

Boustead Heavy Industries Corporation Berhad 197101000758 (11106-V)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

For the quarter ended 30 September 2021	Note	Current Period		Cumulative Period	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	A7	43,325	37,716	109,423	117,669
Operating costs		(27,058)	(36,154)	(71,623)	(103,573)
Reversal of expected credit losses		2,377	6,069	2,181	24,705
Results from operations		18,644	7,631	39,981	38,801
Interest income		16	32	63	288
Finance cost		(3,843)	(3,916)	(11,384)	(11,771)
Share of results of joint ventures		(72)	1,222	979	(116)
Share of results of associates		-	-	-	-
Profit before taxation	A7	14,745	4,969	29,639	27,202
Taxation	B8	(2,964)	(860)	(6,473)	(3,276)
Profit for the period		11,781	4,109	23,166	23,926
Attributable to:					-
Shareholders of the Company		11,781	4,109	23,166	23,926
Non-controlling interests		-	-	-	-
Net profit for the period		11,781	4,109	23,166	23,926
Basic earnings per share attributable to shareholders of the Company (sen):	B14	4.74	1.65	9.32	9.63

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 September 2021	Current Period		Cumulative Period	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit for the period	11,781	4,109	23,166	23,926
Foreign currency translation	-	-	-	-
Total comprehensive income for the period	11,781	4,109	23,166	23,926
Total comprehensive income attributable to:				
Shareholders of the Company	11,781	4,109	23,166	23,926
Net profit for the period	11,781	4,109	23,166	23,926

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

	As at Note 30 September	As at 31 December
	2021 RM'000	2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	6,354	7,271
Investment property	10,997	11,503
Right of use assets	33,173	34,075
Investments in joint ventures	82,964	82,496
Investments in associates	-	-
	<u>133,488</u>	<u>135,345</u>
Current assets		
Inventories	3,218	3,160
Trade and other receivables	309,812	269,450
Contract assets	10,905	3,630
Tax recoverables	676	2,530
Cash and bank balances	3,024	3,498
Non-current assets held for sale	3,759	3,885
	<u>331,394</u>	<u>286,153</u>
TOTAL ASSETS	<u>464,882</u>	<u>421,498</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	248,458	248,458
Accumulated losses	(159,892)	(183,058)
Shareholders' funds, representing total equity	<u>88,566</u>	<u>65,400</u>
Non-current liabilities		
Loans and borrowings	B10 68,750	54,819
Deferred tax liabilities	1	1
Lease liabilities	7,101	7,209
	<u>75,852</u>	<u>62,029</u>
Current liabilities		
Contract liabilities	-	18
Provisions	12,656	12,654
Loans and borrowings	B10 219,976	236,247
Trade and other payables	61,265	44,324
Tax payables	6,139	226
Lease liabilities	428	600
	<u>300,464</u>	<u>294,069</u>
Total liabilities	<u>376,316</u>	<u>356,098</u>
TOTAL EQUITY AND LIABILITIES	<u>464,882</u>	<u>421,498</u>
Net assets per share attributable to ordinary equity holders of the Company - RM	<u>0.36</u>	<u>0.26</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 September 2021	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 2021	248,458	(183,058)	65,400	-	65,400
Total comprehensive income for the period	-	23,166	23,166	-	23,166
Balance at 30 September 2021	248,458	(159,892)	88,566	-	88,566
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

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 September	As at 30 September
	2021	2020
	RM'000	RM'000
Operating Activities		
Receipts from customers	64,135	91,025
Cash paid to suppliers and employees	(51,523)	(85,089)
Net cash paid to related companies	(58)	(714)
Cash generated from operations	12,554	5,222
Interest paid	(12,208)	(11,341)
Net tax paid less refunds	1,294	(582)
Net cash generated from / (used in) operating activities	1,640	(6,701)
Investing Activities		
Interest received	23	288
Dividends received from joint venture companies	510	306
Purchase of property, plant and equipment	(17)	(116)
Net cash generated from investing activities	516	478
Financing Activities		
Repayment of borrowings	(2,340)	(9,840)
Payment of principal portion of lease liabilities	(277)	(588)
Net cash used in financing activities	(2,617)	(10,428)
Net decrease in cash and cash equivalents	(461)	(16,651)
Effect of foreign exchange rate changes	(13)	2
Cash and cash equivalents at beginning of the period	3,498	28,307
Cash and Cash Equivalents at End of the Period	3,024	11,658
Cash and Cash Equivalents at End of the Period Comprise:		
Deposits with licensed banks	40	9,700
Cash and bank balances	2,984	1,958
Cash and Cash Equivalents at End of the Period	3,024	11,658

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 September 2021

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 2021, 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 2020. 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 2020 except as follows:

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
Amendment to MFRS 16 (Leases)	Covid-19-Related Rent Concessions	1 January 2021
Amendments to MFRS 4 (Insurance Contracts)	Extension of the Temporary Exemption from Applying MFRS 9	Immediately
Amendments to MFRS 101 (Presentation of Financial Statements)	Classification of Liabilities as Current or Non-current – Deferral of Effective Date	Immediately

A2. Changes in Accounting Policies (contd.)

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
Amendment to MFRS 16 (Leases)	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 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
MFRS 17	Insurance Contracts	1 January 2023
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 101 (Presentation of Financial Statements)	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 (Accounting Policies, Changes in Accounting Estimates and Errors)	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 (Income Taxes)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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 10 (Consolidated Financial Statements) and MFRS 128 (Investments in Associates and Joint Ventures)	Sale or Contribution of Assets between an 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 a holistic perspective at BHIC level with the focus on potential synergy across the group of companies, productivity level and areas of inefficiency, 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 31 December 2021.

ii) Internal Business Reorganisation

The Group started an exercise to review the operational structure and decided to merge the operations of certain business units. Six business units have been identified and the restructuring/closure is ongoing. This exercise is expected to be completed by 31 December 2021.

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 2021 (30 September 2020: 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 2021

	Commercial RM'000	Defence RM'000	Energy RM'000	Others RM'000	Elimination RM'000	Total RM'000
Group Total Sales	89	109,230	-	1,910	(1,806)	109,423
Inter-Segment Sales	-	(12)	-	(1,794)	1,806	-
External Revenue	89	109,218	-	116	-	109,423
Operating costs	(1,110)	(62,155)	-	(8,094)	(264)	(71,623)
Reversal of expected credit loss	-	409	-	1,772	-	2,181
Results from operations	(1,021)	47,472	-	(6,206)	(264)	39,981
Interest income	-	689	-	1,597	(2,223)	63
Finance costs	(1,216)	(692)	-	(12,720)	3,244	(11,384)
Share of result in joint ventures	-	979	-	-	-	979
Share of result in associates	-	-	-	-	-	-
(Loss) / Profit before taxation	(2,237)	48,448	-	(17,329)	757	29,639
Taxation						(6,473)
Profit for the period						23,166

A7. Operating Segments (contd.)

Discussion on the segmental performance is disclosed in note B1 (Analysis Performance (FPE 30 September 2021 vs. FPE 30 September 2020)).

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

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 B13 (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.

b) Refit Contract

On 27 May 2020, BDNC received a letter from MINDEF claiming for LD amounting to RM9.5 million and EUR3.8 million for the refit works on RMN Submarine after several mitigation claims were approved by MINDEF.

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.

On 13 April 2021, MINDEF had issued a notice to BDNC to settle the LD claims in full against the future progress billing issued by BDNC to MINDEF. The Company had made full provision for the LD claims based on the above. The total provisions for the LD as at 30 September 2021, after offsetting against billings issued, is RM74.8 million (2020: RM172.8 million). To date, the balance of ISS, EISS and REFIT LD of RM14.4 million, RM43.6 million and RM16.8 million has yet to be settled respectively.

BDNC had made adequate provision for the LD claim to the extent that it is deemed to be sufficient for this ISS Contract, Refit Contract and 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 B13 (Changes in Material Litigation), 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 2021:

	Approved but not contracted for RM'000	Approved and contracted for RM'000	Total RM'000
Property, plant and equipment	2,767	130	2,897

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

B1. Analysis of Performance (FPE 30 September 2021 vs. FPE 30 September 2020)

For the quarter ended 30 September 2021	Current Period			Cumulative Period		
			+/(-)			+/(-)
	2021	2020	%	2021	2020	%
	RM'000	RM'000		RM'000	RM'000	
Revenue	43,325	37,716	15	109,423	117,669	-7
Results from operations	18,644	7,631	>100	39,981	38,801	3
Profit before taxation	14,745	4,969	>100	29,639	27,202	9
Profit for the period	11,781	4,109	>100	23,166	23,926	-3

The Group recorded a lower net profit of RM23.2 million versus RM23.9 million profit in the cumulative period last year, mainly due to lower manpower services rendered for shipbuilding works.

For the cumulative financial period under review, the Group recorded a revenue of RM109.4 million, RM8.3 million lower than RM117.7 million reported in the same corresponding period last year. The current period revenue was mainly from the submarine contracts and other defence-related MRO projects.

Joint venture companies posted a positive contribution of RM1.0 million in the cumulative period mainly from BHIC AeroServices Sdn Bhd (“BHICAS”) due to higher flying hours clocked in under both contracts by the Royal Malaysian Air Force (“RMAF”) and Malaysian Maritime Enforcement Agency (“MMEA”). In addition, positive contribution by Airbus Helicopters Simulation Center Sdn Bhd (“AHSC”) was due to higher training hours conducted on its H225 full flight simulator. In 2020, negative contribution of RM116,000 by the joint venture companies was mainly contributed by Contraves Advanced Devices (“CAD”) Group recording lower income due to reduced operations and global shortage of certain electronic components and unfavourable foreign exchange translations.

Losses reported by the associates in the cumulative period have no impact to the Group as losses had been recognised up to the Group’s cost of investment in December 2019.

Finance cost was slightly lower in the cumulative period as compared with the same corresponding period last year arising from repayment of principal borrowings of RM2.6 million in 2021, coupled with a lower weighted average interest rate of 5.10% (FPE 30 September 2020: 5.30%).

B2. Material Changes in Quarterly Results Compared with the Results of the Immediate Preceding Quarter (Q3 2021 vs. Q2 2021)

For the quarter ended 30 September 2021	Current Period	Immediate Preceding Period	+ / (-)
	Q3 2021	Q2 2021	%
	RM'000	RM'000	
Revenue	43,325	47,154	-8
Results from operations	18,644	19,609	-5
Profit before taxation	14,745	15,601	-5
Profit for the period	11,781	12,301	-4

The Group registered a lower revenue of RM43.3 million in the current quarter against RM47.2 million in the preceding quarter, mainly due to variations in milestones achieved for the submarine contracts and other defence-related MRO projects.

The joint venture companies posted a negative contribution of RM71,000 in Q3 2021 mainly due to CAD Group's reduced operations and global shortage of certain electronic components and higher unrealised foreign exchange loss arising from outstanding trade payables. In Q2 2021, higher losses were impacted by higher maintenance costs on RMAF's helicopter following the interval checks held every eight years undertaken by BHICAS.

Lower taxation recorded in the current quarter is in line with the lower revenue for defence-related MRO projects.

B3. Material Changes in Statement of Financial Position (FPE 30 September 2021 vs. FYE 31 December 2020)

The Group's property, plant and equipment ("PPE") decreased from RM7.3 million to RM6.4 million in the current period mainly due to depreciation charge during the period.

The increase in receivables and payables by RM47.6 million and RM16.9 million respectively were mainly due to project variations.

The cash and cash equivalent of RM3.0 million at the end of the current period was lower as compared with RM11.7 million in the same corresponding period last year attributable to lower receipts from customers.

B4. Material Changes in Statement of Cash Flows (FPE 30 September 2021 vs. FPE 30 September 2020)

The Group recorded a net cash inflow from operations of RM1.6 million (FPE 30 September 2020: net cash outflow of RM6.7 million) mainly due to lower cash paid to suppliers and staff. Meanwhile, the Group recorded a lower net cash outflow from financing activities of RM2.6 million (FPE 30 September 2020: net cash outflow of RM10.4 million) mainly due to lower repayment of borrowings.

B5. Commentary on Prospects

As Malaysia's economy reopens, the outlook for recovery looks positive.

The extension of the contracts awarded to our joint ventures, the Integrated Maintenance and Logistics Support Services for three units of Malaysia Maritime Enforcement Agency's Dauphin AS365N3 helicopters and In-Service Support to the Royal Malaysian Navy ("RMN")'s fleet of Prime Minister's Class Scorpene submarines are expected to contribute positively to the Group's earnings for the financial year 2021.

On 14 September 2021, the physical handover ceremony of the third unit of Littoral Mission Ship ("LMS"), BADIK was held in China. BADIK was then commissioned on 22 October 2021 at the RMN's base in Kota Kinabalu. The Group expects to deliver the fourth and final unit of LMS to the RMN by the end of 2021.

We have initiated and are now actively engaging with the Government of Malaysia to find a solution for the Littoral Combat Ship project ("LCS") and an immediate announcement will be made once completed.

In the aerospace sector, we continue to explore with Airbus Defence and Space to expand our business in undertaking military fixed-wing MRO, as well as venturing into the commercial helicopter segment.

Under Budget 2022, the allocation of RM16 billion for the defence sector and from this, RM1.6 billion to upgrade the Malaysian Armed Forces' main assets augurs well for the prospects of the defence industry. Against this backdrop, we take a positive but guarded view that the allocation in the budget and the projected economic turnaround will benefit defence/security and marine industry players like us.

B6. 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.

B7. 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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Other income	-	(11)	-	(54)
Allowance for expected credit losses				
- Trade receivables	-	-	196	-
Reversal of expected credit losses				
- Trade receivables	(532)	(6,069)	(532)	(13,619)
- Other receivables	(1,845)	-	(1,845)	-
- Contract assets	-	-	-	(11,086)
Net (gain) / loss on foreign currency exchange	(225)	2	(426)	(215)
Depreciation of investment property	169	124	506	373
Depreciation of right of use assets	283	332	901	1,016
Depreciation of property, plant and equipment	307	712	923	2,289

B8. Taxation

	Current	Cumulative
	Period	Period
	2021	2021
	RM'000	RM'000
Malaysian taxation based on profit for the period:		
- Current corporate tax	2,585	6,094
- Under provision in prior year	379	379
	<u>2,964</u>	<u>6,473</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 period 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.

B9. Status of Corporate Proposal

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

B10. Group Borrowings and Debt Securities

Total Group borrowings as at 30 September 2021 and 31 December 2020 are as follows:

	30.09.2021	31.12.2020
	RM'000	RM'000
Long term borrowings:		
Unsecured		
- Term Revolving credits	67,144	52,373
Secured		
- Term loan	1,606	2,446
	<u>68,750</u>	<u>54,819</u>
Short term borrowings:		
Unsecured		
- Revolving credits	201,500	202,500
- Term Revolving credits	17,356	32,627
Secured		
- Term loan	1,120	1,120
	<u>219,976</u>	<u>236,247</u>
Total borrowings	<u><u>288,726</u></u>	<u><u>291,066</u></u>

All current period borrowings are denominated in Ringgit Malaysia.

As at 30 September 2021, 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 5.10% per annum for the current period (FYE 31 December 2020: 5.28% per annum).

B11. Disclosure of Derivatives

There were no outstanding derivatives as at 30 September 2021.

B12. 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 2021.

B13. 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 2020, except for the following case:

Company	Claimant Company	Amount RM'000	Status
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 Services (Malaysia) Sdn Bhd ("MSM") 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>On 29 March 2021, the Judge has allowed for BNS's Application to Strike Out the Petition.</p> <p>MSM filed Notice of Appeal on 21 April 2021. Case Management was on 11 June 2021.</p> <p>Since BNS was granted a Restraining Order from 2 June until 1 December 2021 in relation to its Application for the Scheme of Arrangement, the next case management for MSM's appeal is fixed for 7 December 2021.</p>

B14. Earnings per Share

	Current Period		Cumulative Period	
	2021	2020	2021	2020
Net profit for the period – RM'000	11,781	4,109	23,166	23,926
Number of ordinary shares in issue – '000	248,458	248,458	248,458	248,458
Total earnings per share – sen	4.74	1.65	9.32	9.63

By Order of the Board

ROZANA BINTI ISMAIL (SSM PC No. 201908003365)
SUZANA BINTI SANUDIN (SSM PC No. 201908002589)
 Company Secretaries
 Kuala Lumpur
 Date: 24 November 2021

