available tax losses brought forward to be offset against current period profit.

With effect from the year of assessment 2019, unutilised tax losses are to be carried forward for a maximum of 7 consecutive years of assessment and to be utilised against income from any business source.

B21. Status of Corporate Proposal

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

B22. Group Borrowings and Debt Securities

Total Group borrowings as at 30 June 2020 and 31 December 2019 are as follows:

	30.6.2020	31.12.2019
	RM'000	RM'000
Long term borrowings:		
Unsecured		
- Term Revolving credits	68,000	68,000
Secured		
- Term loan	3,006	3,566
	<u>71,006</u>	<u>71,566</u>
Short term borrowings:		
Unsecured		
- Revolving credits	202,500	211,500
- Term Revolving credits	17,000	17,000
Secured		
- Term loan	1,120	1,120
	<u>220,620</u>	<u>229,620</u>
Total borrowings	<u>291,626</u>	<u>301,186</u>

All current period borrowings are denominated in Ringgit Malaysia.

As at 30 June 2020, the Group recorded lower borrowings, mainly due to repayment of revolving credits and term loan facilities.

The Group's borrowing weighted average interest rate is 5.7% per annum for the current period (FYE 31 December 2019: 6.0% per annum).

B23. Disclosure of Derivatives

There were no outstanding derivatives as at 30 June 2020.

B24. Gains/Losses Arising from Fair Value Changes of Financial Liabilities

There were no gains/losses arising from fair value changes of the financial liabilities for the current quarter ended 30 June 2020.

B25. Changes in Material Litigation

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 2019, except for the following case:

Company	Claimant Company	Amount RM'000	Status
Boustead Naval Shipyard Sdn Bhd (“BNS”) (“Defendant”)	Ingat Kawan (M) Sdn Bhd (“Plaintiff”)	50,000	<p>On 14 March 2013, the High Court had allowed the application by BNS to strike out the Plaintiff’s claim with costs of RM5,000.00 to be paid by the Plaintiff to BNS.</p> <p>BNS, 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.</p> <p>Ingat Kawan had, on 22 March 2013, filed a Notice of Appeal to the Court of Appeal against the decision of the High Court. The Court of Appeal heard the appeal on 11 November 2013 and allowed Ingat Kawan’s appeal and ordered the matter to be tried at the High Court.</p> <p>BNS filed an appeal to the Federal Court and on 22 August 2017 the Federal Court set aside both the decisions of the Court of Appeal and the High Court and ordered the matter to be reverted to the Ipoh High Court for full trial. The trial at the High Court commenced on 16 and 17 April 2018 and is continuing.</p> <p>The next trial was fixed to be held on 1 and 2 April 2020. However, the trial had to be deferred due to the MCO imposed by the Government.</p> <p>The Ipoh High Court has fixed the next trial to be held on 8 September 2020.</p>
BNS (“Defendant”)	MTU Services (Malaysia) Sdn Bhd (“Plaintiff”)	56,045	<p>BNS was served with winding up petition on 3 July 2020 by Plaintiff.</p> <p>By the Petition, MTU alleges that BNS is indebted to them for the total sum of RM56.0 million for the equipment supplied and services provided to BNS.</p> <p>The Court hearing will be held on 26 August 2020.</p>

B26. Earnings per Share

	Current Period		Cumulative Period	
	2020	2019	2020	2019
Net (loss) / profit for the period– RM'000	(567)	2,939	19,817	(1,359)
Number of ordinary shares in issue – '000	248,458	248,458	248,458	248,458
Total (loss) / earnings per share – sen	(0.23)	1.18	7.98	(0.55)

By Order of the Board**LILYROHAYU BINTI AB. HAMID @ KASSIM (SSM PC No. 202008001385)****SUZANA BINTI SANUDIN (SSM PC No. 201908002589)**

Company Secretaries

Kuala Lumpur

Date: 19 August 2020