

# Boustead Heavy Industries Corporation Berhad 197101000758 (11106-V)

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

For the quarter ended 30 June 2023	Note	Current Period		Cumulative Period	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Revenue</b>	<b>A7</b>	<b>32,799</b>	29,869	<b>39,163</b>	67,331
Operating costs		(15,187)	(24,248)	(25,528)	(48,233)
(Allowance for) / Reversal of expected credit losses		(40)	-	<b>3,991</b>	-
<b>Results from operations</b>		<b>17,572</b>	5,621	<b>17,626</b>	19,098
Interest income		17	16	36	31
Finance costs		(5,115)	(4,346)	(10,179)	(8,343)
Share of results of joint ventures		(3,029)	(1,054)	(3,877)	(1,555)
<b>Profit before taxation</b>	<b>A7</b>	<b>9,445</b>	237	<b>3,606</b>	9,231
Taxation	<b>B8</b>	(4,391)	(754)	(5,053)	(3,239)
<b>Profit / (Loss) for the period</b>		<b>5,054</b>	(517)	<b>(1,447)</b>	5,992
Attributable to:					
Shareholders of the Company		5,054	(517)	(1,447)	5,992
Non-controlling interests		-	-	-	-
<b>Net profit / (loss) for the period</b>		<b>5,054</b>	(517)	<b>(1,447)</b>	5,992
<b>Basic/diluted profit / (loss) per share attributable to shareholders for the Company (sen):</b>	<b>B14</b>	<b>2.03</b>	(0.21)	<b>(0.58)</b>	2.41

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 2023	Current Period		Cumulative Period	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Profit / (Loss) for the period</b>	<b>5,054</b>	<b>(517)</b>	<b>(1,447)</b>	<b>5,992</b>
Foreign currency translation	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<b>5,054</b>	<b>(517)</b>	<b>(1,447)</b>	<b>5,992</b>
<b>Total comprehensive income / (loss) attributable to:</b>				
Shareholders of the Company	<b>5,054</b>	<b>(517)</b>	<b>(1,447)</b>	<b>5,992</b>
<b>Net profit / (loss) for the period</b>	<b>5,054</b>	<b>(517)</b>	<b>(1,447)</b>	<b>5,992</b>

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
		2023 RM'000	2022 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		4,675	5,117
Investment property		9,815	10,153
Right-of-use assets		21,480	22,119
Investments in associates		-	-
Investments in joint ventures		79,483	83,360
Trade and other receivables		255,536	255,537
Deferred tax assets		185	185
		<b>371,174</b>	<b>376,471</b>
<b>Current assets</b>			
Inventories		2,726	2,942
Trade and other receivables		76,751	72,243
Contract assets		20,138	6,461
Tax recoverable		553	422
Cash and bank balances		7,997	26,352
		<b>108,165</b>	<b>108,420</b>
<b>TOTAL ASSETS</b>		<b>479,339</b>	<b>484,891</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		248,458	248,458
Accumulated losses		(189,237)	(187,790)
<b>Shareholders' funds, representing total equity</b>		<b>59,221</b>	<b>60,668</b>
<b>Non-current liabilities</b>			
Loans and borrowings	B10	53,096	63,285
Deferred tax liabilities		-	22
Lease liabilities		6,503	6,829
		<b>59,599</b>	<b>70,136</b>
<b>Current liabilities</b>			
Provisions		14,041	14,122
Loans and borrowings	B10	154,509	182,740
Trade and other payables		176,596	145,512
Tax payables		14,633	10,855
Lease liabilities		740	858
		<b>360,519</b>	<b>354,087</b>
<b>Total liabilities</b>		<b>420,118</b>	<b>424,223</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>479,339</b>	<b>484,891</b>
<b>Net assets per share attributable to ordinary equity holders of the Company - RM</b>		<b>0.24</b>	<b>0.24</b>

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 2023	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 2023	248,458	(187,790)	60,668	-	60,668
Total comprehensive loss for the period	-	(1,447)	(1,447)	-	(1,447)
At 30 June 2023	248,458	(189,237)	59,221	-	59,221
At 1 January 2022	248,458	(167,866)	80,592	-	80,592
Total comprehensive income for the period	-	5,992	5,992	-	5,992
At 30 June 2022	248,458	(161,874)	86,584	-	86,584

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
	2023	2022
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Cash receipts from customers	24,906	32,858
Cash paid to suppliers and employees	(31,085)	(55,916)
Receipts from related companies	2,281	(1,914)
Net cash (used in) / generated from operations	(3,898)	(24,972)
Interest paid	(7,303)	(7,325)
Net income taxes paid less refunds	(1,429)	(828)
Net cash (used in) / generated from operating activities	(12,630)	(33,125)
<b>Cash flows from investing activities</b>		
Interest received	2	-
Proceeds from disposal of property, plant and equipment	11	3,890
Purchase of property, plant and equipment for cash	(77)	(92)
Net cash (used in) / generated from investing activities	(64)	3,798
<b>Cash flows from financing activities</b>		
Lease payment	(444)	(415)
Repayment of borrowings	(38,421)	(14,610)
Advances from holding company	33,204	42,437
Net cash used in financing activities	(5,661)	27,412
Net decrease in cash and cash equivalents	(18,355)	(1,915)
Effect of foreign exchange rate changes	-	1
Cash and cash equivalents at beginning of the period	26,352	4,151
<b>Cash and cash equivalents at end of the period</b>	<b>7,997</b>	<b>2,237</b>
<b>Cash and cash equivalents at end of the period comprise:</b>		
Deposits with licensed banks	4,990	-
Cash and bank balances	3,007	2,237
	<b>7,997</b>	<b>2,237</b>

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 2023**

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**Part A Explanatory Notes Pursuant to MFRS 134**

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**A1. Basis of Preparation**

These condensed consolidated interim financial statements, for the financial period ended 30 June 2023, 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 2022. 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 2022 except as follows:

<b>MFRS and Amendments to MFRSs</b>		<b>Effective for annual periods beginning on or after</b>
MFRS 17 (Insurance Contracts)	Insurance Contracts	1 January 2023
Amendments to MFRS 17 (Insurance Contracts)	Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101 (Presentation of Financial Statements)	Classification of Liabilities as Current or Non-current (Insurance Contracts)	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	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**

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:

<b>MFRS and Amendments to MFRSs</b>		<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 101 (Presentation of Financial Statements)	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 16 (Leases)	Lease Liability in a Sale and Leaseback	1 January 2024
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**

There were no items affecting the assets, liabilities, equity, net income or cash flows of the Group that are unusual because of their nature, size or incidence for the current quarter ended 30 June 2023.

## **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 2023 (30 June 2022: 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 2023

	<b>Commercial RM'000</b>	<b>Defence RM'000</b>	<b>Energy RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
Group Total Sales	-	39,163	-	1,922	(1,922)	<b>39,163</b>
Inter-Segment Sales	-	-	-	(1,922)	1,922	-
External Revenue	-	39,163	-	-	-	<b>39,163</b>
Operating costs	(554)	(23,213)	-	(1,656)	(105)	<b>(25,528)</b>
Reversal of expected credit loss	-	3,991	-	-	-	<b>3,991</b>
<b>Results from operations</b>	(554)	19,941	-	(1,656)	(105)	<b>17,626</b>
Interest income	-	764	-	989	(1,717)	<b>36</b>
Finance costs	(466)	(946)	-	(12,403)	3,636	<b>(10,179)</b>
Share of result in joint ventures	-	(3,877)	-	-	-	<b>(3,877)</b>
Share of result in associates	-	-	-	-	-	-
<b>Profit before taxation</b>	<b>(1,020)</b>	<b>15,882</b>	-	<b>(13,070)</b>	<b>1,814</b>	<b>3,606</b>
Taxation						<b>(5,053)</b>
<b>Loss for the period</b>						<b>(1,447)</b>



## A7. Operating Segments (contd.)

### As at 30 June 2022

	Commercial RM'000	Defence RM'000	Energy RM'000	Others RM'000	Elimination RM'000	Total RM'000
Group Total Sales	37	67,235	-	1,152	(1,093)	<b>67,331</b>
Inter-Segment Sales	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,093)</u>	<u>1,093</u>	<u>-</u>
External Revenue	37	67,235	-	59	-	<b>67,331</b>
Operating costs	<u>(1,142)</u>	<u>(41,698)</u>	<u>-</u>	<u>(5,248)</u>	<u>(145)</u>	<u><b>(48,233)</b></u>
<b>Results from operations</b>	<b>(1,105)</b>	<b>25,537</b>	<b>-</b>	<b>(5,189)</b>	<b>(145)</b>	<b>19,098</b>
Interest income	-	720	-	1,206	(1,895)	<b>31</b>
Finance costs	(888)	(707)	-	(9,576)	2,828	<b>(8,343)</b>
Share of result in joint ventures	-	(1,555)	-	-	-	<b>(1,555)</b>
Share of result in associates	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Profit before taxation</b>	<b>(1,993)</b>	<b>23,995</b>	<b>-</b>	<b>(13,559)</b>	<b>788</b>	<b>9,231</b>
Taxation						<u><b>(3,239)</b></u>
<b>Profit for the period</b>						<u><b>5,992</b></u>

Discussion on the segmental performance is disclosed in note B1 (Analysis Performance (FPE 30 June 2023 vs. FPE 30 June 2022)).

## 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 Ascertained Damages (“LAD”) 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 LAD 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 LAD 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 LAD claims in full against the future progress billing issued by BDNC to MINDEF. The Company had made full provision for the LAD claims based on the above. The total provisions for the LAD as at 30 June 2023, after offsetting against billings issued, is RM60.0 million (FYE 2022: RM60.0 million).

BDNC had made adequate provision for the LAD claim to the extent that it is deemed to be sufficient for this 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 LAD are sufficient and no further losses are expected to be incurred after taking into consideration appropriate justifications and supporting documents which had been submitted to MINDEF for their consideration.

The Group has recognised its share of losses of interest in BDNC when applying the equity method up to its interest in the joint venture since the previous financial year.

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 June 2023:

	<b>Approved but not contracted for RM'000</b>	<b>Approved and contracted for RM'000</b>	<b>Total RM'000</b>
Property, plant and equipment	3,127	23	3,150

**B1. Analysis of Performance (FPE 30 June 2023 vs. FPE 30 June 2022)**

For the quarter ended 30 June 2023	Current Period			Cumulative Period		
			+/(-)			+/(-)
	2023	2022	%	2023	2022	%
	RM'000	RM'000		RM'000	RM'000	
Revenue	32,799	29,869	10	39,163	67,331	-42
Results from operations	17,572	5,621	>100	17,626	19,098	-8
Profit before taxation	9,445	237	>100	3,606	9,231	-61
Profit / (Loss) for the period	5,054	(517)	>-100	(1,447)	5,992	>-100

For the cumulative financial period under review, the Group recorded a revenue of RM39.2 million, RM28.1 million lower than RM67.3 million reported in the same corresponding period last year. The current period revenue was contributed to submarine contracts and other defence-related maintenance, repair and overhaul (“MRO”) projects.

Profit from operations in FPE 30 June 2023 of RM17.6 million was lower than RM19.1 million in the same corresponding period last year mainly attributable to lower contribution from submarine projects and other defence-related MRO projects. Reversal of expected credit loss (“ECL”) of RM4.0 million (FPE 30 June 2022: RM Nil) partly cushioned the impact.

Finance cost saw an increase to RM10.2 million compared with RM8.3 million in the same corresponding period largely due to a higher weighted average interest rate of 6.09% (FPE 30 June 2022: 5.18%). Higher negative contribution from joint venture companies for FPE 30 June 2023 of RM3.9 million (FPE 30 June 2022: loss of RM1.6 million) was as a result of lower demand from customers and higher operating expenses.

For the financial period under review, the Group recorded a loss after taxation of RM1.4 million versus RM6.0 million profit after taxation in the same corresponding period last year.

**B2. Material Changes in Quarterly Results Compared with the Results of the Immediate Preceding Quarter (Q2 2023 vs. Q1 2023)**

<b>For the quarter ended 30 June 2023</b>	<b>Current Period</b>	<b>Immediate Preceding Period</b>	<b>+ / (-)</b>
	<b>Q2 2023</b>	<b>Q1 2023</b>	<b>%</b>
	<b>RM'000</b>	<b>RM'000</b>	
Revenue	32,799	6,364	>100
Results from operations	17,572	54	>100
Profit / (Loss) before taxation	9,445	(5,839)	>-100
Profit / (Loss) for the period	5,054	(6,501)	>-100

The Group's revenue for the current quarter amounted to RM32.8 million, indicating an increase of RM26.4 million compared to the revenue of RM6.4 million in the preceding quarter. The growth in revenue was primarily driven by the milestones achieved for submarine contracts.

Results from operations in Q2 2023 showed a RM17.6 million profit compared to RM54,000 profit in Q1 2023. The improvement was mainly due to higher contribution from submarine contracts.

Despite being impacted from the negative contribution by joint venture companies of RM3.0 million (Q1 2023: loss of RM848,000), higher profit before taxation of RM9.4 million in the current quarter (Q1 2023: loss before taxation of RM5.8 million) was generated from submarine contracts.

The higher provision for taxation of RM4.4 million in the current quarter was from higher profit under the submarine contracts.

For Q2 2023, the Group recorded a profit after taxation of RM5.1 million as compared to a loss after taxation of RM6.5 million in Q1 2023.

**B3. Material Changes in Statement of Financial Position (FPE 30 June 2023 vs. FYE 31 December 2022)**

The Group's property, plant and equipment ("PPE") decreased from RM5.1 million to RM4.7 million in the current period mainly due to depreciation charged during the period.

The increase in receivables and payables of RM4.5 million and RM31.1 million respectively were mainly due to amounts owing from / to related companies.

The cash and cash equivalent of RM8.0 million at the end of the current period was lower as compared with RM26.4 million last year mainly attributable to lower receipts from customers and borrowings repayment of RM38.4 million in the current period. Higher cash and cash equivalent in 2022 was mainly attributable to proceeds from the sale of KKIP land of RM18.0 million.

**B4. Material Changes in Statement of Cash Flows (FPE 30 June 2023 vs. FPE 30 June 2022)**

The Group recorded a net cash outflow from operating activities of RM12.6 million (FPE 30 June 2022: net cash outflow of RM33.1 million) mainly due to lower payments to suppliers. The Group recorded a net cash outflow from investing activities of RM64,000 (FPE 30 June 2022: net cash inflow of RM3.8 million) mainly due to purchase of property, plant and equipment. Meanwhile, the Group recorded a lower net cash outflow from financing activities of RM5.7 million (FPE 30 June 2022: net cash inflow of RM27.4 million) mainly due to advances from the holding company and lower repayment of borrowings.

**B5. Commentary on Prospects**

We are focused on maintaining our operational sustainability by ensuring timely delivery of projects within cost expectations.

The new contracts awarded by MINDEF for the Interim ISS to the Royal Malaysian Navy submarines as well as for its Submarine Facilities Upkeep are expected to contribute positively to the Group's earnings in FY2023.

In line with Lembaga Tabung Angkatan Tentera's Strategic Plan 2023-2025, MAMPAN 25, we will continue our commitment in securing defence contracts while expanding our earning base into the commercial segment and deliver value to our shareholders by leveraging on our facilities, experience and human capital.

**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:

	<b>Current Period</b>		<b>Cumulative Period</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Allowance for expected credit losses				
- Other receivables	40	-	40	-
Reversal of expected credit losses				
- Trade receivables	-	-	(4,031)	-
Net loss / (gain) on foreign currency exchange	1	(527)	167	(632)
Loss / (gain) on disposal of property, plant and equipment	-	-	55	(5)
Impairment on property, plant and equipment	26	-	26	51
Depreciation of investment property	169	169	337	337
Depreciation of right of use assets	321	366	640	726
Depreciation of property, plant and equipment	218	283	436	573

**B8. Taxation**

	<b>Current</b>	<b>Cumulative</b>
	<b>Period</b>	<b>Period</b>
	<b>2023</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysian taxation based on profit for the period:		
- Current corporate tax	4,433	5,095
- Over provision in prior year	(20)	(20)
Deferred taxation:		
- Over provision of deferred tax liabilities in prior years	(22)	(22)
	<u>4,391</u>	<u>5,053</u>

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

Any unutilised tax losses that originated from the year of assessment 2019 onwards are allowed to be carried forward for a maximum period of 10 consecutive years of assessment immediately following that originating year of assessment and any balance of the unutilised tax losses thereafter shall be disregarded.

## B9. Status of Corporate Proposal

Reference to the announcement made on 21 August 2023, the Group's indirect wholly-owned subsidiary, Perstim Industries Sdn Bhd ("PISB"), entered into a share sale agreement ("SSA") with Ocean Sunshine Berhad in respect of the proposed disposal of 27,000,001 ordinary shares representing approximately 20.77% of the equity interest in Boustead Naval Shipyard Sdn Bhd held by PISB for a cash consideration of RM1.00, subject to the terms and conditions of the SSA.

The proposed disposal is expected to be completed by fourth quarter of 2023 and is not expected to have any material impact on the earnings for the financial year ending 31 December 2023.

## B10. Group Borrowings and Debt Securities

Total Group borrowings as at 30 June 2023 and 31 December 2022 are as follows:

	<b>30.06.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Long term borrowings:		
Unsecured		
- Term Revolving credits	53,096	63,079
Secured		
- Term loan	-	206
	<u>53,096</u>	<u>63,285</u>
Short term borrowings:		
Unsecured		
- Revolving credits	134,000	162,500
- Term Revolving credits	19,743	19,120
Secured		
- Term loan	766	1,120
	<u>154,509</u>	<u>182,740</u>
Total borrowings	<u><u>207,605</u></u>	<u><u>246,025</u></u>

All current period borrowings are denominated in Ringgit Malaysia.

As at 30 June 2023, 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 6.09% per annum for the current period (FYE 31 December 2022: 5.34% per annum).

## B11. Disclosure of Derivatives

There were no outstanding derivatives as at 30 June 2023.

## 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 June 2023.



**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 2022, except for the following case:

Company	Claimant Company	Amount RM'000	Status
BNS ("Defendant") / ("Respondent")	MTU Services (Malaysia) Sdn Bhd ("Plaintiff") / ("Appellant")	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. MSM filed an appeal on 21 April 2021. However, the Case Management for this Appeal has been rescheduled a few times in conjunction with BNS's Application for the Restraining Order.</p> <p>During the Case Management on 27 May 2022, MSM's solicitors have informed the Court of Appeal that MSM is currently not withdrawing the appeal. The Court of Appeal had fixed the next Case Management on 31 October 2022 and the hearing on 14 November 2022.</p> <p>BNS has since July 2022 paid half of the amount owed. MSM had written to Court requesting for adjournment of the hearing scheduled on 14 November 2022 pending settlement negotiation with BNS.</p> <p>The Court has allowed MSM's adjournment request. The date initially fixed for hearing on 14 November 2022 was converted to a Case Management during which the Court has allowed for the Case Management and hearing to be rescheduled to 12 June 2023 and 26 June 2023 respectively.</p> <p>On 20 June 2023, MSM's solicitors requested for postponement of hearing for personal reasons and the Court allowed for Case Management and hearing to be rescheduled to 20 October 2023 and 2 November 2023 respectively.</p>

**B13. Changes in Material Litigation (contd.)**

Company	Claimant Company	Status
<p>BHIC, BHIC Defence Technologies Sdn Bhd (“BHICDT”) and BNS (with (Dr.) Salihin Abang and Vice Admiral Dato’ Syed Zahiruddin Putra Syed Osman (Retired) as fourth &amp; fifth defendants)</p>	<p>Contraves Advanced Devices Sdn Bhd (“CAD”) and Contraves Electrodynamics Sdn Bhd (“CED”) (“Plaintiffs”)</p>	<ul style="list-style-type: none"> <li>• On 27 September 2022, Plaintiffs filed a Writ of Summons and Statement of Claim (Kuala Lumpur High Court Suit No. WA-22NCC-485-09/2022) against the 3 Companies and 2 BHICDT Nominee Directors in CAD.</li> <li>• Reliefs Sought by CAD and CED:               <ol style="list-style-type: none"> <li>1. A declaration that the 12 letters of award (“LOAs”) to the Plaintiffs, from BNS are still valid and subsisting;</li> <li>2. BNS pays CAD :                   <ol style="list-style-type: none"> <li>a. RM 880,068.21;</li> <li>b. Euro 39,871,994.66;</li> <li>c. Great Britain Pound 3,784,937.02; and</li> <li>d. Swedish Krona 55,938,157.90;</li> </ol> </li> <li>3. BNS pays CED the alleged outstanding amount of RM216,652,305.94;</li> <li>4. An order by way of specific performance of the 12 LOAs;</li> <li>5. Damages in lieu of and/or in addition to the specific performance to be assessed by the Court, alternatively, damages to be assessed and/or sums to be determined for quantum meruit;</li> <li>6. A declaration that the Nominee Directors have allegedly breached their fiduciary duties and/or common law duties and/or statutory duties under the provisions of Companies Act 2016;</li> <li>7. A declaration that BHIC and/or BHICDT and/or BNS had allegedly dishonestly assisted and/or aided and abetted and/or was an accessory to the Nominee Directors alleged breach of their respective fiduciary duties and/or common law duties and/or statutory duties owed to the Plaintiffs under the provision of Companies Act 2016;</li> <li>8. A declaration that BHIC and/or BHICDT and/or BNS and/or the Nominee Directors had allegedly wrongfully conspired and/or combined with each other and/or acted in concert to injure and/or defraud the Plaintiffs;</li> </ol> </li> </ul>

**B13. Changes in Material Litigation (contd.)**

Company	Claimant Company	Status
		<p>Reliefs Sought by CAD (contd.):</p> <ol style="list-style-type: none"> <li>9. A declaration that BHIC and/or BHICDT and/or BNS and/or the Nominee Directors had allegedly wrongfully procured and/or induced any or all CAD's and/or CED's OEMs under the LCS Project to breach the OEM's respective LOAs with CAD and/or CED and/or unlawfully interfered with the actions of any or all CAD's and/or CED's OEMs and/or the OEM's respective LOAs with CAD and/or CED;</li> <li>10. An injunction to restrain BHIC and/or BHICDT and/or BNS and/or the Nominee Directors whether by itself/himself, its directors, agents, servants, nominees or otherwise howsoever from continuing with the alleged breach and/or assistance of the alleged breach of the Nominee Directors respective fiduciary duties and/or common law duties and/or statutory duties under the provisions of CA 2016 including but not limited to sections 213, 217 and 218 owed to CAD and/or CED;</li> <li>11. An injunction to restrain BHIC and/or BHICDT and/or BNS whether by itself, its directors, agents, servants, nominees or otherwise howsoever from directly communicating and/or contracting with CAD's and/or CED's OEMs under the LCS Project in connection with and for purposes of any of the scope of work under the 12 LOAs for the LCS Project;</li> <li>12. An injunction to restrain (Dr.) Salihin and/or Dato' Syed Zahiruddin whether by himself, his agents, servants, nominees or otherwise howsoever from utilising, disclosing, distributing, propagating or otherwise howsoever from any internal documents and/or information of the Plaintiffs to any unauthorised persons and/or general public;</li> <li>13. Damages;</li> <li>14. Interest;</li> <li>15. Cost; and</li> <li>16. Such further and/or other relief as the Court may deem fit and just to grant.</li> </ol> <ul style="list-style-type: none"> <li>● The Board has appointed Messrs Lim Chee Wee Partnership to represent the Company, BHICDT and BNS in the suit.</li> </ul>

**B13. Changes in Material Litigation (contd.)**

<b>Company</b>	<b>Claimant Company</b>	<b>Status</b>
		<p>Reliefs Sought by CAD (contd.):</p> <ul style="list-style-type: none"><li>● The Nominee Directors i.e. (Dr.) Salihin Abang &amp; Vice Admiral Dato' Syed Zahiruddin Putra Syed Osman (Retired) will be represented by Messrs Elizabeth Lau &amp; Partners.</li><li>● The litigation/defence timeline:<ol style="list-style-type: none"><li>1. Filing of Defence on behalf of BHIC, BHICDT and BNS on 9 November 2022;</li><li>2. Filing of Defence on behalf of the nominee directors on 11 November 2022;</li><li>3. Filing of Striking Out/Stay Application on behalf of BHIC and BHICDT on 16 November 2022;</li><li>4. Filing of Striking Out/Stay Application on behalf of BNS and the nominee directors on 25 November 2022; and</li><li>5. Court hearing on 5 April 2023 fixed a subsequent hearing on 3 May 2023 where the decision was to be delivered on the application.</li><li>6. The Court has adjourned the decision originally fixed on 3 May 2023 to another date to be decided and fixed 3 July 2023 for Case Management.</li><li>7. Based on the Case Management dated 3 July 2023, the Plaintiffs have requested for an extension to finalise the settlement. Hence, the Court fixed another date for Case Management on 16 August 2023, for parties to update the Court on the settlement.</li><li>8. On the Case Management dated 16 August 2023, the Plaintiffs and BNS have requested for an extension of time to finalise the settlement. The Court fixed the next Case Management on 18 September 2023.</li></ol></li></ul>

**B14. Basic/diluted profit / (loss) per share**

	<b>Current Period</b>		<b>Cumulative Period</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Net profit / (loss) for the period– RM'000	5,054	(517)	(1,447)	5,992
Number of ordinary shares in issue – '000	248,458	248,458	248,458	248,458
Basic/diluted profit / (loss) per share – sen	2.03	(0.21)	(0.58)	2.41

**By Order of the Board****ROZANA ISMAIL (SSM PC No. 201908003365)**

Company Secretary

Kuala Lumpur

Date: 29 August 2023