Boustead Heavy Industries Corporation Berhad 197101000758 (11106-V)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

For the quarter ended 30 September 2025	Note	Current Period		Cumulative Period	
		2025	**2024**	**2025**	**2024**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	**A7**	**56,357**	71,697	**147,076**	191,814
Cost of sales		**(51,513)**	(62,610)	**(132,877)**	(139,631)
Gross profit		**4,844**	9,087	**14,199**	52,183
Interest income		**1,192**	490	**2,106**	834
Operating expenses		**(6,034)**	(5,414)	**(21,323)**	(18,678)
Finance costs		**(125)**	(209)	**(471)**	(794)
Fair value loss		-	(14,821)	**-**	(14,821)
Share of results of joint ventures		**1,081**	471	**(147)**	(1,286)
(Loss)/profit before taxation	**A7**	**958**	(10,396)	**(5,636)**	17,438
Taxation	**B8**	**(782)**	(1,553)	**(1,468)**	(10,892)
(Loss)/profit for the period		**176**	(11,949)	**(7,104)**	6,546
Attributable to:					
Shareholders of the Company		**176**	(11,949)	**(7,104)**	6,546
Net (loss)/profit for the period		**176**	(11,949)	**(7,104)**	6,546
Basic/diluted (loss)/profit per share attributable to shareholders for the Company (sen):	**B14**	**0.03**	(2.12)	**(1.26)**	1.16

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

Boustead Heavy Industries Corporation Berhad 197101000758 (11106-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the quarter ended 30 September 2025	**Current Period**		**Cumulative Period**	
	2025	**2024**	**2025**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(Loss)/profit for the period	**176**	(11,949)	**(7,104)**	6,546
Total comprehensive (loss)/profit for the period	**176**	(11,949)	**(7,104)**	6,546
Total comprehensive (loss)/profit attributable to:				
Shareholders of the Company	**176**	(11,949)	**(7,104)**	6,546

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 September	As at 31 December
		2025	**2024**
		RM'000	**RM'000**
ASSETS			
Non-current assets			
Property, plant and equipment		**5,846**	4,646
Investment property		**8,988**	9,198
Right-of-use assets		**20,447**	22,036
Investments in joint ventures		**23,680**	24,102
		58,961	59,982
Current assets			
Inventories		**18,526**	12,221
Trade and other receivables		**85,743**	57,413
Contract assets		**2,262**	2,220
Tax recoverable		**6,236**	297
Cash and bank balances		**99,289**	131,302
		212,056	203,453
TOTAL ASSETS		**271,017**	263,435
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
Accumulated losses		**(470,872)**	(463,768)
Total equity		**92,431**	99,535
Non-current liabilities			
Loans and borrowings	**B10**	**1,200**	2,246
Lease liabilities		**5,713**	6,907
		6,913	9,153
Current liabilities			
Contract liabilities		**65,424**	49,453
Provisions		**12,654**	12,654
Loans and borrowings	**B10**	**1,527**	1,905
Trade and other payables		**89,595**	76,936
Tax payables		**1,157**	11,930
Lease liabilities		**1,316**	1,869
		171,673	154,747
Total liabilities		**178,586**	163,900
TOTAL EQUITY AND LIABILITIES		**271,017**	263,435
Net assets per share attributable to ordinary equity holders of the Company - RM		**0.16**	0.18

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

For the period ended 30 September 2025	Share Capital	RCPS A	RCPS-i A	RCPS B	RPS C	Accumulated Losses	Total	Non-controlling Interests	Total Equity
	←	Attributable to equity holders of the Company					→		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2025	**427,211**	**13,372**	**74,804**	**47,916**	**-**	**(463,768)**	**99,535**	**-**	**99,535**
Total comprehensive loss for the period	-	-	-	-	-	(7,104)	**(7,104)**	-	**(7,104)**
At 30 September 2025	**427,211**	**13,372**	**74,804**	**47,916**	**-**	**(470,872)**	**92,431**	**-**	**92,431**
At 1 January 2024	**427,211**	**13,372**	**74,804**	**47,916**	**44,684**	**(453,720)**	**154,267**	**-**	**154,267**
Total comprehensive profit for the period	-	-	-	-	-	**6,546**	**6,546**	-	**6,546**
Redemption of RPS C					**(44,684)**		**(44,684)**		**(44,684)**
At 30 September 2024	**427,211**	**13,372**	**74,804**	**47,916**	**-**	**(447,174)**	**116,129**	**-**	**116,129**

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

	Period Ended 30 September 2025 RM'000	Period Ended 30 September 2024 RM'000
Cash flows from operating activities		
Cash receipts from customers	167,660	169,480
Cash paid to suppliers and employees	(177,903)	(97,048)
(Payments) / Receipts from related companies	-	3,676
Net cash used in operations	(10,243)	76,108
Interest paid	(149)	(770)
Net income taxes paid less refunds	(18,249)	(7,388)
Net cash used in operating activities	(28,642)	67,950
Cash flows from investing activities		
Interest received	1,780	957
Proceeds from disposal of property, plant and equipment	2	106
Purchase of property, plant and equipment for cash	(1,983)	(398)
Dividend received from joint venture companies	275	930
Placement of fixed deposits	-	(32,959)
Net cash used in investing activities	73	(31,364)
Cash flows from financing activities		
Lease payment	(2,329)	(1,596)
Repayment of borrowings	(1,425)	(5,790)
Redemption of Preference Shares		(44,684)
Net cash used in financing activities	(3,754)	(52,070)
Net decrease in cash and cash equivalents	(32,323)	(15,484)
Cash and cash equivalents at beginning of the year	112,609	63,973
Cash and cash equivalents at end of the period	80,286	48,489
Analysis of cash and cash equivalents:		
Cash and bank balances	99,289	77,728
Deposits maturing more than 3 months	(19,003)	(29,239)
	80,286	48,489

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

Part A Explanatory Notes Pursuant to MFRS 134

A1. Basis of Preparation

These condensed consolidated interim financial statements, for the financial period ended 30 September 2025, 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 2024. 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 2024.

Standards and interpretations that are issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective:

MFRS and Amendments to MFRSs		**Effective for annual periods beginning on or after**
MFRS 9 Financial Instruments: MFRS 7 Financial Instruments: Disclosures	Amendments to the Classification and Measurement of Financial Instruments (Amendments to MFRS 9 and MFRS 7)	1 January 2026
Amendments to MFRS 10 (Consolidated Financial Statements) and MFRS 128 (Investments in Associates and Joint Ventures)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group will adopt the above pronouncements when they become effective in the respective financial periods.

A3. Comments about Seasonal or Cyclical Factors

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

A4. Unusual Items Due to Their Nature, Size or Incidence

There were no items affecting the assets, liabilities, equity, net income or cash flows of the Group that are unusual because of their nature, size or incidence for the current quarter ended 30 September 2025.

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 Declared and Paid

The Board of Directors does not propose any dividend in the quarter ended 30 September 2025 (30 September 2024:RM Nil).

A7. Operating Segments

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

For The Period Ended 30 September 2025

	Defence and Security RM'000	**Commercial RM'000**	**Others RM'000**	**Elimination RM'000**	**Total RM'000**
Group Total Sales	146,685	-	805	(414)	**147,076**
Inter-Segment Sales	-	-	(414)	414	-
External Revenue	146,685	-	391	-	**147,076**
Operating costs	(143,390)	(663)	(9,744)	(403)	**(154,200)**
Results from operations	3,295	(663)	(9,353)	(403)	**(7,124)**
Interest income	5,709	-	1,150	(4,753)	**2,106**
Finance costs	(821)	(37)	(4,222)	4,609	**(471)**
Share of result of joint ventures	(147)	-	-	-	**(147)**
Profit / (Loss) before tax	8,036	(700)	(12,425)	(547)	**(5,636)**
Income tax expense					**(1,468)**
Net Profit/ (Loss) for the period					**(7,104)**

A7. Operating Segments (contd.)

For The Period Ended 30 September 2024

	Defence and Security RM'000	Commercial RM'000	Others RM'000	Elimination RM'000	Total RM'000
Group Total Sales	191,814	-	4,723	(4,723)	**191,814**
Inter-Segment Sales	-	-	(4,723)	4,723	-
External Revenue	191,814	-	-	-	**191,814**
Operating costs	(140,822)	(645)	(16,396)	(446)	**(158,309)**
Fair Value Loss	(14,821)				**(14,821)**
Results from operations	36,171	(645)	(16,396)	(446)	**18,684**
Interest income	2,244	-	2,069	(3,479)	**834**
Finance costs	(1,554)	(108)	(5,964)	6,832	**(794)**
Share of result of joint ventures	(1,286)	-	-	-	**(1,286)**
Profit / (Loss) before tax	35,575	(753)	(20,291)	2,907	**17,438**
Income tax expense					**(10,892)**
Net Profit/ (Loss) for the period					**6,546**

Discussion on the segmental performance is disclosed in note B1 (Analysis Performance (FPE 30 September 2025 vs. FPE 30 September 2024)).

A8. Debt and Equity Securities

There were no conversions of RCPS-A, RCPS-I A and RCPS-B, 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) Refit Contract

On 27 May 2020, Boustead DCNS Naval Corporation Sdn. Bhd. ("BDNC"), a joint venture company of BHIC, received a letter from MINDEF claiming for LAD amounting to RM9.5 million and EUR3.8 million, for the refit works on RMN Submarine, i.e. KD TUNKU ABDUL RAHMAN, after MINDEF approved several mitigation claims. BDNC has made full payment via a set-off.

On 5 November 2024, BDNC received a letter from MINDEF on additional LAD for Refit contract amounting to RM5.2 million and EUR1.9 million. On 4 November 2024, BDNC received a letter from MINDEF on LAD for KD TUN RAZAK Refit amounting to RM14.5 million (RM5.2 million and EUR1.9 million). This amount is part of the commercial settlement between the Government and BDNC ("Commercial Settlement"), which is currently under negotiation.

The remaining LAD as of 30 September 2025 is RM14.5 million.

b) Extended In-Service Support ("EISS") Contract

On 29 May 2020, BDNC received a letter from MINDEF claiming for LAD amounting to RM44.0 million (RM11.6 million and EUR6.5 million) for the EISS Contract.

The remaining LAD as of 30 September 2025 is RM37.9 million, based on the confirmation for the reduction of EISS LAD from RM44.0 million to RM37.9 million as minuted during the workshops for the Commercial Settlement with the Government.

c) In-Service Support Contract (ISS 2022)

Notice of LAD for ISS 2022 was issued by MINDEF on 3 October 2024, claiming LAD for RM1.6 million. This LAD is also part of the Commercial Settlement with the Government.

BDNC had made full provision for the LAD claims based on the above. The total provisions for the LAD as at 30 September 2025 is RM54.0 million (FYE 2024: RM54.0 million).

BDNC 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.

d) In-Service Support Contract (ISS 2020) - Repair by Hour (RBH)

On 7 October 2025, BHIC AeroServices Sdn Bhd ("BHICAS"), a joint venture company of BHIC, received a letter from MINDEF claiming for RBH LAD amounting to RM49.7 million. The LAD was calculated from April 2020 until March 2024. As of 31 December 2024, BHICAS had made a provision for the LAD claims of RM29.4 million, after deducting the impact of COVID-19 force majeure of RM19.5 million.

BHICAS is of the opinion that the above provision for the LAD is sufficient and no further losses are expected to be incurred after taking into consideration appropriate justifications.

There has been no other contingent liability arising since the previous financial year end and in the current financial period.

A12. Capital Commitments

The Group has the following commitments as at 30 September 2025:

	Approved but not contracted for RM'000	**Approved and contracted for RM'000**	**Total RM'000**
Property, plant and equipment	7,592	1,062	8,654

B1. Analysis of Performance (FPE 30 September 2025 vs. FPE 30 September 2024)

For the quarter ended 30 September 2025	**Current Period**		**+/(-)**	**Cumulative Period**		**+/(-)**
	2025	**2024**	**%**	**2025**	**2024**	**%**
	RM'000	**RM'000**		**RM'000**	**RM'000**	
Revenue	56,357	71,697	-21	147,076	191,814	-23
Earnings before interest, taxation, depreciation and amortisation	(222)	(10,567)	98	(4.672)	20,391	>-100
(Loss) / profit before interest and taxation	(1,190)	3,584	>-100	(7,124)	33,235	>-100
Share of results of joint ventures	1,081	471	>100	(147)	(1,286)	89
Profit / (Loss) before taxation	958	(10,396)	>100	(5,636)	17,438	>-100
Profit /(Loss) for the period	176	(11,949)	>100	(7,104)	6,546	>-100

For the cumulative financial period under review, the Group reported revenue of RM147.1 million, representing 23% reduction from RM191.8 million reported in the same corresponding period last year. The decrease was due to most MRDF revenue recognized in 2024, with Interim ISS, Sub Fac and Extended ISS nearing to project completion in 2025. This is however, partially offset by higher progress of ISS 2 activities in 2025.

The Group recorded loss before interest, taxation, depreciation, and amortisation (EBITDA) of RM4.7 million, representing more than 100% reduction from an EBITDA of RM20.4 million in the corresponding period of the previous financial year. This is mainly due to reduction of revenue as compared to proceeding period in 2024.

Lower share of losses from joint venture companies of RM0.15 million as compared to share of losses of RM1.3 million in the same corresponding period in 2024, mainly pursuant to the improvements of training hours of 968 hours compared to 682 hours in the financial period of 30 September 2024, registered on H225 full flight simulator.

The Group's loss before taxation (LBT) stood at RM5.6 million, compared with profit before taxation (PBT) of RM17.4 million in the corresponding period of the previous financial year, mainly attributed by a drop in revenue as compared to the same period in 2024.

For the financial period under review, the Group posted a loss for the period of RM7.1 million against RM6.5 million profit in the same corresponding period last year.

B2. Material Changes in Quarterly Results Compared with the Results of the Immediate Preceding Quarter (Q3 2025 vs. Q2 2025)

For the quarter ended 30 September 2025	Current Period	Immediate Preceding Period	+/(-)
	Q3 2025	Q2 2025	%
	RM'000	RM'000	
Revenue	56,357	46,188	22
Earnings before interest, taxation, depreciation and amortisation	(222)	(1,230)	82
Loss before interest and taxation	(1,190)	(1,978)	40
Share of results of joint ventures	1,081	(72)	>100
Profit/(Loss) before taxation	958	(1,833)	>100
Profit/(Loss) for the period	176	(2,082)	>100

The Group's revenue for the current quarter increased by 22% compared to the immediate preceding quarter, mainly driven by higher income from maintenance, repair and overhaul in submarine contracts.

The Group recorded loss before interest, taxation, depreciation, and amortisation (EBITDA) of RM0.2 million, representing 82% reduction from RM1.2 million loss in EBITDA in the corresponding quarter. This is due to an improved revenue in current quarter compared to the immediate preceding quarter.

The Group's joint ventures contributed RM1.1 million profit in Q3 2025, compared to a RM72,000 loss in Q2 2025, mainly due to better operating margins from BHIC AeroServices Sdn Bhd ("BHICAS"). Compounded by lower operating costs, the Group recorded a PBT of RM1.0 million, as compared to RM1.8 million loss in the same quarter last year. Overall, the Group posted a net profit of RM0.2 million in Q3 2025, compared to a net loss of RM2.1 million in Q2 2025.

B3. Material Changes in Statement of Financial Position (FPE 30 September 2025 vs. FYE 31 December 2024)

The Group's property, plant and equipment ("PPE") increased from RM4.6 million to RM5.8 million in the current year, primarily due to purchases of computers and peripherals, furniture and fittings, office renovation, tools and motor vehicle during the year.

Tax recoverable increased from RM297,000 to RM6.2 million in the current year, attributed by higher tax instalment paid against the expected tax payable during the year amounting RM6.0 million.

Trade and other receivables increased by RM28.3 million, while Trade and other payables increased by RM12.7 million. This is mainly driven by an increase in downpayments and increased payables to suppliers in respect to submarine contracts, respectively.

The Group's cash and bank balances of RM99.3 million at the end of the current period were lower as compared with RM131.3 million last year, mainly attributed by payments to suppliers and employees, administrative expenses and principal and interest repayment on banking facilities.

B4. Material Changes in Statement of Cash Flows (FPE 30 September 2025 vs. FPE 30 September 2024)

The net cash outflow from operating activities of RM28.6 million against net cash inflow of RM68.0 million for the financial period 30 September 2024, mainly due to payments to suppliers and lower cash receipts from customers.

The net cash inflow from investing activities of RM73,000 mainly resulted from interest received of RM1.8 million, proceeds from disposal of PPE and dividend received of RM277,000. This is however, offset by purchases of PPE of RM1.9 million mainly from office renovation, acquisition of motor vehicles, tools, computer and furniture and fittings with net cash outflow of RM31.4 million in the financial period 30 September 2024.

The net cash outflow from financing activities of RM3.8 million against the net cash outflow of RM52.1 million for the financial period 30 September 2024 was mainly due to lower principal repayments of borrowings.

B5. Commentary on Prospects

Our revenue growth continues to be supported by the ongoing Submarine In-Service Support (ISS) 2 program for the Royal Malaysian Navy (RMN). In addition, the In-Service Support for the Royal Malaysian Air Force's EC725 helicopters, along with supply, maintenance and training contracts for the RMN's Bofors 40MM L70 gun, are expected to contribute positively to our earnings in FY2025.

We remain optimistic about securing new contracts by leveraging the Malaysian Government's continued commitment to national defense and security. At the same time, we are actively broadening our focus to diversify our earnings base through expansion into the commercial segment, an effort aimed at strengthening our resilience and positioning the Group for sustainable long-term growth in an evolving market landscape.

Our signing of two significant Memorandums of Understanding (MoUs) during LIMA 2025 further affirms this strategic diversification towards commercial. These MoUs are expected to support our goal of building a stronger, more balanced portfolio that underpins long-term sustainability and growth.

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**	
	2025	**2024**	**2025**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net (gain)/loss on foreign currency exchange	(1,421)	(265)	(1,826)	(232)
(Gain)/Loss on disposal of property, plant and equipment	-	-	-	(124)
Fair Value Loss	-	14,821	-	14,821
Depreciation of investment property	70	169	210	506
Depreciation of right of use assets	530	549	1,590	1,590
Depreciation of property, plant and equipment	968	671	2,452	1,977

B8. Taxation

	Current Period 2025 RM'000	**Cumulative Period 2025 RM'000**
Malaysian taxation based on profit for the period:		
- Current corporate tax	(782)	(1,468)

Although the Group recorded a loss before tax for the period, certain subsidiaries reported taxable profits and incurred tax charges. As a result, tax expenses were recognised at the entity level.

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

There are no Corporate Proposal exercises undertaken during the current quarter.

B10. Group Borrowings and Debt Securities

Total Group borrowings as at 30 September 2025 and 31 December 2024 are as follows:

	30.09.2025 RM'000	31.12.2024 RM'000
Long term borrowings:		
Unsecured		
- Revolving credits	1,096	1,564
- Term loan	104	682
	1,200	2,246
Short term borrowings:		
Unsecured		
- Revolving credits	763	1,178
- Term loan	764	727
	1,527	1,905
Total borrowings	2,727	4,151

All current year borrowings are denominated in Ringgit Malaysia.

As at 30 September 2025, 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 6.13% per annum for the current period (FYE 31 December 2024: 6.19% per annum).

B11. Disclosure of Derivatives

There were no outstanding derivatives as at 30 September 2025.

B12. Gains/Losses Arising from Fair Value Changes of Financial Liabilities

There were no gains/losses arising from fair value changes of the financial liabilities for the current quarter ended 30 September 2025.

B13. Changes in Material Litigation

As of 30 September 2025, there is no Material Litigation.

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

	Current Period		Cumulative Period	
	2025	**2024**	**2025**	**2024**
Net profit / (loss) for the period / year – RM'000	176	(11,949)	(7,104)	6,546
Number of ordinary shares in issue – '000	564,280	564,280	564,280	564,280
Basic/diluted earnings / (loss) per share – sen	0.03	(2.12)	(1.26)	1.16

By Order of the Board

ROZANA ISMAIL (SSM PC No. 201908003365)
Company Secretary
Kuala Lumpur
Date: 25 November 2025