

Boustead Heavy Industries Corporation Berhad 197101000758

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

For the quarter ended 30 September 2020	Note	Current Period		Cumulative Period	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Revenue	A7	37,716	36,412	117,669	126,637
Operating costs		(36,154)	(36,582)	(103,573)	(117,710)
Reversal of expected credit losses		6,069	359	24,705	1,584
Results from operations		7,631	189	38,801	10,511
Interest income		32	30	288	162
Finance cost		(3,916)	(4,262)	(11,771)	(12,411)
Share of results of joint ventures		1,222	371	(116)	3,423
Share of results of associates		-	3,182	-	(1,341)
Profit / (Loss) before taxation	A7	4,969	(490)	27,202	344
Taxation	B20	(860)	3,765	(3,276)	1,572
Profit for the period		4,109	3,275	23,926	1,916
Attributable to:					
Shareholders of the Company		4,109	3,275	23,926	1,916
Non-controlling interests		-	-	-	-
Net profit for the period		4,109	3,275	23,926	1,916
Basic earnings per share attributable to shareholders of the Company (sen):	B26	1.65	1.32	9.63	0.77

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the quarter ended 30 September 2020	Current Period		Cumulative Period	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit for the period	4,109	3,275	23,926	1,916
Foreign currency translation	-	-	-	-
Total comprehensive income for the period	4,109	3,275	23,926	1,916
Total comprehensive income attributable to:				
Shareholders of the Company	4,109	3,275	23,926	1,916
Net income for the period	4,109	3,275	23,926	1,916

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30 September 2020 RM'000	As at 31 December 2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		13,860	16,246
Investment property		11,805	12,355
Right of use assets		35,216	36,207
Deferred tax assets		15,388	15,388
Investments in joint ventures		99,509	99,931
Investments in associates		-	-
		<u>175,778</u>	<u>180,127</u>
Current assets			
Inventories		2,827	6,209
Trade and other receivables		284,871	249,661
Contract assets		6,540	1,725
Tax recoverables		947	2,941
Cash and bank balances		11,658	28,307
		<u>306,843</u>	<u>288,843</u>
TOTAL ASSETS		<u>482,621</u>	<u>468,970</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		248,458	248,458
Accumulated losses		(108,553)	(132,479)
Shareholders' funds, representing total equity		<u>139,905</u>	<u>115,979</u>
Non-current liabilities			
Loans and borrowings	B22	70,726	71,566
Deferred tax liabilities		140	140
Lease liabilities		7,488	7,783
		<u>78,354</u>	<u>79,489</u>
Current liabilities			
Contract liabilities		67	1,514
Provisions		-	843
Loans and borrowings	B22	220,620	229,620
Trade and other payables		42,245	40,503
Tax payables		913	213
Lease liabilities		517	809
		<u>264,362</u>	<u>273,502</u>
Total liabilities		<u>342,716</u>	<u>352,991</u>
TOTAL EQUITY AND LIABILITIES		<u>482,621</u>	<u>468,970</u>
Net assets per share attributable to ordinary equity holders of the Company - RM		<u>0.56</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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

← Attributable to equity holders of the Company →

For the period ended 30 September 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	-	23,926	23,926	-	23,926
Balance at 30 September 2020	248,458	(108,553)	139,905	-	139,905
At 1 January 2019	248,458	(15,843)	232,615	-	232,615
Total comprehensive income for the period	-	1,916	1,916	-	1,916
Balance at 30 September 2019	248,458	(13,927)	234,531	-	234,531

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	As at 30 September	As at 30 September
	2020	2019
	RM'000	RM'000
Operating Activities		
Receipts from customers	91,025	98,448
Cash paid to suppliers and employees	(86,018)	(120,997)
Net cash (paid to) / receipt from related companies	(714)	977
Cash generated from / (used in) operations	4,293	(21,572)
Interest paid	(10,412)	(11,757)
Net tax paid less refunds	(582)	(1,130)
Net cash used in operating activities	(6,701)	(34,459)
Investing Activities		
Interest received	288	162
Dividends received from joint venture companies	306	2,627
Purchase of property, plant and equipment	(116)	(298)
Net cash generated from investing activities	478	2,491
Financing Activities		
Repayment of borrowings	(9,840)	(2,089)
Payment of principal portion of lease liabilities	(588)	(614)
Proceed from drawdown of revolving credits	-	31,500
Net cash (used in) / generated from financing activities	(10,428)	28,797
Net decrease in cash and cash equivalents	(16,651)	(3,171)
Effect of foreign exchange rate changes	2	(42)
Cash and cash equivalents at beginning of the period	28,307	17,890
Cash and Cash Equivalents at End of the Period	11,658	14,677
Cash and Cash Equivalents at End of the Period Comprise:		
Deposits with licensed banks	9,700	5,532
Cash and bank balances	1,958	9,145
Cash and Cash Equivalents at End of the Period	11,658	14,677

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
Notes to the Interim Financial Report for the Quarter Ended 30 September 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 September 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 (contd.)

MFRS and Amendments to MFRSs		Effective for annual periods beginning on or after
Amendments to MFRS 4 (Insurance Contracts)	Extension of the Temporary Exemption from Applying MFRS 9	Immediately
Amendments to MFRS 101 (Presentation of Financial Statements) – Deferral of Effective Date	Classification of Liabilities as Current and Non-current	Immediately

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
Amendments to MFRS 9 (Financial Instruments), MFRS 139 (Financial Instruments: Recognition and Measurement), MFRS 7 (Financial Instruments: Disclosures), MFRS 4 (Insurance Contracts) and MFRS 16 (Leases)	Interest Rate Benchmark Reform-Phase 2	1 January 2021
Amendments to MFRS 1 (First Time Adoption of Malaysian Financial Reporting Standards)	Annual Improvements to MFRS Standards 2018–2020 Cycle	1 January 2022
Amendments to MFRS 3 (Business Combinations)	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9 (Financial Instruments)	Annual Improvements to MFRS Standards 2018–2020 Cycle	1 January 2022
Amendments to MFRS 116 (Property, Plant and Equipment)	Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 (Provisions, Contingent Liabilities and Contingent Assets)	Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022

A2. Changes in Accounting Policies (contd.)

Standards and interpretations that are issued but not yet effective (contd.)

MFRS and Amendments to MFRSs		Effective for annual periods beginning on or after
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101 (Presentation of Financial Statements)	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 10 (Consolidated Financial Statements) and MFRS 128 (Investments in Associates and Joint Ventures)	Sale or Contribution of Assets between Investor and its Associate 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 September 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.

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.

A4. Unusual Items Due to Their Nature, Size or Incidence (contd.)

ii) Internal Business Reorganisation (contd.)

As at 30 September 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 September 2020 (30 September 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 September 2020

	Commercial RM'000	Defence RM'000	Energy RM'000	Others RM'000	Elimination RM'000	Total RM'000
Group Total Sales	445	117,129	-	6,042	(5,947)	117,669
Inter-Segment Sales	-	(119)	-	(5,828)	5,947	-
External Revenue	445	117,010	-	214	-	117,669
Operating costs	(9,615)	(79,655)	(1,911)	(8,824)	(3,568)	(103,573)
Reversal of expected credit losses	-	24,705	-	-	-	24,705
Results from operations	(9,170)	62,060	(1,911)	(8,610)	(3,568)	38,801
Interest income	-	629	-	2,154	(2,495)	288
Finance costs	(1,299)	(837)	-	(13,983)	4,348	(11,771)
Share of result in joint ventures	-	(116)	-	-	-	(116)
Share of result in associates	-	-	-	-	-	-
(Loss) / Profit before taxation	(10,469)	61,736	(1,911)	(20,439)	(1,715)	27,202
Taxation						(3,276)
Profit for the period						23,926

A7. Operating Segments (contd.)

As at 30 September 2019

	Commercial RM'000	Defence RM'000	Energy RM'000	Others RM'000	Elimination RM'000	Total RM'000
Group Total Sales	2,021	124,987	665	4,977	(6,013)	126,637
Inter-Segment Sales	(526)	(694)	-	(4,793)	6,013	-
External Revenue	1,495	124,293	665	184	-	126,637
Operating costs	(8,188)	(96,250)	(2,450)	(7,950)	(2,872)	(117,710)
Reversal of expected credit losses	151	1,433	-	-	-	1,584
Results from operations	(6,542)	29,476	(1,785)	(7,766)	(2,872)	10,511
Interest income	-	1,071	-	2,035	(2,944)	162
Finance costs	(1,217)	(919)	-	(14,862)	4,587	(12,411)
Share of result in joint ventures	-	3,423	-	-	-	3,423
Share of result in associates	-	(1,341)	-	-	-	(1,341)
(Loss) / Profit before taxation	(7,759)	31,710	(1,785)	(20,593)	(1,229)	344
Taxation						1,572
Profit for the period						1,916

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.

A11. Changes in Contingent Liabilities (contd.)

i) Liquidated Ascertained Damages (contd.)

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

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 September 2020:

	Approved but not contracted for RM'000	Approved and contracted for RM'000	Total RM'000
Property, plant and equipment	68,774	-	68,774

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

For the quarter ended 30 September 2020	Current Period		+ / (-)	Cumulative Period		+ / (-)
	2020	2019		2020	2019	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	37,716	36,412	4	117,669	126,637	(7)
Results from operations	7,631	189	>100	38,801	10,511	>100
Profit / (Loss) before taxation	4,969	(490)	>100	27,202	344	>100
Profit for the period	4,109	3,275	25	23,926	1,916	>100

The Group recorded a net profit of RM23.9 million versus same corresponding period last year's profit of RM1.9 million mainly due to reversal of expected credit losses of RM24.7 million.

For the current financial period ended 30 September 2020, BHIC Group registered a revenue of RM117.7 million, RM8.9 million lower than RM126.6 million reported in the same corresponding period last year. Current period revenue was mainly from the submarine contracts and other defence-related Maintenance, Repair & Overhaul ("MRO") projects.

Joint venture companies posted a negative contribution of RM116,000 in the cumulative period mainly from Contraves Advanced Devices Group ("CAD Group") as a result of unfavourable foreign exchange translations. However, negative contribution from joint venture companies is being cushioned by higher share of profits in BHIC AeroServices Sdn Bhd ("BHICAS") due to sale of spare parts to its customers. In 2019, positive contribution of RM3.4 million by the joint venture companies was predominantly due to higher flying hours clocked in by both the Royal Malaysian Air Force ("RMAF") and Malaysian Maritime Enforcement Agency ("MMEA") contracts.

There was no contribution from the associates in the cumulative period as losses had been recognised up to the Group's cost of investment in December 2019. In 2019, the associates recorded a negative contribution of RM1.3 million mainly due to variations in milestones achieved on its shipbuilding projects.

Repayment of RM9.8 million on the borrowings in the current period resulted in a reduction of finance costs. In addition, the interest rates were lower in the current period following a reduction in Bank Negara Malaysia Overnight Policy Rate ("BNM OPR") by 125 basis points.

B14. Material Changes in Quarterly Results Compared with the Results of the Immediate Preceding Quarter (Q3 2020 vs. Q2 2020)

For the quarter ended 30 September 2020	Current Period	Immediate Preceding Period	+ / (-)
	Q3 2020	Q2 2020	%
	RM'000	RM'000	
Revenue	37,716	35,905	5
Results from operations	7,631	4,457	71
Profit before taxation	4,969	1,579	>100
Profit / (Loss) for the period	4,109	(567)	>100

The Group posted a net profit of RM4.1 million for the current quarter as compared with RM567,000 loss in the preceding quarter.

The variance between the current quarter revenue of RM37.7 million and preceding quarter revenue of RM35.9 million was mainly due to variations in milestones achieved for defence-related MRO projects.

The joint venture companies posted a positive contribution in Q3 2020 of RM1.2 million (Q2 2020: RM612,000 profit), mainly contributed by BHICAS arising from higher flying hours clocked in by RMAF & MMEA. Higher loss by CAD Group in the previous quarter was due to unfavourable foreign exchange translations of RM400,000 arising from outstanding trade payables.

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

The Group's property, plant and equipment decreased from RM16.2 million to RM13.9 million in the current period due to depreciation charge during the period.

The decrease in the Group's cash from RM28.3 million to RM11.7 million was mainly due to lower receipts from customers and repayment of borrowings.

The increase in receivables by RM35.2 million was mainly due to project variations, whereas increase in payables by RM1.7 million was due to lower payments made to suppliers.

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

The cash and cash equivalent of RM11.7 million at the end of the current period was lower as compared with RM14.7 million in the same corresponding period last year largely attributable to lower receipts from customers and higher repayment of borrowings.

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

Comparatively, higher cash and cash equivalent in 2019 was from the drawdown of borrowings of RM31.5 million to finance the Group's working capital and dividend received from joint ventures of RM2.6 million.

B17. Commentary on Prospects

LMS3 was launched on 28 October 2020. The Group expects to handover LMS2 to the RMN by February 2021.

The extension of the contracts, such as In-Service Support on the RMN's Prime Minister's Class Submarines, provision of Maintenance and Supply of Spares for RMAF EC725 helicopters and Integrated Maintenance and Logistic Support Services on three units of MMEA Dauphin AS365N3 helicopters, are expected to positively contribute to the Group's bottom-line.

Additionally, in a continued effort to reduce cost and attain optimal organisational structure, the Group has put in place plans to boost efficiency and productivity to navigate ourselves back on the route to profitability and this is aligned with the objectives of Boustead Holdings Berhad's Transformation Plan.

Amid the surge in Covid-19 cases that prompted the Government to impose Conditional Movement Control Order (CMCO) starting from 14 October 2020, the Group takes a cautious outlook towards its prospects in the current financial year.

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)	(1)	(54)	(334)
Reversal of expected credit losses	(6,069)	(359)	(24,705)	(1,584)
Net loss / (gain) on foreign currency exchange	2	201	(215)	(1,591)
Depreciation of investment property	124	124	373	373
Depreciation of right of use assets	332	139	1,016	416
Depreciation of property, plant and equipment	712	1,122	2,289	3,388
Stock written down	(687)	-	(687)	-

B20. Taxation

	Current	Cumulative
	Period	Period
	2020	2020
	RM'000	RM'000
Malaysian taxation based on profit for the period:		
- Current corporate tax	860	3,269
- Under provision in prior year	-	7
	<u>860</u>	<u>3,276</u>

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 September 2020 and 31 December 2019 are as follows:

	30.9.2020	31.12.2019
	RM'000	RM'000
Long term borrowings:		
Unsecured		
- Term Revolving credits	68,000	68,000
Secured		
- Term loan	2,726	3,566
	<u>70,726</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><u>291,346</u></u>	<u><u>301,186</u></u>

All current period borrowings are denominated in Ringgit Malaysia.

As at 30 September 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 5.3% 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 September 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 September 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
<p>Boustead Naval Shipyard Sdn Bhd ("BNS") ("Defendant")</p>	<p>Ingat Kawan (M) Sdn Bhd ("Plaintiff")</p>	<p>50,000</p>	<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 has been continuing.</p> <p>The Ipoh High Court has fixed 20 November 2020 for decision.</p>
<p>BNS ("Defendant")</p>	<p>MTU Services (Malaysia) Sdn Bhd ("Plaintiff")</p>	<p>56,045</p>	<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>On 11 August 2020, BNS has then filed an interlocutory application to Stay/Strike Out the Winding Up Petition filed by MSM on a few grounds.</p> <p>The High Court of Kuala Lumpur had fixed 19 November 2020 to hear BNS's Stay/Strike Out Application and for case management of MSM's Winding Up Petition. However, the hearing has been postponed to 4 February 2021 due to CMCO.</p>

B26. Earnings per Share

	Current Period		Cumulative Period	
	2020	2019	2020	2019
Net profit for the period– RM'000	4,109	3,275	23,926	1,916
Number of ordinary shares in issue – '000	248,458	248,458	248,458	248,458
Total earnings per share – sen	1.65	1.32	9.63	0.77

By Order of the Board**SUZANA BINTI SANUDIN (SSM PC No. 201908002589)**

Company Secretary

Kuala Lumpur

Date: 19 November 2020