

Boustead Heavy Industries Corporation Berhad 197101000758 (11106-V)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

For the quarter ended 30 September 2022	Note	Current Period		Cumulative Period	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	A7	35,873	43,325	103,204	109,423
Operating costs		(29,992)	(27,058)	(78,225)	(71,623)
Impairment		(51)	-	(51)	-
Allowance for expected credit losses		-	2,377	-	2,181
Results from operations		5,830	18,644	24,928	39,981
Interest income		17	16	48	63
Finance costs		(4,623)	(3,843)	(12,966)	(11,384)
Share of results of joint ventures		330	(72)	(1,225)	979
Share of results of associates		-	-	-	-
Profit before taxation	A7	1,554	14,745	10,785	29,639
Taxation	B8	(990)	(2,964)	(4,229)	(6,473)
Profit for the period		564	11,781	6,556	23,166
Attributable to:					
Shareholders of the Company		564	11,781	6,556	23,166
Non-controlling interests		-	-	-	-
Net profit for the period		564	11,781	6,556	23,166
Basic/diluted profit per share attributable to shareholders for the Company (sen):	B14	0.23	4.74	2.64	9.32

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 2022	Current Period		Cumulative Period	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit for the period	564	11,781	6,556	23,166
Foreign currency translation	-	-	-	-
Total comprehensive income for the period	564	11,781	6,556	23,166
Total comprehensive income attributable to:				
Shareholders of the Company	564	11,781	6,556	23,166
Net profit for the period	564	11,781	6,556	23,166

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
	2022 RM'000	2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	5,389	6,056
Investment property	10,322	10,828
Right-of-use assets	22,073	33,436
Investments in associates	-	-
Investments in joint ventures	77,722	79,458
Trade and other receivables	201,330	201,330
Deferred tax assets	4,508	4,408
	321,344	335,516
Current assets		
Inventories	2,819	2,912
Trade and other receivables	158,020	101,896
Contract assets	13,974	6,516
Tax recoverable	474	383
Cash and bank balances	2,877	4,151
Non-current assets held for sale	10,673	3,885
	188,837	119,743
TOTAL ASSETS	510,181	455,259
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	248,458	248,458
Accumulated losses	(161,310)	(167,866)
Shareholders' funds, representing total equity	87,148	80,592
Non-current liabilities		
Loans and borrowings	B10 68,271	83,512
Deferred tax liabilities	-	-
Lease liabilities	6,848	7,289
	75,119	90,801
Current liabilities		
Contract liabilities	-	-
Provisions	14,373	14,867
Loans and borrowings	B10 193,085	203,934
Trade and other payables	130,687	57,874
Tax payables	8,874	6,533
Lease liabilities	895	658
	347,914	283,866
Total liabilities	423,033	374,667
TOTAL EQUITY AND LIABILITIES	510,181	455,259
Net assets per share attributable to ordinary equity holders of the Company - RM	0.35	0.32

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 2022	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 2022	248,458	(167,866)	80,592	-	80,592
Total comprehensive income for the period	-	6,556	6,556	-	6,556
At 30 September 2022	248,458	(161,310)	87,148	-	87,148
At 1 January 2021	248,458	(183,058)	65,400	-	65,400
Total comprehensive income for the period	-	23,166	23,166	-	23,166
At 30 September 2021	248,458	(159,892)	88,566	-	88,566

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
	2022	2021
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers	65,143	64,135
Cash paid to suppliers and employees	(93,843)	(51,523)
Receipts from / (Payments to) related companies	5,102	(58)
Net cash (used in) / generated from operations	(23,598)	12,554
Interest paid	(11,082)	(12,208)
Net income taxes paid less refunds	(2,078)	1,294
Net cash (used in) / generated from operating activities	(36,758)	1,640
Cash flows from investing activities		
Interest received	-	23
Proceeds from disposal of property, plant and equipment	3,890	-
Purchase of property, plant and equipment for cash	(131)	(17)
Dividend received from joint venture companies	510	510
Net cash generated from investing activities	4,269	516
Cash flows from financing activities		
Lease payment	(601)	(277)
Repayment of borrowings	(26,090)	(2,340)
Advances from holding company	57,905	-
Net cash generated from / (used in) financing activities	31,214	(2,617)
Net decrease in cash and cash equivalents	(1,275)	(461)
Effect of foreign exchange rate changes	1	(13)
Cash and cash equivalents at beginning of the period	4,151	3,498
Cash and cash equivalents at end of the period	2,877	3,024
Cash and cash equivalents at end of the period comprise:		
Deposits with licensed banks	-	40
Cash and bank balances	2,877	2,984
	2,877	3,024

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 2022

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 2022, 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 2021. 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 2021 except as follows:

MFRS and Amendments to MFRSs		Effective for annual periods beginning on or after
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)	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
Amendments to MFRS 4 (Insurance Contracts)	Extension of the Temporary Exemption from Applying MFRS 9	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
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 112 (Income Taxes)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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 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 September 2022.

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 2022 (30 September 2021: 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 2022

	Commercial RM'000	Defence RM'000	Energy RM'000	Others RM'000	Elimination RM'000	Total RM'000
Group Total Sales	37	103,078	-	2,524	(2,435)	103,204
Inter-Segment Sales	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,435)</u>	<u>2,435</u>	<u>-</u>
External Revenue	37	103,078	-	89	-	103,204
Operating costs	(1,358)	(67,969)	-	(8,269)	(629)	(78,225)
Impairment	<u>(51)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(51)</u>
Results from operations	(1,372)	35,109	-	(8,180)	(629)	24,928
Interest income	-	1,100	-	1,895	(2,947)	48
Finance costs	(1,349)	(1,125)	-	(15,126)	4,634	(12,966)
Share of result in joint ventures	-	(1,225)	-	-	-	(1,225)
Share of result in associates	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Loss) / Profit before taxation	(2,721)	33,859	-	(21,411)	1,058	10,785
Taxation						<u>(4,229)</u>
Profit for the period						<u>6,556</u>

A7. Operating Segments (contd.)

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	<u>-</u>	<u>(12)</u>	<u>-</u>	<u>(1,794)</u>	<u>1,806</u>	<u>-</u>
External Revenue	89	109,218	-	116	-	109,423
Operating costs	(1,110)	(62,155)	-	(8,094)	(264)	(71,623)
Reversal of expected credit loss	<u>-</u>	<u>409</u>	<u>-</u>	<u>1,772</u>	<u>-</u>	<u>2,181</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Loss) / Profit before taxation	(2,237)	48,448	-	(17,329)	757	29,639
Taxation						<u>(6,473)</u>
Profit for the period						<u>23,166</u>

Discussion on the segmental performance is disclosed in note B1 (Analysis Performance (FPE 30 September 2022 vs. FPE 30 September 2021)).

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 2022, after offsetting against billings issued, is RM60.4 million (FYE 2021: RM68.5 million). To date, the balance of EISS and REFIT LD of 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 are 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 2022:

	Approved but not contracted for RM’000	Approved and contracted for RM’000	Total RM’000
Property, plant and equipment	2,202	9	2,211

B1. Analysis of Performance (FPE 30 September 2022 vs. FPE 30 September 2021)

For the quarter ended 30 September 2022	Current Period			Cumulative Period		
			+/(-)			+/(-)
	2022	2021	%	2022	2021	%
	RM'000	RM'000		RM'000	RM'000	
Revenue	35,873	43,325	-17	103,204	109,423	-6
Results from operations	5,830	18,644	69	24,928	39,981	-38
Profit before taxation	1,554	14,745	89	10,785	29,639	-64
Profit for the period	564	11,781	95	6,556	23,166	-72

For the cumulative financial period under review, the Group recorded a revenue of RM103.2 million, RM6.2 million lower than RM109.4 million reported in the same corresponding period last year. The current period revenue was mainly from submarine contracts and other defence-related maintenance, repair and overhaul (“MRO”) projects.

Results from operations in FPE 30 September 2022 of RM24.9 million was lower than the same corresponding period last year of RM40.0 million mainly attributable to lower contribution from submarine projects and defence-related MRO projects.

Profit before taxation was impacted by higher finance cost of RM13.0 million in the cumulative period as compared to RM11.4 million in the same corresponding period last year due to higher weighted average interest rate. Furthermore, negative contribution from joint venture companies of RM1.2 million in the cumulative period (FPE 30 September 2021: RM979,000 profit) driven by lower demand from customers and higher operating expenses. Losses by an associate company have no impact on the Group’s results in the cumulative period as the negative contribution had been recognised up to the Group’s cost of investments in December 2019.

For the cumulative financial period under review, the Group recorded a profit after taxation of RM6.6 million versus RM23.2 million profit after taxation in the cumulative period last year.

B2. Material Changes in Quarterly Results Compared with the Results of the Immediate Preceding Quarter (Q3 2022 vs. Q2 2022)

For the quarter ended 30 September 2022	Current Period	Immediate Preceding Period	+ / (-)
	Q3 2022	Q2 2022	%
	RM'000	RM'000	
Revenue	35,873	29,869	20
Results from operations	5,830	5,621	4
Profit before taxation	1,554	237	>100
Profit / (Loss) for the period	564	(517)	>-100

The Group registered higher revenue of RM35.9 million in the current quarter against RM29.9 million in the preceding quarter, predominantly due to variations in milestones achieved for submarine contracts.

Results from operations in Q3 2022 of RM5.8 million was higher than RM5.6 million in Q2 2022, due to higher contribution from submarine projects.

The profit before taxation was also attributed by the positive contribution from joint venture companies of RM330,000 in Q3 2022 (Q2 2022: RM1.1 million loss) derived from higher supply of spare parts to RMN and higher number of training hours conducted.

The Group recorded a higher provision for taxation in the current quarter arising from higher profit under the submarine contracts.

For Q3 2022, the Group recorded a profit after taxation of RM564,000 as compared to a loss after taxation of RM517,000 in Q2 2022.

B3. Material Changes in Statement of Financial Position (FPE 30 September 2022 vs. FYE 31 December 2021)

The Group's property, plant and equipment ("PPE") decreased from RM6.1 million to RM5.4 million in the current period mainly due to depreciation charged during the period.

The increase in receivables and decrease in payables by RM63.6 million and RM72.8 million respectively were mainly due to amounts owing from / to related companies.

The cash and cash equivalent of RM2.9 million at the end of the current period was lower as compared with RM4.2 million last year attributable to higher payments to suppliers and repayment on borrowings.

B4. Material Changes in Statement of Cash Flows (FPE 30 September 2022 vs. FPE 30 September 2021)

The Group recorded a net cash outflow from operations of RM36.8 million (FPE 30 September 2021: net cash inflow of RM1.6 million) mainly due to higher cash paid to suppliers. The Group recorded a net cash inflow from investing activities of RM4.3 million (FPE 30 September 2021: net cash inflow of RM516,000) mainly due to proceeds received on disposals of assets. Meanwhile, the Group recorded a higher net cash inflow from financing activities of RM31.2 million (FPE 30 September 2021: net cash outflow of RM2.6 million) mainly due to advances from holding company.

B5. Commentary on Prospects

The proactiveness of the Government of Malaysia to complete the Littoral Combat Ship (“LCS”) project within the timeframe set augurs well for the Group’s prospects. Following bilateral meetings between officials of the Malaysian and French Governments and Naval Group, the project’s main subcontractor, all parties have expressed their commitment to support efforts to continue the LCS project.

Our priority remains to complete projects awarded to us within the stipulated cost and time, to the satisfaction of our customers. Additionally, we will continue to capitalise on our strengths as one of the country’s leading defence contractors by pursuing defence related contracts vigorously while exploring new businesses, most notably in the commercial segment. This is part of our efforts to maximise shareholder value to become a sustainable and more resilient organisation, in line with the Reinventing Boustead strategy.

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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Allowance for expected credit losses	-	-	-	196
Reversal of expected credit losses				
- Trade receivables	-	(532)	-	(532)
- Other receivables	-	(1,845)	-	(1,845)
Net gain on foreign currency exchange	(465)	(225)	(1,097)	(426)
Gain on disposal of property, plant and equipment	-	-	(5)	-
Impairment of property, plant and equipment	-	-	51	-
Depreciation of investment property	169	169	506	506
Depreciation of right of use assets	175	283	901	901
Depreciation of property, plant and equipment	453	307	1,026	923

B8. Taxation

	Current	Cumulative
	Period	Period
	2022	2022
	RM'000	RM'000
Malaysian taxation based on profit for the period:		
- Current corporate tax	1,090	4,364
- Over provision in prior year	-	(35)
Deferred taxation:		
- Relating to origination and reversal of temporary differences	(100)	(100)
	<u>990</u>	<u>4,229</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

With reference to the announcement made on 23 September 2022, the Group's wholly owned subsidiary BHIC Shipbuilding & Engineering Sdn Bhd (“BSE”), entered into a conditional sale and purchase agreement (“SPA”) with Jantoco Realty Sdn Bhd (“Jantoco”) for the proposed disposal of all that piece of land measuring 9.782 acres known as Lot 6, Industrial Zone 7, Kota Kinabalu Industrial Park (“KKIP”), in the locality of Telipok and locality of Jalan Sepanggar Menggatal in the District of Kota Kinabalu, off Jalan Tuaran, State of Sabah for a total cash consideration of Ringgit Malaysia Eighteen Million and Eight Hundred Thousand (RM18,800,000) only subject to the terms and conditions contained in the SPA.

With reference to the announcement made on 14 November 2022, written consent from the developer, KKIP Sdn Bhd, was obtained for BSE to dispose the said property to Jantoco.

B10. Group Borrowings and Debt Securities

Total Group borrowings as at 30 September 2022 and 31 December 2021 are as follows:

	30.09.2022 RM'000	31.12.2021 RM'000
Long term borrowings:		
Unsecured		
- Term Revolving credits	67,785	82,186
Secured		
- Term loan	486	1,326
	<u>68,271</u>	<u>83,512</u>
Short term borrowings:		
Unsecured		
- Revolving credits	175,500	200,500
- Term Revolving credits	16,465	2,314
Secured		
- Term loan	1,120	1,120
	<u>193,085</u>	<u>203,934</u>
Total borrowings	<u><u>261,356</u></u>	<u><u>287,446</u></u>

All current period borrowings are denominated in Ringgit Malaysia.

As at 30 September 2022, 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 5.44% per annum for the current period (FYE 31 December 2021: 5.19% per annum).

B11. Disclosure of Derivatives

There were no outstanding derivatives as at 30 September 2022.

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 2022.

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 2021, 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. 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>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 has now been converted to a Case Management for parties to update Court and obtain further directions.</p> <p>The Court has allowed for the case management and hearing to be rescheduled to 12 June 2023 and 26 June 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 & fifth defendants)</p>	<p>Contraves Advanced Devices Sdn Bhd And Contraves Electrodynamics Sdn Bhd (“CAD”) (“Plaintiff”)</p>	<p>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.</p> <p>Reliefs Sought by CAD :</p> <ol style="list-style-type: none"> 1. A declaration that the 12 letters of award (“LOAs”) to the Plaintiffs, from BNS are still valid and subsisting; 2. BNS pays CAD : <ol style="list-style-type: none"> a. RM 880,068.21; b. Euro 39,871,994.66; c. Great Britain Pound 3,784,937.02; and d. Swedish Krona 55,938,157.90; 3. BNS pays CED the alleged outstanding amount of RM216,652,305.94; 4. An order by way of specific performance of the 12 LOAs; 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; 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; 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; 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; 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;

B13. Changes in Material Litigation (contd.)

Company	Claimant Company	Status
		<p>Reliefs Sought by CAD (contd.):</p> <ol style="list-style-type: none"> 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; 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; 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; 13. Damages; 14. Interest; 15. Cost; and 16. Such further and/or other relief as the Court may deem fit and just to grant. <p>The Board has appointed Messrs Lim Chee Wee Partnership to represent the Company, BHICDT and BNS in the suit.</p> <p>The Nominee Directors i.e. (Dr.) Salihin Abang & Vice Admiral Dato' Syed Zahiruddin Putra Syed Osman (Retired) is represented by Messrs Elizabeth Lau & Partners.</p> <p>The litigation timeline:</p> <ol style="list-style-type: none"> 1. Filing of Defence on behalf of BHIC, BHICDT and BNS on 9 November 2022; 2. Filing of Defence on behalf of the nominee directors on 11 November 2022; 3. Filing of Striking Out/Stay Application on behalf of BHIC and BHICDT on 16 November 2022; 4. Filing of Striking Out/Stay Application on behalf of BNS and the nominee directors on 25 November 2022; and

B13. Changes in Material Litigation (contd.)

Company	Claimant Company	Status
		The litigation timeline (contd.): 5. Case Management is on 30 November 2022.

B14. Basic/diluted profit per share

	Current Period		Cumulative Period	
	2022	2021	2022	2021
Net profit for the period – RM'000	564	11,781	6,556	23,166
Number of ordinary shares in issue – '000	248,458	248,458	248,458	248,458
Basic/diluted profit per share – sen	0.23	4.74	2.64	9.32

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

Company Secretary

Kuala Lumpur

Date: 25 November 2022