

Boustead Heavy Industries Corporation Berhad 197101000758 (11106-V)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

For the quarter ended 31 March 2024	Note	Current Period		Cumulative Period	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	A7	19,145	6,364	19,145	6,364
Operating costs		(25,117)	(10,341)	(25,117)	(10,341)
Reversal of expected credit losses		-	4,031	-	4,031
Results from operations		(5,972)	54	(5,972)	54
Interest income		142	19	142	19
Finance costs		(298)	(5,064)	(298)	(5,064)
Fair value gain on financial assets at FVTPL		695	-	695	-
Share of results of joint ventures		(1,137)	(848)	(1,137)	(848)
Loss before taxation	A7	(6,570)	(5,839)	(6,570)	(5,839)
Taxation	B8	(99)	(662)	(99)	(662)
Loss for the period		(6,669)	(6,501)	(6,669)	(6,501)
Attributable to:					
Shareholders of the Company		(6,669)	(6,501)	(6,669)	(6,501)
Non-controlling interests		-	-	-	-
Net loss for the period		(6,669)	(6,501)	(6,669)	(6,501)
Basic/diluted loss per share attributable to shareholders for the Company (sen):	B14	(2.66)	(2.62)	(2.66)	(2.62)

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 March 2024	Current Period		Cumulative Period	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Loss for the period	(6,669)	(6,501)	(6,669)	(6,501)
Foreign currency translation	-	-	-	-
Total comprehensive loss for the period	(6,669)	(6,501)	(6,669)	(6,501)
Total comprehensive loss attributable to:				
Shareholders of the Company	(6,669)	(6,501)	(6,669)	(6,501)
Non-controlling interests	-	-	-	-
Net loss for the period	(6,669)	(6,501)	(6,669)	(6,501)

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 March	As at 31 December
		2024 RM'000	2023 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		4,353	4,478
Investment property		9,309	9,478
Right-of-use assets		24,003	23,343
Investments in associates		-	-
Investments in joint ventures		23,181	24,319
Trade and other receivables		-	-
Deferred tax assets		-	-
Other investments		68,998	68,304
		<u>129,844</u>	<u>129,922</u>
Current assets			
Inventories		2,457	2,456
Trade and other receivables		86,647	74,917
Contract assets		3,137	557
Tax recoverable		297	270
Cash and bank balances		37,250	69,218
		<u>129,788</u>	<u>147,418</u>
TOTAL ASSETS		<u>259,632</u>	<u>277,340</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		427,211	427,211
RCPS A		13,372	13,372
RCPS-i A		74,804	74,804
RCPS B		47,916	47,916
RPS C		44,684	44,684
Accumulated losses		(460,389)	(453,720)
Total equity		<u>147,598</u>	<u>154,267</u>
Non-current liabilities			
Loans and borrowings	B10	3,684	4,155
Lease liabilities		8,531	7,863
		<u>12,215</u>	<u>12,018</u>
Current liabilities			
Contract liabilities		868	12,051
Provisions		12,654	12,669
Loans and borrowings	B10	4,474	6,231
Trade and other payables		66,560	62,161
Tax payables		13,134	15,917
Lease liabilities		2,129	2,026
		<u>99,819</u>	<u>111,055</u>
Total liabilities		<u>112,034</u>	<u>123,073</u>
TOTAL EQUITY AND LIABILITIES		<u>259,632</u>	<u>277,340</u>
Net assets per share attributable to ordinary equity holders of the Company - RM		<u>0.26</u>	<u>0.27</u>

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Boustead Heavy Industries Corporation Berhad 197101000758 (11106-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

←—————Attributable to equity holders of the Company—————→

For the period ended 31 March 2024	Share Capital	RCPS A	RCPS-i A	RCPS B	RPS C	Accumulated Losses	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2024	427,211	13,372	74,804	47,916	44,684	(453,720)	154,267
Total comprehensive loss for the period	-	-	-	-	-	(6,669)	(6,669)
At 31 March 2024	427,211	13,372	74,804	47,916	44,684	(460,389)	147,598
At 1 January 2023	248,458	-	-	-	-	(187,790)	60,668
Total comprehensive loss for the period	-	-	-	-	-	(6,501)	(6,501)
At 31 March 2023	248,458	-	-	-	-	(194,291)	54,167

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 March	As at 31 March
	2024	2023
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers	5,133	7,373
Cash paid to suppliers and employees	(30,562)	(18,632)
(Payments) / Receipts from related companies	(278)	939
Net cash used in operations	(25,707)	(10,320)
Interest paid	(703)	(3,786)
Net income taxes paid less refunds	(2,909)	(878)
Net cash used in operating activities	(29,319)	(14,984)
Cash flows from investing activities		
Interest received	124	2
Proceeds from disposal of property, plant and equipment	-	11
Purchase of property, plant and equipment for cash	(142)	(20)
Placement of fixed deposits	(645)	-
Net cash used in investing activities	(663)	(7)
Cash flows from financing activities		
Lease payment	(400)	(223)
Repayment of borrowings	(2,231)	(24,961)
Advances from holding company	-	14,605
Net cash used in financing activities	(2,631)	(10,579)
Net decrease in cash and cash equivalents	(32,613)	(25,570)
Cash and cash equivalents at beginning of the year	63,973	26,352
Cash and cash equivalents at end of the period	31,360	782

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 March 2024

Part A Explanatory Notes Pursuant to MFRS 134

A1. Basis of Preparation

These condensed consolidated interim financial statements, for the financial period ended 31 March 2024, 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 2023. 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 2023 except as follows:

MFRS and Amendments to MFRSs		Effective for annual periods beginning on or after
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 107 (Statement of Cash Flows) and MFRS 7 (Financial Instruments: Disclosures)	Supplier Finance Arrangements	1 January 2024

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
Amendments to MFRS 121 (The effects of changes in Foreign Exchange Rates)	Lack of exchangeability	1 January 2025
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 31 March 2024.

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 31 March 2024 (31 March 2023: 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 31 March 2024

	Defence and Security RM'000	Commercial RM'000	Others RM'000	Elimination RM'000	Total RM'000
Group Total Sales	19,145	-	1,264	(1,264)	19,145
Inter-Segment Sales	<u>-</u>	<u>-</u>	<u>(1,264)</u>	<u>1,264</u>	<u>-</u>
External Revenue	19,145	-	-	-	19,145
(Operating costs)/other income	<u>(21,559)</u>	<u>(985)</u>	<u>(2,573)</u>	<u>-</u>	<u>(25,117)</u>
Results from operations	(2,414)	(985)	(2,573)	-	(5,972)
Interest income	697	-	583	(1,138)	142
Finance costs	(489)	(35)	(2,098)	2,324	(298)
Fair value gain on financial assets at FVTPL	695	-	-	-	695
Share of result in joint ventures	<u>(1,137)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,137)</u>
Loss before tax	(2,648)	(1,020)	(4,088)	1,186	(6,570)
Income tax expense					<u>(99)</u>
Loss net of tax					<u>(6,669)</u>

A7. Operating Segments (contd.)

As at 31 March 2023

	Defence and Security RM'000	Commercial RM'000	Others RM'000	Elimination RM'000	Total RM'000
Group Total Sales	6,364	-	919	(919)	6,364
Inter-Segment Sales	<u>-</u>	<u>-</u>	<u>(919)</u>	<u>919</u>	<u>-</u>
External Revenue	6,364	-	-	-	6,364
(Operating costs)/other income	(10,736)	(311)	706	-	(10,341)
Reversal of expected credit loss	<u>4,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,031</u>
Results from operations	(341)	(311)	706	-	54
Interest income	375	-	488	(844)	19
Finance costs	(471)	(230)	(6,125)	1,762	(5,064)
Share of result in joint ventures	<u>(848)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(848)</u>
Loss before tax	(1,285)	(541)	(4,931)	918	(5,839)
Income tax expense					<u>(662)</u>
Loss net of tax					<u>(6,501)</u>

Discussion on the segmental performance is disclosed in note B1 (Analysis Performance (FPE 31 March 2024 vs. FPE 31 March 2023)).

A8. Debt and Equity Securities

There were no conversion of RCPS-A, RCPS-I A, RCPS-B and RPS-C, issuance and repayments of debt and equity securities, share buybacks, no share cancellations, shares held as treasury shares and resale of treasury shares in the current quarter.

A9. Carrying Amount of Revalued Assets

There has been no revaluation of property, plant and equipment during the current quarter.

A10. Subsequent Material Events

There have 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 31 December 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 year.

A12. Capital Commitments

The Group has the following commitments as at 31 March 2024:

	Approved but not contracted for RM'000	Approved and contracted for RM'000	Total RM'000
Property, plant and equipment	5,935	136	6,071

B1. Analysis of Performance (FPE 31 March 2024 vs. FPE 31 March 2023)

For the quarter ended 31 March 2024	Current Period			Cumulative Period		
	2024	2023	+ / (-)	2024	2023	+ / (-)
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	19,145	6,364	>100	19,145	6,364	>100
Results from operations	(5,972)	54	>-100	(5,972)	54	>-100
Loss before taxation	(6,570)	(5,839)	13	(6,570)	(5,839)	13
Loss for the period	(6,669)	(6,501)	3	(6,669)	(6,501)	3

For the cumulative financial period under review, the Group recorded a revenue of RM19.1 million, RM12.7 million higher than RM6.4 million reported in the same corresponding period last year. The increase was attributable to positive variations in the milestones achieved for submarine contracts.

Loss from operations stood at RM6.0 million (FPE 31 March 2023: profit from operations of RM54,000), primarily due to higher operating costs.

Decrease in finance cost to RM298,000 from RM5.1 million in the same corresponding period last year due to settlement of borrowings in December 2023.

Fair value gain on financial assets at fair value through profit or loss (FVTPL) of RM695,000 (FPE 31 March 2023: RM Nil) was from forex gain by Contraves Advanced Devices (“CAD Group”) which was reclassified from a joint-venture company at 31 December 2023, arising from its outstanding receivables.

Higher negative contribution from joint venture companies of RM1.1 million (FPE 31 March 2023: loss of RM848,000) added to the Group’s losses, as a result of lower demand from customers.

For the financial period under review, the Group posted a loss after taxation of RM6.7 million versus RM6.5 million loss after taxation in the same corresponding period last year.

B2. Material Changes in Quarterly Results Compared with the Results of the Immediate Preceding Quarter (Q1 2024 vs. Q4 2023)

For the quarter ended 31 March 2024	Current Period	Immediate Preceding Period	+ / (-)
	Q1 2024	Q4 2023	%
	RM'000	RM'000	
Revenue	19,145	48,744	(61)
Results from operations	(5,972)	(263,369)	98
Loss before taxation	(6,570)	(255,510)	97
Loss for the period	(6,669)	(258,767)	97

The Group's revenue for the current quarter decreased by 61% compared to the immediate preceding quarter, mainly driven by lower maintenance, repair and overhaul ("MRO") in submarine contracts.

Results from operations in Q1 2024 showed a lower loss of RM6.0 million compared to RM263.4 million loss in Q4 2023. Higher in Q4 2023 was due to allowance for Expected Credit Losses ("ECL") of RM262.2 million.

FVTPL of RM695,000 was from forex gain by CAD Group arising from its outstanding receivables. Higher gain in Q4 2023 of RM2.8 million was due to reversal of impairment and reversal of unrealised forex loss by CAD Group.

Negative contribution from joint venture companies of RM1.1 million (Q4 2023: profit of RM10.9 million) were mainly due to lower demand from customers. Higher contribution in Q4 2023 was driven by reversal of provision on liquidated damages and an increase in volume of maintenance works.

Provision for taxation in Q1 2024 of RM99,000 was attributable to profits derived from the rental of hangar. Higher provision in Q4 2023 of RM3.3 million was from the submarine contracts.

For Q1 2024, the Group recorded a loss after taxation of RM6.7 million as compared to a loss after taxation of RM258.8 million in Q4 2023.

B3. Material Changes in Statement of Financial Position (FPE 31 March 2024 vs. FYE 31 December 2023)

The Group's property, plant and equipment ("PPE") decreased from RM4.5 million to RM4.4 million in the current year mainly due to depreciation charged during the period.

The increase in receivables and payables of RM11.7 million and RM4.4 million, respectively, were mainly due to advance payment in relation to submarine contracts and amount owing from/to related companies.

The Group's cash and bank balances of RM37.3 million at the end of the current period were lower as compared with RM69.2 million last year mainly attributable to higher payments to suppliers and principal repayment on banking facilities. Higher in FYE 31 December 2023 mainly due to higher receipts from customers and advances from BHB.

B4. Material Changes in Statement of Cash Flows (FPE 31 March 2024 vs. FPE 31 March 2023)

The net cash outflow from operating activities of RM29.3 million (FPE 31 March 2023: net cash outflow of RM15.0 million), mainly due to higher payments to suppliers.

The net cash outflow from investing activities of RM663,000 (FPE 31 March 2023: net cash inflow of RM7,000), arose from pledging cash into debt service reserve accounts. Net cash outflow in FPE 31 March 2023 was mainly due to purchase of property, plant and equipment.

The net cash outflow from financing activities of RM2.6 million (FPE 31 March 2023: net cash outflow of RM10.6 million), was mainly due to lower repayments of borrowings pursuant to the debt restructuring exercise completed in December 2023.

B5. Commentary on Prospects

Following the approval by our shareholders of the debt settlement proposals in December 2023, the Group reached another milestone on 30 April 2024 with voting in favour of the proposed disposal of our shares in Lumut Naval Shipyard Sdn Bhd (formerly known as Boustead Naval Shipyard Sdn Bhd) to Ocean Sunshine Bhd, a company under Minister of Finance, Inc. and Intercompany Trade Receivables Settlement Agreement.

These milestones provide a solid platform for the future sustainability of the Group to strengthen the financial position while ensuring our cashflow is optimized. We are continuing our exploration to secure new business in areas beyond our traditional businesses of marine, aerospace and weapons and combat systems.

We expect the Interim ISS and Submarines Facilities Upkeep for the Royal Malaysian Navy, and ISS for the Royal Malaysian Air Force EC725 helicopters contracts to contribute positively to the Group's earnings in FY2024.

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	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Reversal of expected credit losses				
- Trade receivables	-	(4,031)	-	(4,031)
Net loss on foreign currency exchange	79	166	79	166
Loss on disposal of property, plant and equipment	-	55	-	55
Depreciation of investment property	639	169	639	169
Depreciation of right of use assets	511	319	511	319
Depreciation of property, plant and equipment	169	218	169	218

B8. Taxation

	Current	Cumulative
	Period	Period
	2024	2024
	RM'000	RM'000
Malaysian taxation based on profit for the period:		
- Current corporate tax	99	99

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 Proposals

(a) Proposed Disposal by Perstim Industries Sdn Bhd

Reference to the announcement made on 21 August 2023, Perstim Industries Sdn Bhd ("PISB"), an indirect wholly-owned subsidiary of BHIC, had on 18 August 2023, entered into a share sale agreement ("SSA") with Ocean Sunshine Berhad ("OSB") in respect of the proposed disposal of 27,000,001 ordinary shares representing approximately 20.77% of the equity interest in Lumut Naval Shipyard Sdn Bhd ("LUNAS") (formerly known as Boustead Naval Shipyard Sdn Bhd) held by PISB for a cash consideration of RM1.00, subject to the terms and conditions of the SSA. Reference to the announcements made on 4 October 2023, 1 November 2023, 1 December 2023 and 16 February 2024, PISB and OSB have mutually agreed to extend the Conditional Period of the SSA for a period up to 31 March 2024. On 26 January 2024, it was announced that LUNAS, at the initiation of OSB, proposed to undertake an issue and allotment of the Issue Shares to OSB and PISB, at an issue price of RM1.00 per Issue Share for a cash consideration of RM240,000,000.00 and the allotment was completed on the same date. The proposed issue did not have any material impact on the earnings for the financial year ending 31 December 2023.

BHIC obtained the approval of the shareholders on the proposed disposal on 30 April 2024. As such, all conditions precedent set out in the SSA have been fulfilled and the SSA has become unconditional on 30 April 2024. The proposed disposal was completed on 10 May 2024 and is not expected to have any material impact on the earnings for the financial year ending 31 December 2024.

(b) Proposed Intercompany Trade Receivables Settlement Agreement ("ITRSA")

Reference to the announcement made on 3 April 2024, BHIC has on 3 April 2024 issued a Letter of Agreement ("LOA") to Lumut Naval Shipyard (formerly known as Boustead Naval Shipyard Sdn Bhd) ("LUNAS") and LUNAS has accepted the LOA to enter into an ITRSA after BHIC has obtained its shareholders' approval for the Proposed ITRSA, which is one of the condition precedents to be fulfilled in the SSA dated 18 August 2023.

Reference to the announcement made on 3 May 2024, BHIC has on 30 April 2024, obtained the shareholders' approval on ITRSA and BHIC and LUNAS have executed the ITRSA on 30 April 2024 and as such, all conditions precedent set out in the SSA have been fulfilled and the SSA has become unconditional on 30 April 2024. The proposed ITRSA is not expected to have any material impact on the earnings for the financial year ending 31 December 2024.

B10. Group Borrowings and Debt Securities

Total Group borrowings as at 31 March 2024 and 31 December 2023 are as follows:

	31.03.2024	31.12.2023
	RM'000	RM'000
Long term borrowings:		
Unsecured		
- Revolving credits	2,103	2,742
- Term Revolving credits	1,413	1,413
Secured		
- Term loan	-	-
	<u>3,516</u>	<u>4,155</u>
Short term borrowings:		
Unsecured		
- Revolving credits	3,921	3,925
- Term Revolving credits	721	2,100
Secured		
- Term loan	-	206
	<u>4,642</u>	<u>6,231</u>
Total borrowings	<u><u>8,158</u></u>	<u><u>10,386</u></u>

All current period borrowings are denominated in Ringgit Malaysia.

As at 31 March 2024, 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 6.20% per annum for the current period (FYE 31 December 2023: 6.15% per annum).

B11. Disclosure of Derivatives

There were no outstanding derivatives as at 31 March 2024.

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 March 2024.

B13. Changes in Material Litigation

There were no changes in material litigation since the last annual statement of financial position as at 31 December 2023:

Company	Claimant Company	Status
<p>BHIC, BHIC Defence Technologies Sdn Bhd (“BHICDT”) and LUNAS (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 (“CAD”) and Contraves Electrodynamics Sdn Bhd (“CED”) (“Plaintiffs”)</p>	<ul style="list-style-type: none"> • 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. • Reliefs Sought by CAD and CED: <ol style="list-style-type: none"> 1. A declaration that the 12 letters of award (“LOAs”) to the Plaintiffs, from LUNAS are still valid and subsisting; 2. LUNAS 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. LUNAS 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; <p>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;</p> 6. A declaration that BHIC and/or BHICDT and/or LUNAS 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; 7. A declaration that BHIC and/or BHICDT and/or LUNAS 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;

B13. Changes in Material Litigation (contd.)

Company	Claimant Company	Status
		<p>Reliefs Sought by CAD (contd.):</p> <ol style="list-style-type: none"> 8. A declaration that BHIC and/or BHICDT and/or LUNAS 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; 9. An injunction to restrain BHIC and/or BHICDT and/or LUNAS 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; 10. An injunction to restrain BHIC and/or BHICDT and/or LUNAS 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; 11. An injunction to restrain (Dr.) Salihin Abang 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; 12. Damages; 13. Interest; 14. Cost; and 15. Such further and/or other relief as the Court may deem fit and just to grant.

B13. Changes in Material Litigation (contd.)

Company	Claimant Company	Status
		<p>Reliefs Sought by CAD (contd.):</p> <ul style="list-style-type: none"> ● The Board has appointed Messrs Lim Chee Wee Partnership to represent the Company, BHICDT and LUNAS in the suit. ● The Nominee Directors i.e. (Dr.) Salihin Abang & Vice Admiral Dato' Syed Zahiruddin Putra Syed Osman (Retired) will be represented by Messrs Elizabeth Lau & Partners. ● The litigation/defence timeline: <ol style="list-style-type: none"> 1. Filing of Defence on behalf of BHIC, BHICDT and LUNAS 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 LUNAS and the nominee directors on 25 November 2022; and 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. 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. 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. 8. During Case Management on 18 September 2023, LUNAS and the Plaintiffs updated the Court that the settlement has not been finalised. The Court then decided that it will allow both parties more time to settle and fixed the new Case Management on 30 October 2023.

B13. Changes in Material Litigation (contd.)

Company	Claimant Company	Status
		<p>Reliefs Sought by CAD (contd.):</p> <ul style="list-style-type: none"> ● The litigation/defence timeline (contd.): <ol style="list-style-type: none"> 9. On 30 October 2023, the Plaintiffs updated the Court that the settlement has not been finalised and the Court fixed 30 November 2023 for final Case Management. 10. On 30 November 2023, the Plaintiffs notified the Court that they have reached the settlement with LUNAS on 29 November 2023. The Court then fixed the Case Management on 12 December 2023. On 12 December 2023, the Judge fixed the decision on the striking out application on 8 February 2024. 11. The Plaintiffs had on 4 January 2024 filed the Notice of Discontinuance to discontinue the suit against LUNAS and accordingly, LUNAS had on 4 January 2024 withdrawn its Striking Out Application against the Plaintiffs. 12. On 8 February 2024, the Court has allowed BHIC/BHICDT's application to strike out the claim brought by CAD and CED against BHIC/BHICDT with costs of RM15,000.00 to be paid personally by Sylvia Sinniah to BHIC and BHICDT. The Judge also allowed (Dr.) Salihin and Dato' Syed Zahiruddin's application to strike out the claim brought by CAD and CED against them with costs of RM15,000.00 to be personally paid by Sylvia Sinniah to (Dr.) Salihin and Dato' Syed Zahiruddin. 13. The deadline for CAD/CED to file an appeal to the Court of Appeal against Striking Out Decision has lapsed and no appeal has been filed by CAD/CED against the Striking Out Decision. The case is considered closed.

B14. Basic/diluted loss per share

	Current Period		Cumulative Period	
	2024	2023	2024	2023
Net loss for the period – RM'000	(6,669)	(6,501)	(6,669)	(6,501)
Number of ordinary shares in issue – '000	564,280	564,280	564,280	564,280
Basic/diluted loss per share – sen	(2.66)	(2.62)	(2.66)	(2.62)

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

Company Secretary

Kuala Lumpur

Date: 30 May 2024