

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

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

For the quarter ended 30 June 2024	Note	Current Period		Cumulative Period	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Revenue</b>	<b>A7</b>	<b>100,972</b>	32,799	<b>120,117</b>	39,163
Operating costs		<b>(65,168)</b>	(15,187)	<b>(90,285)</b>	(25,528)
(Allowance for) /Reversal of expected credit losses		-	(40)	-	3,991
<b>Results from operations</b>		<b>35,804</b>	17,572	<b>29,832</b>	17,626
Interest income		<b>202</b>	17	<b>344</b>	36
Finance costs		<b>(288)</b>	(5,115)	<b>(585)</b>	(10,179)
Fair value gain/(loss) on financial assets at FVTPL		<b>(695)</b>	-	-	-
Share of results of joint ventures		<b>(620)</b>	(3,029)	<b>(1,757)</b>	(3,877)
<b>Profit before taxation</b>	<b>A7</b>	<b>34,403</b>	9,445	<b>27,834</b>	3,606
Taxation	<b>B8</b>	<b>(9,240)</b>	(4,391)	<b>(9,339)</b>	(5,053)
<b>Profit / (Loss) for the period</b>		<b>25,163</b>	5,054	<b>18,495</b>	(1,447)
Attributable to:					
Shareholders of the Company		<b>25,163</b>	5,054	<b>18,495</b>	(1,447)
Non-controlling interests		-	-	-	-
<b>Net profit / (loss) for the period</b>		<b>25,163</b>	5,054	<b>18,495</b>	(1,447)
<b>Basic/diluted earnings / (loss) per share attributable to shareholders for the Company (sen):</b>	<b>B14</b>	<b>4.46</b>	2.03	<b>3.28</b>	(0.58)

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

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

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the quarter ended 30 June 2024	Current Period		Cumulative Period	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<b>Profit / (Loss) for the period</b>	<b>25,163</b>	5,054	<b>18,495</b>	(1,447)
Foreign currency translation	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<b>25,163</b>	5,054	<b>18,495</b>	(1,447)
<b>Total comprehensive income / (loss) attributable to:</b>				
Shareholders of the Company	<b>25,163</b>	5,054	<b>18,495</b>	(1,447)
Non-controlling interests	-	-	-	-
<b>Net profit / (loss) for the period</b>	<b>25,163</b>	5,054	<b>18,495</b>	(1,447)

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

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

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30 June	As at 31 December
		2024 RM'000	2023 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		4,191	4,478
Investment property		9,141	9,478
Right-of-use assets		23,473	23,343
Investments in joint ventures		21,631	24,319
Other investments		68,304	68,304
		<b>126,740</b>	129,922
<b>Current assets</b>			
Inventories		2,457	2,456
Trade and other receivables		54,912	74,917
Contract assets		56,606	557
Tax recoverable		333	270
Cash and bank balances		77,728	69,218
		<b>192,036</b>	147,418
<b>TOTAL ASSETS</b>		<b>318,776</b>	277,340
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
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		(435,225)	(453,720)
<b>Total equity</b>		<b>172,762</b>	154,267
<b>Non-current liabilities</b>			
Loans and borrowings	B10	3,321	4,155
Lease liabilities		7,525	7,863
		<b>10,846</b>	12,018
<b>Current liabilities</b>			
Contract liabilities		868	12,051
Provisions		12,656	12,669
Loans and borrowings	B10	1,801	6,231
Trade and other payables		96,702	62,161
Tax payables		20,628	15,917
Lease liabilities		2,513	2,026
		<b>135,168</b>	111,055
<b>Total liabilities</b>		<b>146,014</b>	123,073
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>318,776</b>	277,340
<b>Net assets per share attributable to ordinary equity holders of the Company - RM</b>		<b>0.31</b>	0.27

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

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

### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

← Attributable to equity holders of the Company →

For the period ended 30 June 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 income for the period	-	-	-	-	-	18,495	18,495
At 30 June 2024	427,211	13,372	74,804	47,916	44,684	(435,225)	172,762
At 1 January 2023	248,458	-	-	-	-	(187,790)	60,668
Total comprehensive loss for the period	-	-	-	-	-	(1,447)	(1,447)
At 31 June 2023	248,458	-	-	-	-	(189,237)	59,221

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

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

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	As at 30 June	As at 30 June
	2024	2023
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Cash receipts from customers	78,130	24,906
Cash paid to suppliers and employees	(57,787)	(31,085)
Receipts from related companies	-	2,281
Net cash generated from / (used in) operations	20,343	(3,898)
Interest paid	(689)	(7,303)
Net income taxes paid less refunds	(4,238)	(1,429)
Net cash generated from / (used in) operating activities	15,416	(12,630)
<b>Cash flows from investing activities</b>		
Interest received	39	2
Proceeds from disposal of property, plant and equipment	106	11
Purchase of property, plant and equipment for cash	(219)	(77)
Placement of fixed deposits	(2,791)	-
Net cash used in investing activities	(2,865)	(64)
<b>Cash flows from financing activities</b>		
Lease payment	(1,022)	(444)
Repayment of borrowings	(5,264)	(38,421)
Advances from holding company	-	33,204
Net cash used in financing activities	(6,286)	(5,661)
Net decrease in cash and cash equivalents	6,265	(18,355)
Cash and cash equivalents at beginning of the year	63,973	26,352
<b>Cash and cash equivalents at end of the period</b>	<b>70,238</b>	<b>7,997</b>

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

**Boustead Heavy Industries Corporation Berhad 197101000758 (11106-V)**  
**Notes to the Interim Financial Report for the Quarter Ended 30 June 2024**

---

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

---

**A1. Basis of Preparation**

These condensed consolidated interim financial statements, for the financial period ended 30 June 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:

<b>MFRS and Amendments to MFRSs</b>		<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 101 (Presentation of Financial Statements)	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 16 (Leases)	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 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 30 June 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 30 June 2024 (30 June 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 30 June 2024

	Defence and Security RM'000	Commercial RM'000	Others RM'000	Elimination RM'000	Total RM'000
Group Total Sales	120,117	-	3,562	(3,562)	120,117
Inter-Segment Sales	<u>-</u>	<u>-</u>	<u>(3,562)</u>	<u>3,562</u>	<u>-</u>
External Revenue	120,117	-	-	-	120,117
Operating costs	<u>(82,357)</u>	<u>(985)</u>	<u>(6,113)</u>	<u>(830)</u>	<u>(90,285)</u>
<b>Results from operations</b>	37,760	(985)	(6,113)	(830)	29,832
Interest income	1,393	-	1,254	(2,303)	344
Finance costs	(1,039)	(71)	(4,128)	4,653	(585)
Fair value gain/(loss) on financial assets at FVTPL	-	-	-	-	-
Share of result of joint ventures	<u>(1,757)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,757)</u>
<b>Profit before tax</b>	<b>36,357</b>	<b>(1,056)</b>	<b>(8,987)</b>	<b>1,520</b>	<b>27,834</b>
Income tax expense					<u>(9,339)</u>
<b>Profit net of tax</b>					<u><b>18,495</b></u>



## A7. Operating Segments (contd.)

### As at 30 June 2023

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

Discussion on the segmental performance is disclosed in note B1 (Analysis Performance (FPE 30 June 2024 vs. FPE 30 June 2023)).

## A8. Debt and Equity Securities

Save as disclosed below, 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:

Reference to announcement dated 31 July 2024, a notice of redemption (“Redemption Notice”) has been despatched to Boustead Holdings Berhad, stating BHIC’s intention to make a full redemption of the RPS C held by BHB by payment in cash for each RPS C held. The redemption for the 78,947,368 RPS C is expected to be completed by end August 2024.

## 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 30 June 2024, after offsetting against billings issued, is RM60.0 million (FYE 2023: RM60.0 million).

BDNC had made adequate provision for the LAD claim to the extent that it is deemed to be sufficient for this Refit Contract and EISS Contract and an appeal has been submitted to MINDEF for consideration.

The Group is of the opinion that the above provisions for the LAD are sufficient and no further losses are expected to be incurred after taking into consideration appropriate justifications and supporting documents which had been submitted to MINDEF for their consideration.

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

Other than the contingent liabilities as disclosed above and in Note B13 (Changes in Material Litigation), there has been no other contingent liability arising since the previous financial year end and in the current financial period.

**A12. Capital Commitments**

The Group has the following commitments as at 30 June 2024:

	<b>Approved but not contracted for RM'000</b>	<b>Approved and contracted for RM'000</b>	<b>Total RM'000</b>
Property, plant and equipment	5,863	188	6,051

**B1. Analysis of Performance (FPE 30 June 2024 vs. FPE 30 June 2023)**

For the quarter ended 30 June 2024	Current Period		+ / (-) %	Cumulative Period		+ / (-) %
	2024	2023		2024	2023	
	RM'000	RM'000		RM'000	RM'000	
Revenue	100,972	32,799	>100	120,117	39,163	>100
Results from operations	35,804	17,572	>100	29,832	17,626	69
Profit before taxation	34,403	9,445	>100	27,834	3,606	>100
Profit / (Loss) for the period	25,163	5,054	>100	18,495	(1,447)	>100

For the cumulative financial period under review, the Group recorded a revenue of RM120.1 million, RM80.9 million higher than RM39.2 million reported in the same corresponding period last year. The increase was attributable to positive contribution from the submarine contracts.

Profit from operations stood at RM29.8 million (FPE 30 June 2023: profit from operations of RM17.6 million) primarily due to higher profit from the submarine contracts and operational efficiency.

Decrease in finance cost to RM585,000 from RM10.2 million in the same corresponding period last year due to reduced debt servicing costs pursuant to the settlement of borrowings in December 2023.

However, the Group's profit was impacted by negative contribution from joint venture companies of RM1.8 million (FPE 30 June 2023: loss of RM3.9 million), as a result of lower demand from customers.

For the financial period under review, the Group posted a profit after taxation of RM18.5 million versus RM1.4 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 (Q2 2024 vs. Q1 2024)**

<b>For the quarter ended 30 June 2024</b>	<b>Current Period</b>	<b>Immediate Preceding Period</b>	<b>+ / (-)</b>
	<b>Q2 2024</b>	<b>Q1 2024</b>	<b>%</b>
	<b>RM'000</b>	<b>RM'000</b>	
Revenue	100,972	19,145	>100
Results from operations	35,804	(5,972)	>100
Profit / (Loss) before taxation	34,403	(6,570)	>100
Profit / (Loss) for the period	25,163	(6,669)	>100

The Group's revenue for the current quarter increased by RM81.8 million compared to the immediate preceding quarter, mainly driven by higher maintenance, repair and overhaul ("MRO") in submarine contracts.

Results from operations in Q2 2024 showed a profit of RM35.8 million compared to a loss of RM6.0 million in Q1 2024 due to higher contribution from the submarine contracts.

Lower negative contribution from joint venture companies of RM620,000 (Q1 2024: loss of RM1.1 million) were mainly due to increase in volume of maintenance works, impacted by higher operating costs.

In Q2 2024, provision for taxation of RM9.2 million was attributable to profits derived from the submarine contracts. Provision for taxation in Q1 2024 of RM99,000 was from the rental of hangar.

For Q2 2024, the Group registered a profit after taxation of RM25.2 million as compared to a loss after taxation of RM6.7 million in Q1 2024.

**B3. Material Changes in Statement of Financial Position (FPE 30 June 2024 vs. FYE 31 December 2023)**

The Group's property, plant and equipment ("PPE") decreased from RM4.5 million to RM4.2 million in the current year mainly due to depreciation charged during the period.

The decrease in receivables of RM20.0 million and increase in payables of RM34.5 million, were mainly due to settlement received from Lumut Naval Shipyard Sdn Bhd ("LUNAS") and higher amount owing to suppliers in relation to the submarine contracts.

The Group's cash and bank balances of RM77.7 million at the end of the current period were higher as compared with RM69.2 million last year mainly attributable to higher receipts from customers and full and final settlement by LUNAS.

**B4. Material Changes in Statement of Cash Flows (FPE 30 June 2024 vs. FPE 30 June 2023)**

The net cash inflow from operating activities of RM15.4 million (FPE 30 June 2023: net cash outflow of RM12.6 million), mainly due to higher receipts from customers and full and final settlement by LUNAS.

The net cash outflow from investing activities of RM2.9 million (FPE 30 June 2023: net cash outflow of RM64,000), arose from pledging cash into debt service reserve accounts. Net cash outflow in FPE 30 June 2023 was mainly due to purchase of property, plant and equipment.

The net cash outflow from financing activities of RM6.3 million (FPE 30 June 2023: net cash outflow of RM5.7 million), was mainly due to higher lease payments.

**B5. Commentary on Prospects**

The shareholders' approval on the proposed disposal of our shares in Lumut Naval Shipyard Sdn Bhd (formerly known as Boustead Naval Shipyard Sdn Bhd) to Ocean Sunshine Berhad, a company under Ministry of Finance, Inc. and on the Intercompany Trade Receivables Settlement Agreement on 30 April 2024 have allowed the Group to re-strategise and re-focus on our direction moving forward and eventually create value to our shareholders.

The submarine ISS2 and submarine facilities upkeep for Royal Malaysian Navy and the ISS for Royal Malaysian Air Force EC725 helicopters contracts are expected to contribute positively to our earnings in FY2024.

We are committed to be a key player in the industry in line with the firm commitments of the Malaysian Government to safeguard the nation's defense and security as well as to diversify our earnings base in the commercial segment.

**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) / Allowance for expected credit losses				
- Trade receivables	-	-	-	(4,031)
- Other receivables		40		40
Net (gain) / loss on foreign currency exchange	(45)	1	34	167
(Gain) / Loss on disposal of property, plant and equipment	(124)	-	(124)	55
Impairment on property, plant and equipment	-	26	-	26
Depreciation of investment property	169	169	337	337
Depreciation of right of use assets	530	321	1,041	640
Depreciation of property, plant and equipment	668	218	1,307	436

## B8. Taxation

	Current Period	Cumulative Period
	2024	2024
	RM'000	RM'000
Malaysian taxation based on profit for the period:		
- Current corporate tax	9,240	9,339

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

### **(c) Debt Settlements with Boustead Holdings Berhad ("BHB")**

Reference to the announcements dated 6 December 2023, 14 December 2023, 18 December 2023, 28 December 2023, 29 December 2023, 29 January 2024 and 31 July 2024, a notice of redemption ("Redemption Notice") had been despatched to BHB, being the sole RPS C holder, in accordance with the terms of the BHB Debt Settlement Agreement, stating the Company's intention to make a full redemption of the RPS C held by BHB by payment in cash for each RPS C held. The redemption for the 78,947,368 RPS C is expected to be completed by end August 2024.



(c) **Debt Settlements with BHB (contd.)**

BHIC will fund the Redemption using a portion of the repayment sum payable by Lumut Naval Shipyard Sdn. Bhd. (*formerly known as Boustead Naval Shipyard Sdn. Bhd.*) (“LUNAS”) to BHIC as the full and final settlement amount of the trade receivables owing by LUNAS to BHIC and its relevant subsidiaries.

The Redemption will not have any effect on the share capital and substantial shareholders’ direct and/or indirect shareholding of the BHIC group of companies.

**B10. Group Borrowings and Debt Securities**

Total Group borrowings as at 30 June 2024 and 31 December 2023 are as follows:

	<b>30.06.2024</b>	<b>31.12.2023</b>
	<b>RM’000</b>	<b>RM’000</b>
Long term borrowings:		
Unsecured		
- Revolving credits	2,265	2,742
- Term Revolving credits	1,056	1,413
Secured		
- Term loan	-	-
	<u>3,321</u>	<u>4,155</u>
Short term borrowings:		
Unsecured		
- Revolving credits	1,068	3,925
- Term Revolving credits	733	2,100
Secured		
- Term loan	-	206
	<u>1,801</u>	<u>6,231</u>
Total borrowings	<u>5,122</u>	<u>10,386</u>

All current period borrowings are denominated in Ringgit Malaysia.

As at 30 June 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 30 June 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 30 June 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
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)	Contraves Advanced Devices Sdn Bhd (“CAD”) and Contraves Electrodynamics Sdn Bhd (“CED”) (“Plaintiffs”)	<ul style="list-style-type: none"> <li>• On 27 September 2022, Plaintiffs filed a Writ of Summons and Statement of Claim (Kuala Lumpur High Court Suit No. WA-22NCC-485-09/2022) against the 3 Companies and 2 BHICDT Nominee Directors in CAD.</li> <li>• Reliefs Sought by CAD and CED:               <ol style="list-style-type: none"> <li>1. A declaration that the 12 letters of award (“LOAs”) to the Plaintiffs, from LUNAS are still valid and subsisting;</li> <li>2. LUNAS pays CAD :                   <ol style="list-style-type: none"> <li>a. RM 880,068.21;</li> <li>b. Euro 39,871,994.66;</li> <li>c. Great Britain Pound 3,784,937.02; and</li> <li>d. Swedish Krona 55,938,157.90;</li> </ol> </li> <li>3. LUNAS pays CED the alleged outstanding amount of RM216,652,305.94;</li> <li>4. An order by way of specific performance of the 12 LOAs;</li> <li>5. Damages in lieu of and/or in addition to the specific performance to be assessed by the Court, alternatively, damages to be assessed and/or sums to be determined for quantum meruit;</li> </ol> <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> <ol style="list-style-type: none"> <li>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;</li> <li>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;</li> </ol> </li> </ul>

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

<b>Company</b>	<b>Claimant Company</b>	<b>Status</b>
		<p>Reliefs Sought by CAD (contd.):</p> <ol style="list-style-type: none"> <li>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;</li> <li>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;</li> <li>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;</li> <li>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;</li> <li>12. Damages;</li> <li>13. Interest;</li> <li>14. Cost; and</li> <li>15. Such further and/or other relief as the Court may deem fit and just to grant.</li> </ol>

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

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

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

<b>Company</b>	<b>Claimant Company</b>	<b>Status</b>
		<p>Reliefs Sought by CAD (contd.):</p> <ul style="list-style-type: none"> <li>● The litigation/defence timeline (contd.):</li> </ul> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> </ol>

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

	<b>Current Period</b>		<b>Cumulative Period</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Net profit / (loss) for the period – RM'000	25,163	5,054	18,495	(1,447)
Number of ordinary shares in issue – '000	564,280	564,280	564,280	564,280
Basic/diluted earnings / (loss) per share – sen	4.46	2.03	3.28	(0.58)

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

Company Secretary

Kuala Lumpur

Date: 28 August 2024