

Boustead Heavy Industries Corporation Berhad 197101000758 (11106-V)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

For the quarter ended 31 December 2021	Note	Current Period		Cumulative Year	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	A7	39,959	27,531	149,382	145,200
Operating costs		(32,057)	(49,744)	(103,680)	(153,317)
(Allowance for) / Reversal of expected credit losses		(11,972)	(19,352)	(9,791)	5,353
Results from operations		(4,070)	(41,565)	35,911	(2,764)
Interest income		23	36	86	324
Finance cost		(3,904)	(4,804)	(15,288)	(16,575)
Share of results of joint ventures		(3,507)	(13,642)	(2,528)	(13,758)
Share of results of associates		-	-	-	-
(Loss) / Profit before taxation	A7	(11,458)	(59,975)	18,181	(32,773)
Taxation	B8	3,283	(14,530)	(3,190)	(17,806)
(Loss) / Profit for the period / year		(8,175)	(74,505)	14,991	(50,579)
Attributable to:					-
Shareholders of the Company		(8,175)	(74,505)	14,991	(50,579)
Non-controlling interests		-	-	-	-
Net (loss) / profit for the period / year		(8,175)	(74,505)	14,991	(50,579)
Basic (loss) / earnings per share attributable to shareholders of the Company (sen):	B14	(3.29)	(29.99)	6.03	(20.36)

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 31 December 2021	Current Period		Cumulative Year	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
(Loss) / Profit for the period / year	(8,175)	(74,505)	14,991	(50,579)
Foreign currency translation	-	-	-	-
Total comprehensive (loss) / income for the period / year	(8,175)	(74,505)	14,991	(50,579)
Total comprehensive (loss) / income attributable to:				
Shareholders of the Company	(8,175)	(74,505)	14,991	(50,579)
Net (loss) / profit for the period / year	(8,175)	(74,505)	14,991	(50,579)

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 31 December	As at 31 December
		2021 RM'000	2020 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		6,056	7,271
Investment property		10,828	11,503
Right of use assets		32,886	34,075
Deferred tax assets		4,408	-
Investments in joint ventures		79,457	82,496
Investments in associates		-	-
		133,635	135,345
Current assets			
Inventories		2,912	3,160
Trade and other receivables		303,187	269,450
Contract assets		6,516	3,630
Tax recoverables		376	2,530
Cash and bank balances		4,191	3,498
Non-current assets held for sale		3,885	3,885
		321,067	286,153
TOTAL ASSETS		454,702	421,498
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		248,458	248,458
Accumulated losses		(168,067)	(183,058)
Shareholders' funds, representing total equity		80,391	65,400
Non-current liabilities			
Loans and borrowings	B10	83,512	54,819
Deferred tax liabilities		-	1
Lease liabilities		7,017	7,209
		90,529	62,029
Current liabilities			
Contract liabilities		-	18
Provisions		14,376	12,654
Loans and borrowings	B10	203,934	236,247
Trade and other payables		58,550	44,324
Tax payables		6,555	226
Lease liabilities		367	600
		283,782	294,069
Total liabilities		374,311	356,098
TOTAL EQUITY AND LIABILITIES		454,702	421,498
Net assets per share attributable to ordinary equity holders of the Company - RM		0.32	0.26

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 year ended 31 December 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 year	-	14,991	14,991	-	14,991
Balance at 31 December 2021	248,458	(168,067)	80,391	-	80,391
At 1 January 2020	248,458	(132,479)	115,979	-	115,979
Total comprehensive loss for the year	-	(50,579)	(50,579)	-	(50,579)
Balance at 31 December 2020	248,458	(183,058)	65,400	-	65,400

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 31 December	As at 31 December
	2021	2020
	RM'000	RM'000
Operating Activities		
Receipts from customers	104,527	106,564
Cash paid to suppliers and employees	(87,743)	(107,378)
Receipts with related companies	2,318	1,918
Net cash generated from operations	19,102	1,104
Interest paid	(15,511)	(16,632)
Net tax paid less refunds	883	(2,133)
Net cash generated from / (used in) operating activities	4,474	(17,661)
Investing Activities		
Interest received	31	265
Dividends received from joint venture companies	510	3,677
Purchase of property, plant and equipment	(185)	(191)
Proceed from disposal of property, plant and equipment	82	2
Net cash generated from investing activities	438	3,753
Financing Activities		
Repayment of borrowings	(3,620)	(10,120)
Payment of principal portion of lease liabilities	(598)	(783)
Net cash used in financing activities	(4,218)	(10,903)
Net increase / (decrease) in cash and cash equivalents	694	(24,811)
Effect of foreign exchange rate changes	(1)	2
Cash and cash equivalents at beginning of the period	3,498	28,307
Cash and Cash Equivalents at End of the Period	4,191	3,498
Cash and Cash Equivalents at End of the Period Comprise:		
Deposits with licensed banks	40	1,200
Cash and bank balances	4,151	2,298
Cash and Cash Equivalents at End of the Period	4,191	3,498

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 31 December 2021

Part A Explanatory Notes Pursuant to MFRS 134

A1. Basis of Preparation

These condensed consolidated interim financial statements, for the financial year ended 31 December 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)	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 17	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	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

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 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

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 was 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. This exercise was 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 / year.

A6. Dividend

The Board of Directors does not propose any dividend in the quarter ended 31 December 2021 (31 December 2020: RM nil).

A7. Operating Segments

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

As at 31 December 2021

	Commercial RM'000	Defence RM'000	Energy RM'000	Others RM'000	Elimination RM'000	Total RM'000
Group Total Sales	114	149,189	-	2,294	(2,215)	149,382
Inter-Segment Sales	<u>-</u>	<u>(65)</u>	<u>-</u>	<u>(2,150)</u>	<u>2,215</u>	<u>-</u>
External Revenue	114	149,124	-	144	-	149,382
Operating costs	(1,524)	(90,698)	-	(10,288)	(1,170)	(103,680)
(Allowance for) / Reversal of expected credit loss	<u>-</u>	<u>(11,728)</u>	<u>-</u>	<u>1,772</u>	<u>165</u>	<u>(9,791)</u>
Results from operations	(1,410)	46,698	-	(8,372)	(1,005)	35,911
Interest income	-	1,015	-	2,156	(3,085)	86
Finance costs	(1,658)	(913)	-	(17,101)	4,384	(15,288)
Share of result in joint ventures	-	(2,528)	-	-	-	(2,528)
Share of result in associates	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Loss) / Profit before taxation	(3,068)	44,272	-	(23,317)	294	18,181
Taxation						<u>(3,190)</u>
Profit for the year						<u>14,991</u>

A7. Operating Segments (contd.)

Discussion on the segmental performance is disclosed in note B1 (Analysis Performance (FYE 31 December 2021 vs. FYE 31 December 2020)).

As at 31 December 2020

	Commercial RM'000	Defence RM'000	Energy RM'000	Others RM'000	Elimination RM'000	Total RM'000
Group Total Sales	533	147,931	-	10,235	(13,499)	145,200
Inter-Segment Sales	<u>-</u>	<u>(3,616)</u>	<u>-</u>	<u>(9,883)</u>	<u>13,499</u>	<u>-</u>
External Revenue	533	144,315	-	352	-	145,200
Operating costs	(12,331)	(108,380)	(2,154)	(26,965)	(3,487)	(153,317)
Reversal of / (Allowance for) expected credit losses	<u>-</u>	<u>4,659</u>	<u>-</u>	<u>(21,930)</u>	<u>22,624</u>	<u>5,353</u>
Results from operations	(11,798)	40,594	(2,154)	(48,543)	19,137	(2,764)
Interest income	-	846	-	2,799	(3,321)	324
Finance costs	(1,761)	(1,103)	-	(19,417)	5,706	(16,575)
Share of result in joint ventures	-	(13,758)	-	-	-	(13,758)
Share of result in associates	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Loss) / Profit before taxation	(13,559)	26,579	(2,154)	(65,161)	21,522	(32,773)
Taxation						<u>(17,806)</u>
Loss for the year						<u>(50,579)</u>

A8. Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buybacks, share cancellations, shares held as treasury shares and resale of treasury shares in the current financial year.

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 31 December 2021, after offsetting against billings issued, is RM69.9 million (2020: RM172.8 million). To date, the balance of ISS, EISS and REFIT LD of RM9.5 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 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 year.

A12. Capital Commitments

The Group has the following commitments as at 31 December 2021:

	Approved but not contracted for RM’000	Approved and contracted for RM’000	Total RM’000
Property, plant and equipment	2,299	35	2,334

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

B1. Analysis of Performance (FYE 31 December 2021 vs. FYE 31 December 2020)

For the quarter ended 31 December 2021	Current Period			Cumulative Year		
	2021	2020	+ / (-)	2021	2020	+ / (-)
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	39,959	27,531	45	149,382	145,200	3
Results from operations	(4,070)	(41,565)	90	35,911	(2,764)	>100
(Loss) / Profit before taxation	(11,458)	(59,975)	81	18,181	(32,773)	>100
(Loss) / Profit for the period / year	(8,175)	(74,505)	89	14,991	(50,579)	>100

The Group recorded a net profit of RM15.0 million versus last year's loss of RM50.6 million, mainly due to higher maintenance, repair and overhaul ("MRO") activities, lower operating costs and lower taxation.

For the cumulative financial year under review, the Group recorded revenue of RM149.4 million, RM4.2 million higher than RM145.2 million reported last year. The current year revenue was mainly from submarine contracts and other defence-related MRO projects.

Joint venture companies posted a negative contribution of RM2.5 million in the cumulative year mainly from BHIC AeroServices Sdn Bhd ("BHICAS") due to provision for Liquidated Damages ("LD") of RM25.0 million (FYE 31 December 2020: RM27.3 million) for its RMAF contract, however BHICAS' current year losses has been recognised up to the Group's cost of investment. Nevertheless, higher share of profits in Airbus Helicopter Simulation Centre Sdn Bhd ("AHSC") of RM0.5 million due to higher training hours of 1,180 hours (FYE 31 December 2020: 789 hours) conducted on its H225 full flight simulator had dampened the impact of negative contribution from the joint venture companies.

Losses reported by the associates in the cumulative year 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 year as compared to last year due to prior repayment of principal borrowings, coupled with a lower weighted average interest rate of 5.2% (FYE 31 December 2020: 5.3%).

B2. Material Changes in Quarterly Results Compared with the Results of the Immediate Preceding Quarter (Q4 2021 vs. Q3 2021)

For the quarter ended 31 December 2021	Current Period	Immediate Preceding Period	+ / (-)
	Q4 2021	Q3 2021	%
	RM'000	RM'000	
Revenue	39,959	43,325	-8
Results from operations	(4,070)	18,644	->100
(Loss) / Profit before taxation	(11,458)	14,745	->100
(Loss) / Profit for the period	(8,175)	11,781	->100

The Group recorded a net loss of RM8.2 million in Q4 2021 as compared to Q3 2021's profit of RM11.8 million mainly due to allowances for expected credit loss of RM12.0 million in the current quarter as compared to a reversal of expected credit loss of RM2.4 million arising from joint venture companies of RM0.7 million and reversal of GST refund of RM1.7 million in the preceding quarter.

The Group registered lower revenue of RM39.9 million in the current quarter against RM43.3 million in the preceding quarter, mainly due to variations in milestones achieved for submarine contracts and other defence-related MRO projects.

The joint venture companies posted a negative contribution of RM3.5 million in Q4 2021 mainly from BHICAS' provision for LD of RM25.0 million in Q4 2021 for its RMAF contract. BHICAS' current year losses has been recognised up to the Group's cost of investment. In addition, Contraves Advanced Devices Group ("CAD Group") also recorded a negative contribution due to higher operating expenses in Q4 2021.

Income tax benefit recorded in the current quarter was due to recognition of deferred tax assets on expected utilisation of tax loss.

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

The Group's property, plant and equipment ("PPE") decreased from RM7.3 million to RM6.1 million in the current year mainly due to depreciation charge during the year.

The increase in receivables and payables by RM36.6 million and RM14.2 million respectively were mainly due to project variations.

The cash and cash equivalent of RM4.2 million at the end of the year was higher as compared with RM3.5 million last year attributable to lower payment to suppliers and deferment of repayment on borrowings.

B4. Material Changes in Statement of Cash Flows (FYE 31 December 2021 vs. FYE 31 December 2020)

The Group recorded a net cash inflow from operations of RM4.5 million (FYE 31 December 2020: net cash outflow of RM17.7 million) mainly due to lower cash paid to suppliers. Meanwhile, the Group recorded a lower net cash outflow from financing activities of RM4.2 million (FYE 31 December 2020: net cash outflow of RM10.9 million) mainly due to lower repayment of borrowings.

B5. Commentary on Prospects

The country's improving economic conditions driven by recovery in domestic consumer demand, in tandem with the nation's encouraging vaccination rate, registered a growth of 3.6% in Q4 2021. Overall, Malaysia's economic performance in 2021 shows a recovery momentum of 3.1%, as opposed to decline of 5.6% in 2020. From our standpoint, these improvements augur well for our strategic path moving forward.

We successfully delivered the fourth and final unit of the first batch of Littoral Mission Ship ("LMS"), RENCONG to RMN. RMN commissioned KD RENCONG on 28 January 2022 at its base in Sepanggar Bay, Kota Kinabalu, following which she joined her sister ships, KD KERIS, KD SUNDANG and KD BADIK in RMN's 11th LMS Squadron. Through the delivery of all four LMS, we are honoured to contribute to the strengthening of RMN's Eastern Fleet and meeting the objective of its 15-to-5 Fleet Transformation Programme to create an efficient, fit-for purpose armada.

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

We take a positive view that the allocation of RM16.0 billion for the defence sector in Budget 2022 will benefit industry players like us. We are especially encouraged that there is an allocation of RM1.6 billion from the Budget to upgrade the Malaysian Armed Forces. This and the forecast by Bank Negara Malaysia of economic growth between 5.5% and 6.5% in 2022 should augur well for the defence/security and marine sectors.

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 Year	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Other income	-	(426)	-	(480)
Allowance for expected credit losses				
- Trade receivables	11,589	18,500	11,180	18,500
- Other receivables	187	2,382	187	2,382
- Contract assets	196	-	196	-
Reversal of expected credit losses				
- Trade receivables	-	(1,530)	-	(15,150)
- Other receivables	-	-	(1,772)	-
- Contract assets	-	-	-	(11,086)
Net gain on foreign currency exchange	(693)	(248)	(1,119)	(463)
(Gain) / loss on disposal of property, plant and equipment	(52)	2	(52)	2
Property, plant and equipment written off	-	20	-	20
Asset held for sale written down	-	2,131	-	2,131
Depreciation of investment property	170	480	675	852
Depreciation of right of use assets	287	299	1,188	1,314
Depreciation of property, plant and equipment	423	1,628	1,347	3,919

B8. Taxation

	Current	Cumulative
	Period	Year
	2021	2021
	RM'000	RM'000
Malaysian taxation based on profit for the period / year:		
- Current corporate tax	1,880	7,974
- Over provision in prior year	(754)	(375)
Deferred taxation:		
- Relating to origination and reversal temporary differences	(4,409)	(4,409)
	<u>(3,283)</u>	<u>3,190</u>

B8. Taxation (contd.)

The current year 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 year 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 year 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 31 December 2021 and 31 December 2020 are as follows:

	31.12.2021	31.12.2020
	RM'000	RM'000
Long term borrowings:		
Unsecured		
- Term Revolving credits	82,186	52,373
Secured		
- Term loan	1,326	2,446
	<u>83,512</u>	<u>54,819</u>
Short term borrowings:		
Unsecured		
- Revolving credits	200,500	202,500
- Term Revolving credits	2,314	32,627
Secured		
- Term loan	1,120	1,120
	<u>203,934</u>	<u>236,247</u>
Total borrowings	<u><u>287,446</u></u>	<u><u>291,066</u></u>

All current year borrowings are denominated in Ringgit Malaysia.

As at 31 December 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 5.2% per annum for the current year (FYE 31 December 2020: 5.3% per annum).

B11. Disclosure of Derivatives

There were no outstanding derivatives as at 31 December 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 31 December 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>BNS was granted a Restraining Order from 2 December 2021 until 2 March 2022 in relation to its Application for the Scheme of Arrangement. Case Management for the Winding Up Petition Appeal is fixed for 9 March 2022.</p>

B14. (Loss) / Earnings per Share

	Current Period		Cumulative Year	
	2021	2020	2021	2020
Net (loss) / profit for the period / year – RM'000	(8,175)	(74,505)	14,991	(50,579)
Number of ordinary shares in issue – '000	248,458	248,458	248,458	248,458
Total (loss) / earnings per share – sen	(3.29)	(29.99)	6.03	(20.36)

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 February 2022