

Boustead Holdings Berhad 196001000193 (3871-H)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 30 June 2022	Current Period		Cumulative Period	
(All figures are stated in RM million)	2022	2021	2022	2021
Revenue	4,311.6	2,578.2	7,750.0	4,664.9
Operating cost	(3,997.7)	(2,454.9)	(7,072.2)	(4,423.5)
Results from operations	313.9	123.3	677.8	241.4
Gain on disposal of properties	3.6	13.1	367.7	93.5
Other investment results	-	2.1	-	2.1
Share of results of associates	32.6	25.7	64.8	40.4
Share of results of joint ventures	(4.2)	(0.5)	(11.0)	(11.7)
Profit before interest, taxation and zakat	345.9	163.7	1,099.3	365.7
Finance cost	(83.6)	(88.0)	(161.0)	(173.8)
Interest income	8.2	5.5	15.3	10.6
Profit before taxation and zakat	270.5	81.2	953.6	202.5
Taxation	(109.1)	(38.0)	(229.3)	(71.3)
Zakat	(3.3)	(0.6)	(6.6)	(1.2)
Profit for the period	158.1	42.6	717.7	130.0
Attributable to:				
Shareholders of the Company	74.4	(7.3)	364.7	35.8
Holder of Perpetual Sukuk	15.5	13.9	30.6	27.5
Non-controlling interests	68.2	36.0	322.4	66.7
Profit for the period	158.1	42.6	717.7	130.0
Earnings/(loss) per share - sen				
Basic/diluted	3.67	(0.36)	17.99	1.77

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2021.

Boustead Holdings Berhad 196001000193 (3871-H)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2022	Current Period		Cumulative Period	
(All figures are stated in RM million)	2022	2021	2022	2021
Profit for the period	158.1	42.6	717.7	130.0
Other comprehensive income/(loss)				
<i>Items that may be reclassified to profit or loss in subsequent periods (net of tax)</i>				
Foreign currency translation	3.4	0.2	4.7	(4.1)
Share of OCI of investments accounted for using the equity method	(12.6)	26.7	(19.0)	(53.6)
	(9.2)	26.9	(14.3)	(57.7)
<i>Items that will not be reclassified to profit or loss in subsequent periods (net of tax)</i>				
Net (loss)/income on equity investment designated at fair value through OCI				
- Fair value changes	(0.1)	0.3	-	(0.3)
- Disposals	-	(0.4)	0.3	-
	(0.1)	(0.1)	0.3	(0.3)
Total comprehensive income for the period, net of tax	148.8	69.4	703.7	72.0
Attributable to:				
Shareholders of the Company	64.4	19.1	349.7	(21.7)
Holder of Perpetual Sukuk	15.5	13.9	30.6	27.5
Non-controlling interests	68.9	36.4	323.4	66.2
Total comprehensive income for the period, net of tax	148.8	69.4	703.7	72.0

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2021.

Boustead Holdings Berhad 196001000193 (3871-H)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2022	As at 30 June	As at 31 December
(All figures are stated in RM million)	2022	2021
ASSETS		
Non current assets		
Property, plant and equipment	3,970.3	4,007.2
Investment properties	1,296.3	1,295.0
Right-of-use assets	2,280.9	2,253.2
Deferred tax assets	21.6	29.4
Associates	2,186.2	2,198.5
Joint ventures	293.0	304.0
Other investments	1.9	5.0
Intangible assets	342.9	338.3
Inventories	528.3	811.2
Receivables	317.2	296.4
	11,238.6	11,538.2
Current assets		
Biological assets	48.7	47.0
Inventories	1,827.5	1,708.0
Contract assets and contract cost assets	1,017.6	1,120.0
Receivables	2,216.2	1,172.5
Deposits, cash and bank balances	752.8	463.5
Assets classified as held for sale	306.9	394.5
	6,169.7	4,905.5
TOTAL ASSETS	17,408.3	16,443.7
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the Company		
Share capital	2,735.7	2,735.7
Reserves	895.5	543.3
Shareholders' equity	3,631.2	3,279.0
Perpetual Sukuk	609.6	609.6
Non-controlling interests	1,747.4	1,576.8
Total equity	5,988.2	5,465.4
Non current liabilities		
Borrowings	3,011.6	3,057.2
Payables	17.3	10.5
Lease liabilities	96.3	48.4
Deferred tax liabilities	339.6	337.2
	3,464.8	3,453.3
Current liabilities		
Borrowings	3,951.0	3,934.7
Payables	3,616.4	3,132.9
Contract liabilities	88.7	190.8
Lease liabilities	14.9	12.9
Taxation	164.9	94.7
Liabilities associated with assets classified as held for sale	119.4	159.0
	7,955.3	7,525.0
Total liabilities	11,420.1	10,978.3
TOTAL EQUITY AND LIABILITIES	17,408.3	16,443.7

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2021.

Boustead Holdings Berhad 196001000193 (3871-H)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 30 June 2022	Attributable to shareholders of the Company								Total Equity
	Share Capital	*Fair Value Reserve of Financial Assets at FVOCI	*Regulatory Reserve	*Other Reserves	Retained Earnings	Total	Perpetual Sukuk	Non-Controlling Interests	
As at 1 January 2022	2,735.7	17.1	148.2	412.7	(34.7)	3,279.0	609.6	1,576.8	5,465.4
Currency translation difference in respect of foreign operations	-	-	-	3.7	-	3.7	-	1.0	4.7
Net gain/(loss) on equity investment designated at fair value through OCI									
- disposal	-	0.3	-	-	-	0.3	-	-	0.3
- transfer upon disposal	-	3.0	-	-	(3.0)	-	-	-	-
Share of net (loss)/gain on financial assets designated at fair value through OCI of an associate	-	(19.4)	-	0.4	-	(19.0)	-	-	(19.0)
Total other comprehensive (loss)/income for the period	-	(16.1)	-	4.1	(3.0)	(15.0)	-	1.0	(14.0)
Profit for the period	-	-	-	-	364.7	364.7	30.6	322.4	717.7
Total comprehensive (loss)/income for the period	-	(16.1)	-	4.1	361.7	349.7	30.6	323.4	703.7
Perpetual Sukuk									
- Distribution	-	-	-	-	-	-	(30.6)	-	(30.6)
Changes in ownership interests in subsidiaries									
- Share options granted by a subsidiary	-	-	-	-	-	-	-	2.0	2.0
Share of an associate's movement in reserve	-	-	-	-	2.5	2.5	-	-	2.5
Transfer during the period									
- Regulatory reserve of an associate	-	-	(25.8)	-	25.8	-	-	-	-
Dividends	-	-	-	-	-	-	-	(154.8)	(154.8)
Balance at 30 June 2022	2,735.7	1.0	122.4	416.8	355.3	3,631.2	609.6	1,747.4	5,988.2

Boustead Holdings Berhad 196001000193 (3871-H)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D.)

For the financial period ended 30 June 2021	Attributable to shareholders of the Company								Total Equity
	Share Capital	*Fair Value Reserve of Financial Assets at FVOCI	*Regulatory Reserve	*Other Reserves	Retained Earnings	Total	Perpetual Sukuk	Non-Controlling Interests	
As at 1 January 2021	2,735.7	53.2	153.8	434.7	(260.2)	3,117.2	609.3	1,392.4	5,118.9
Currency translation difference in respect of foreign operations	-	-	-	(3.6)	-	(3.6)	-	(0.5)	(4.1)
Net (loss)/gain on equity investment designated at fair value through OCI									
- fair value changes	-	(0.3)	-	-	-	(0.3)	-	-	(0.3)
- transfer upon disposal	-	1.0	-	-	(1.0)	-	-	-	-
Share of net (loss)/gain on financial assets designated at fair value through OCI of an associate	-	(53.8)	-	0.2	-	(53.6)	-	-	(53.6)
Total other comprehensive loss for the period	-	(53.1)	-	(3.4)	(1.0)	(57.5)	-	(0.5)	(58.0)
Profit for the period	-	-	-	-	35.8	35.8	27.5	66.7	130.0
Total comprehensive (loss)/income for the period	-	(53.1)	-	(3.4)	34.8	(21.7)	27.5	66.2	72.0
Perpetual Sukuk									
- Distribution	-	-	-	-	-	-	(27.4)	-	(27.4)
Changes in ownership interests in subsidiaries									
- Partial disposal of shares in a subsidiary	-	-	-	(1.2)	20.2	19.0	-	4.6	23.6
- Share options granted by a subsidiary	-	-	-	-	0.8	0.8	-	(0.7)	0.1
- Additional investment in subsidiaries	-	-	-	-	(1.3)	(1.3)	-	1.3	-
Transfer during the period									
- Regulatory reserve of an associate	-	-	(13.1)	-	13.1	-	-	-	-
Dividends	-	-	-	-	-	-	-	(19.2)	(19.2)
Balance at 30 June 2021	2,735.7	0.1	140.7	430.1	(192.6)	3,114.0	609.4	1,444.6	5,168.0

NOTES

* Denotes non distributable reserves.

All figures are stated in RM million. The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2021.

Boustead Holdings Berhad 196001000193 (3871-H)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS****For the period ended 30 June 2022**

(All figures are stated in RM million)	2022	2021
Operating activities		
Receipts from customers	6,812.3	4,360.7
Cash paid to suppliers and employees	(6,247.8)	(4,540.7)
	564.5	(180.0)
Tax and zakat paid	(153.0)	(71.2)
Net cash generated from/ (used in) operating activities	411.5	(251.2)
Investing activities		
Purchase of property, plant and equipment	(74.7)	(53.7)
Purchase of right-of-use assets	(3.8)	(8.0)
Purchase of intangible assets	(5.2)	(1.0)
Purchase and development of property development	(56.8)	(12.6)
Proceeds from the sale of an investment property	-	134.2
Disposal of property, plant and equipment	0.4	3.5
Disposal of right-of-use assets	3.9	-
Disposal of assets classified as held for sale	373.0	177.3
Partial disposal of shares in a subsidiary	-	23.9
Deposit received	-	68.6
Dividends received - others	3.0	0.3
Disposal of quoted shares	3.4	0.4
Interest received - others	10.8	10.6
Subsequent expenditure on investment properties	(4.7)	(1.5)
Net cash generated from investing activities	249.3	342.0
Financing activities		
Transactions with holders of Perpetual Sukuk	(30.6)	(27.4)
New loans	15.1	-
Loans repayment	(53.5)	(301.5)
Net withdrawal of revolving credits and bankers' acceptances	8.2	419.5
Interest paid	(160.6)	(175.2)
Repayment of lease liabilities	(12.8)	(4.4)
Dividend paid - others	(154.8)	(19.2)
Net cash used in financing activities	(389.0)	(108.2)
Net increase/(decrease) in cash and cash equivalent	271.8	(17.4)
Foreign currency translation difference	0.6	0.3
Cash and cash equivalent at beginning of period	432.2	441.0
Cash and cash equivalent at end of period	704.6	423.9
Analysis of cash and cash equivalents		
Deposits, cash and bank balances	752.8	456.7
Overdrafts	(53.8)	(45.2)
Cash and bank balance classified as assets held for sale	5.6	12.4
Cash and cash equivalent at end of period	704.6	423.9

The Condensed Consolidated Statement of Cash Flows is unaudited, and should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2021.

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 June 2022****Part A - Explanatory Notes Pursuant to MFRS 134****1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in compliance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2021. All figures are stated in RM million, unless otherwise stated.

2. Accounting Policies**Adoption of MFRSs, Amendments to MFRSs and IC Interpretations**

On 1 January 2022, the Group adopted the following new and amended MFRS:

	Effective for annual periods beginning on or after
Amendment to MFRS 16 – COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Annual improvements to MFRS standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 – Business Combinations (Reference to the Conceptual Framework)	1 January 2022
Amendments to MFRS 116 – Property, Plant and Equipment (Proceeds before Intended Use)	1 January 2022
Amendments to MFRS 137 – Onerous Contract (Cost of Fulfilling a Contract)	1 January 2022

The adoption of the amended standards above did not have material impact on financial statements of the Group.

Standards Issued but not yet Effective

The Group has not early adopted the following MFRS that are not yet effective:

	Effective for annual periods beginning on or after
MFRS 17 – Insurance Contracts	1 January 2023
Amendments to MFRS 17 – Insurance Contracts	1 January 2023
Amendments to MFRS 17 – Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 - Comparative Information)	1 January 2023
Amendments to MFRS 101 – Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101 – Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 – Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS128 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

There are no standards issued but not yet effective that would be expected to have a material impact on the Group in the current or future reporting periods.

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 June 2022****3. Auditors' Report on Preceding Annual Financial Statements**

The audit report of the preceding audited financial statements was not qualified.

4. Comments about Seasonal or Cyclical Factors

The Plantation Division's operating result is dependent on CPO prices and FFB crop production. The cropping pattern of oil palms is also dependent on weather conditions. As such, FFB production is cyclical in nature where FFB production starts with a trough at the beginning of the year and increases gradually in the 2nd half of the year.

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows.

6. Change in Estimates

Other than as disclosed in the audited financial statement for year ended 31 December 2021, there were no other material changes in estimates of amounts reported in the prior interim periods of the current financial year or the previous financial year.

7. Dividends

For the current quarter, the Directors did not declare any dividend (2021: Nil) in respect of the financial year ending 31 December 2022.

Boustead Holdings Berhad 196001000193 (3871-H)

Notes to the interim financial report for the period ended 30 June 2022

8. Segmental Information

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

RM million	Property & Industrial	Plantation	Heavy Industries	Pharma- ceutical	Trading, Finance & Investment	Elim'n	Total
For the period ended 30 June 2022							
Revenue							
Group total sales	784.9	673.1	62.2	1,723.3	4,516.5	(10.0)	7,750.0
Inter-segment sales	(10.0)	-	-	-	-	10.0	-
External sales	774.9	673.1	62.2	1,723.3	4,516.5	-	7,750.0
Operating cost	(622.3)	(409.2)	(68.3)	(1,664.1)	(4,308.3)	-	(7,072.2)
Results from operations	152.6	263.9	(6.1)	59.2	208.2	-	677.8
Gain on disposal of properties	-	367.7	-	-	-	-	367.7
Share of results of associates	(0.8)	3.3	-	-	62.3	-	64.8
Share of results of joint ventures	(9.4)	-	(1.6)	-	-	-	(11.0)
Profit/(loss) before interest, taxation and zakat	142.4	634.9	(7.7)	59.2	270.5	-	1,099.3
Finance cost	(43.5)	(16.4)	(43.7)	(18.7)	(86.5)	47.8	(161.0)
Interest income	9.7	2.7	-	0.5	50.2	(47.8)	15.3
Profit/(loss) before taxation and zakat	108.6	621.2	(51.4)	41.0	234.2	-	953.6
Taxation and zakat							(235.9)
Profit for the period							717.7
Other Information							
Depreciation and amortisation	(8.5)	(62.5)	(4.8)	(17.5)	(39.7)	-	(133.0)
Gain/(loss) on disposal							
- other assets	0.5	-	-	-	(0.1)	-	0.4
Other non-cash (expense)/income*	(5.8)	-	14.2	(8.4)	1.2	-	1.2

Boustead Holdings Berhad 196001000193 (3871-H)

Notes to the interim financial report for the period ended 30 June 2022

8. Segmental Information (Cont'd.)

Segment information for the cumulative period is presented in respect of the Group's business segments as follows (cont'd.):

RM million	Property & Industrial	Plantation	Heavy Industries	Pharmaceutical	Trading, Finance & Investment	Elim'n	Total
For the period ended 30 June 2021							
Revenue							
Group total sales	252.6	414.7	157.7	1,970.6	1,879.4	(10.1)	4,664.9
Inter-segment sales	(10.1)	-	-	-	-	10.1	-
External sales	242.5	414.7	157.7	1,970.6	1,879.4	-	4,664.9
Operating cost	(233.1)	(305.7)	(162.4)	(1,902.9)	(1,819.4)	-	(4,423.5)
Results from operations	9.4	109.0	(4.7)	67.7	60.0	-	241.4
Gain on disposal of properties	90.2	-	-	-	3.3	-	93.5
Other investment result	(1.4)	-	-	-	3.5	-	2.1
Share of results of associates	(0.5)	(0.6)	-	-	41.5	-	40.4
Share of results of joint ventures	(12.8)	-	1.1	-	-	-	(11.7)
Profit/(loss) before interest, taxation and zakat	84.9	108.4	(3.6)	67.7	108.3	-	365.7
Finance cost	(53.3)	(25.3)	(39.2)	(16.8)	(99.7)	60.5	(173.8)
Interest income	8.9	0.2	0.1	0.4	61.5	(60.5)	10.6
Profit/(loss) before taxation and zakat	40.5	83.3	(42.7)	51.3	70.1	-	202.5
Taxation and zakat							(72.5)
Profit for the period							130.0
Other Information							
Depreciation and amortisation	(9.9)	(64.1)	(5.4)	(16.5)	(52.5)	-	(148.4)
(Loss)/gain on disposal							
- other assets	-	(0.1)	-	-	0.2	-	0.1
Other non-cash (expense)/income*	(2.8)	0.1	(3.2)	(13.6)	(7.5)	-	(27.0)

* Other non-cash income/expenses exclude gain on disposal of other assets and also depreciation and amortisation

The segment information based on geographical segment is not presented as the Group operates predominantly in Malaysia

Boustead Holdings Berhad 196001000193 (3871-H)

Notes to the interim financial report for the period ended 30 June 2022

8. Segmental Information (Cont'd.)

Disaggregation of revenue is presented in respect of the Group's business segments as follows:

RM million	Property & Industrial	Plantation	Heavy Industries	Pharmaceutical	Trading, Finance & Investment	Elim'n	Total
For the period ended 30 June 2022							
Sale of produce	-	672.7	-	-	-	-	672.7
Sale of petroleum products	-	-	-	-	4,436.1	-	4,436.1
Sale of pharmaceutical products	-	-	-	1,723.3	-	-	1,723.3
Sale of building materials	146.5	-	-	-	-	-	146.5
Shipbuilding and repair	-	-	60.5	-	-	-	60.5
Sale of development properties	529.4	-	-	-	-	-	529.4
Hotel operations	49.7	-	-	-	-	-	49.7
Tuition fees	-	-	-	-	75.1	-	75.1
Others	0.2	0.4	-	-	5.3	-	5.9
Revenue from contracts with customers	725.8	673.1	60.5	1,723.3	4,516.5	-	7,699.2
Rental income	49.1	-	1.7	-	-	-	50.8
Total revenue	774.9	673.1	62.2	1,723.3	4,516.5	-	7,750.0

Timing of Revenue Recognition

Goods/services transferred:

- At a point in time	635.6	672.7	-	1,723.3	4,441.4	-	7,473.0
- Over time	90.2	0.4	60.5	-	75.1	-	226.2
	725.8	673.1	60.5	1,723.3	4,516.5	-	7,699.2

RM million	Property & Industrial	Plantation	Heavy Industries	Pharmaceutical	Trading, Finance & Investment	Elim'n	Total
For the period ended 30 June 2021							
Sale of produce	-	414.3	-	-	-	-	414.3
Sale of petroleum products	-	-	-	-	1,786.4	-	1,786.4
Sale of pharmaceutical products	-	-	-	1,970.6	-	-	1,970.6
Sale of building materials	108.3	-	-	-	-	-	108.3
Shipbuilding and repair	-	-	156.0	-	-	-	156.0
Sale of development properties	66.0	-	-	-	-	-	66.0
Hotel operations	19.6	-	-	-	-	-	19.6
Tuition fees	-	-	-	-	82.0	-	82.0
Others	0.2	0.4	-	-	10.7	-	11.3
Revenue from contracts with customers	194.1	414.7	156.0	1,970.6	1,879.1	-	4,614.5
Rental income	48.4	-	1.7	-	0.3	-	50.4
Total revenue	242.5	414.7	157.7	1,970.6	1,879.4	-	4,664.9

Timing of Revenue Recognition

Goods/services transferred:

- At a point in time	140.5	414.3	0.5	1,970.6	1,797.1	-	4,323.0
- Over time	53.6	0.4	155.5	-	82.0	-	291.5
	194.1	414.7	156.0	1,970.6	1,879.1	-	4,614.5

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 June 2022****9. Debts and Equity Securities**

There were no issuances and repayments of debt and equity securities, share buybacks, share cancellations, shares held as treasury shares and resale of treasury shares in the current financial period.

10. Carrying Amount of Revalued Assets

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

11. Subsequent Events

There were no subsequent events as at 26 August 2022 that will materially affect the financial statements of the financial period under review.

12. Changes in Group Composition

There were no changes in the composition of the Group during the period under review.

13. Changes in Contingent Liabilities and Contingent Assets

In respect of the contingent liabilities referred to in Note 35 (a) of 2021 Annual Report on the provision of Liquidated Damages (LD) by a joint venture company under Boustead Heavy Industries Corporation Berhad, Boustead DCNS Naval Corporation Sdn Bhd (BDNC), as at 30 June 2022, the total provision of LD after offsetting against billings issued by BDNC was RM68.5 million.

The status of the other contingent liabilities as disclosed in the FY2021 annual financial statements remains unchanged as at 26 August 2022. No other contingent liability has arisen since the financial year end.

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 June 2022****14. Commitments**

The Group has the following commitments as at 30 June 2022:

	Authorised but not contracted RM million	Authorised and contracted RM million
Capital expenditure	<u>622.4</u>	<u>132.3</u>

15. Financial Risk Management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2021.

16. Intangible Assets

RM million	Goodwill	Others	Total
Cost			
At 1 January 2022	259.7	97.7	357.4
Additions	-	6.4	6.4
Write off	-	(0.5)	(0.5)
Foreign exchange fluctuation	0.7	4.7	5.4
At 30 June 2022	<u>260.4</u>	<u>108.3</u>	<u>368.7</u>
Accumulated amortisation and impairment			
At 1 January 2022	-	19.1	19.1
Amortisation	-	2.1	2.1
Foreign exchange fluctuation	-	4.6	4.6
At 30 June 2022	<u>-</u>	<u>25.8</u>	<u>25.8</u>
Net carrying amount			
At 30 June 2022	260.4	82.5	342.9
At 31 December 2021	<u>259.7</u>	<u>78.6</u>	<u>338.3</u>

Included in the Group's other intangible assets are pharmacy manufacturing licences, trade name, intellectual property, software and capitalised development cost of work-in-progress.

Boustead Holdings Berhad 196001000193 (3871-H)
Notes to the interim financial report for the period ended 30 June 2022
Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia
17. Performance Review
Results for Current Quarter

For the quarter ended 30 June 2022 (All figures are stated in RM million)	Current Period		+ / (-) %
	2022	2021	
Revenue	4,311.6	2,578.2	67%
Operating cost:			
- Depreciation and amortisation	(66.6)	(72.7)	8%
- Other operating cost	(3,931.1)	(2,382.2)	-65%
Results from operations	313.9	123.3	155%
Gain on disposal of properties	3.6	13.1	-73%
Other investment results	-	2.1	-100%
Share of results of associates and joint ventures	28.4	25.2	13%
Profit before interest, tax and zakat	345.9	163.7	111%
Net finance cost	(75.4)	(82.5)	9%
Profit before taxation and zakat	270.5	81.2	233%
Taxation and zakat	(112.4)	(38.6)	-191%
Profit for the period	158.1	42.6	271%
Profit/(loss) attributable to shareholders of the Company	74.4	(7.3)	1119%
EBITDA	384.1	209.1	84%

For the 2nd quarter ended 30 June 2022 (2QFY22), the Group posted a profit before taxation and zakat (PBT) of RM270.5 million as compared with last year's corresponding quarter's (2QFY21) PBT of RM81.2 million. The improvements in results were driven by better contributions from Property & Industrial, Plantation and Trading, Finance & Investments Divisions during the quarter. The profit was also supported by better share of results from associates. Meanwhile, the profit after taxation and zakat (PAT) for 2QFY22 stood at RM158.1 million (2QFY21: PAT of RM42.6 million). After taking into account the allocation to non-controlling interests and perpetual sukuk holders, the Group posted a net profit of RM74.4 million (2QFY21: net loss of RM7.3 million).

In 2QFY22, the Group's earnings before interest, tax, depreciation and amortisation (EBITDA) surged to RM384.1 million from RM209.1 million in 2QFY21 attributable to higher results from operations.

Boustead Holdings Berhad 196001000193 (3871-H)
Notes to the interim financial report for the period ended 30 June 2022
17. Performance Review (Cont'd.)
Results for Cumulative Period

For the period ended 30 June 2022 (All figures are stated in RM million)	Cumulative Period		+/(-)
	2022	2021	%
Revenue:			
Property & Industrial	774.9	242.5	220%
Plantation	673.1	414.7	62%
Heavy Industries	62.2	157.7	-61%
Pharmaceutical	1,723.3	1,970.6	-13%
Trading, Finance & Investment	4,516.5	1,879.4	140%
	<u>7,750.0</u>	<u>4,664.9</u>	66%
Operating cost:			
- Depreciation and amortisation	(133.0)	(148.4)	10%
- Other operating cost	(6,939.2)	(4,275.1)	-62%
Results from operations	<u>677.8</u>	<u>241.4</u>	181%
Gain on disposal of properties	367.7	93.5	293%
Other investment results	-	2.1	-100%
Share of results of associates and joint ventures	53.8	28.7	87%
Profit before interest, tax and zakat	<u>1,099.3</u>	<u>365.7</u>	201%
Net finance cost	(145.7)	(163.2)	11%
Profit/(loss) before taxation and zakat:			
Property & Industrial	108.6	40.5	168%
Plantation	621.2	83.3	646%
Heavy Industries	(51.4)	(42.7)	-20%
Pharmaceutical	41.0	51.3	-20%
Trading, Finance & Investment	234.2	70.1	234%
	<u>953.6</u>	<u>202.5</u>	371%
Taxation and zakat	(235.9)	(72.5)	-225%
Profit for the period	<u>717.7</u>	<u>130.0</u>	452%
Profit attributable to shareholders of the Company	<u>364.7</u>	<u>35.8</u>	919%
EBITDA	<u>1,178.5</u>	<u>483.3</u>	144%

For the cumulative period ended 30 June 2022 (6MFY22), the Group posted close to a five-fold jump in PBT of RM953.6 million, as compared with PBT of RM202.5 million recorded in the same period last year (6MFY21), mainly due to one-off gain from the disposal of plantation land of RM367.7 million by the Plantation Division. All other divisions, except for Heavy Industries and Pharmaceutical Divisions, continued to deliver stronger performance in 6MFY22. The bottom line was also bolstered by higher share of results from an associate. After taxation and zakat, the Group registered a profit of RM717.7 million (6MFY21: PAT of RM130.0 million). After taking into account the allocation to non-controlling interests and perpetual sukuk holders, the Group posted a net profit of RM364.7 million (6MFY21: net profit of RM35.8 million).

For 6MFY22, the Group remained strong operationally, attaining EBITDA of RM1.18 billion (6MFY21: EBITDA of RM483.3 million).

Boustead Holdings Berhad 196001000193 (3871-H)
Notes to the interim financial report for the period ended 30 June 2022
17. Performance Review (Cont'd.)
Results for Cumulative Period (Cont'd.)
Revenue by Division

The Group's revenue for 6MFY22 rose to RM7.7 billion, an increase of 66%, from RM4.7 billion recorded last year. An analysis of the revenue of each Division is as follows:

- (i) During the period, **Property & Industrial Division** registered a revenue of RM774.9 million, more than double from RM242.5 million recorded in 6MFY21. The improved revenue was mainly driven by the sale of industrial lands in Bukit Raja, Klang and land held for development in Jalan Cochrane under the property development segment as well as improved revenue from hotel segment attributable to a higher occupancy rate.

The industrial segment also recorded higher revenue attributable to the upward revision of selling prices and increase in export sales.

- (ii) For 6MFY22, the **Plantation Division** recorded a higher revenue of RM673.1 million (6MFY21: revenue of RM414.7 million), an increase by 62%, mainly due to higher palm product prices.

The average selling price and production of palm products for the period are as follows:-

	Cumulative Period		Variance	
	2022	2021		
	RM per MT	RM per MT	RM per MT	%
Average selling prices				
Crude palm oil (CPO)	6,327	3,902	2,425	62%
Palm kernel (PK)	4,196	2,593	1,603	62%
Palm product production	MT	MT	MT	%
CPO	95,297	96,075	(778)	-1%
PK	18,928	18,781	147	1%

- (iii) The **Heavy Industries Division** posted a lower revenue of RM62.2 million (6MFY21: revenue of RM157.7 million) primarily due to the variation in milestones for Littoral Mission Ship (LMS) projects. However, the impact was cushioned by the improved revenue from the maintenance, repair and overhaul (MRO) activities for submarine contracts.
- (iv) For 6MFY22, the **Pharmaceutical Division** recorded a lower revenue of RM1.7 billion as compared with RM2.0 billion in 6MFY21 as the country entered into an endemic phase with less reliance on vaccination. However, the impact was partially offset by the positive growth in the Government concession and Indonesian businesses as a result of strong demand from the customers.
- (v) During the period, the **Trading, Finance & Investment Division** registered an improved revenue of RM4.5 billion, a significant increase from a year ago mainly driven by revenue from Boustead Petroleum Marketing (BPM) resulting from higher average fuel prices and sales volume.

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 June 2022****17. Performance Review (Cont'd.)****Results for Cumulative Period (Cont'd.)****PBT/LBT by Division**

An analysis of the results of each division is as follows:

(i) Property & Industrial Division

During the period, Property & Industrial Division posted a higher PBT of RM108.6 million (6MFY21: PBT of RM40.5 million) due to the sale of industrial lands in Bukit Raja and land held for development in Jalan Cochrane.

Meanwhile, the property investment posted higher losses due to higher advertising and promotion costs incurred compared to last year. The hotel segment recorded a loss as compared to a profit attained in 6MFY21 driven by the gain on disposal of a hotel amounting to RM77.1 million. Nevertheless, the hotel segment recorded better operational performance compared with 6MFY21 as a result of the reopening of the borders which saw higher F&B sales and occupancy rates.

The industrial segment closed the period with a higher profit due to better revenue as mentioned above.

(ii) Plantation Division

For 6MFY22, the Plantation Division registered a significantly higher PBT of RM621.2 million (6MFY21: PBT of RM83.3 million) attributable to a one-off gain on disposal of plantation land amounting to RM367.7 million. At the operational level, the Division recorded a higher profit from operations of RM263.9 million (6MFY21: profit from operations of RM109.0 million) driven by higher palm product prices. During the period, FFB production of 392,237 MT was 5% lower than 411,867 MT recorded a year ago. The oil extraction rate for the period were slightly lower at 20.6% (6MFY21: 20.8%) whereas kernel extraction rate remains at 4.1%.

(iii) Heavy Industries Division

The Heavy Industries Division closed the period with a higher LBT of RM51.4 million (6MFY21: LBT of RM42.7 million) mainly due to lower contribution from both shipbuilding and ship repair activities.

(iv) Pharmaceutical Division

The Pharmaceutical Division recorded a lower PBT of RM41.0 million (6MFY21: PBT of RM51.3 million) in line with lower revenue. In addition, operating cost was higher due to increase in staff cost, marketing cost and finance cost.

(v) Trading, Finance & Investment Division

For 6MFY22, the Trading, Finance & Investment Division's PBT more than doubled to RM234.2 million from RM70.1 million in 6MFY21. The profits were mainly driven by a higher stockholding gain as compared to last year's corresponding period by BPM on the back of higher average fuel prices.

The bottom line has also benefitted from the better contribution by our associate Affin Bank Berhad, attributable to improved net interest income, Islamic Banking income and lower allowance for impairment losses.

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 June 2022****17. Performance Review (Cont'd.)****Statement of Financial Position**

As at 30 June 2022, the Group's receivables have increased mainly due to higher subsidy receivable from the Government and slower repayment from the Government on sales of pharmaceutical products. The Group's deposits, cash and bank balances have also increased mainly due to proceeds received from the disposal of plantation land.

The Group's payables have increased mainly attributable to purchase of fuels at higher prices.

Statement of Cash Flows

For 6MFY22, the Group recorded a cash inflow from operation of RM411.5 million (6MFY21: cash outflow of RM251.2 million) mainly due to surplus on net cash receipts from customers, mainly from Property & Industrial and Plantation Divisions. The Group also recorded lower cash inflow from investing activities of RM249.3 million (6MFY21: cash inflow of RM342.0 million) due to purchase of property, plant and equipment and cost incurred for property development. Meanwhile, the Group recorded a higher cash outflow from financing activities of RM389.0 million (6MFY21: cash outflow of RM108.2 million) mainly due to repayment of borrowings.

Boustead Holdings Berhad 196001000193 (3871-H)

Notes to the interim financial report for the period ended 30 June 2022

18. Material Changes in Quarterly Results Compared to The Results of the Immediate Preceding Quarter

For the period ended 30 June 2022	Current Period	Immediate Preceding Period	+/(-)
(All figures are stated in RM million)	30.6.2022	31.3.2022	%
Revenue:			
Property & Industrial	451.1	323.8	39%
Plantation	348.9	324.2	8%
Heavy Industries	25.6	36.6	-30%
Pharmaceutical	761.1	962.2	-21%
Trading, Finance & Investment	2,724.9	1,791.6	52%
	<u>4,311.6</u>	<u>3,438.4</u>	25%
Operating cost:			
- Depreciation and amortisation	(66.6)	(66.4)	0%
- Other operating cost	(3,931.1)	(3,008.1)	-31%
Results from operations	<u>313.9</u>	<u>363.9</u>	-14%
Gain on disposal of properties	3.6	364.1	-99%
Share of result of associates and joint ventures	28.4	25.4	12%
Profit before interest, taxation and zakat	<u>345.9</u>	<u>753.4</u>	-54%
Net finance cost	(75.4)	(70.3)	-7%
Profit/(loss) before taxation and zakat:			
Property & Industrial	69.7	38.9	79%
Plantation	111.7	509.5	-78%
Heavy Industries	(27.1)	(24.3)	-12%
Pharmaceutical	4.1	36.9	-89%
Trading, Finance & Investment	112.1	122.1	-8%
	<u>270.5</u>	<u>683.1</u>	-60%
Taxation and zakat	(112.4)	(123.5)	9%
Profit for the period	<u>158.1</u>	<u>559.6</u>	-72%
Profit attributable to shareholders of the Company	<u>74.4</u>	<u>290.3</u>	-74%
EBITDA	<u>384.1</u>	<u>794.4</u>	-52%

For 2QFY22, the Group posted a lower PBT of RM270.5 million as compared with RM683.1 million in the preceding quarter (1QFY22) mainly due to the disposal of plantation land in 1QFY22 by Plantation Division. In addition, the reduced profit was also contributed by Pharmaceutical and Trading, Finance & Investment Divisions. PAT for 2QFY22 was lower at RM158.1 million (1QFY22: PAT of RM559.6 million) while net profit was also lower at RM74.4 million (1QFY22: net profit of RM290.3 million).

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 June 2022****18. Material Changes in Quarterly Results Compared to The Results of the Immediate Preceding Quarter (Cont'd.)**

An analysis of the results of each division is as follows:

(i) Property & Industrial Division

For 2QFY22, Property & Industrial Division recorded a PBT of RM69.7 million (1QFY22: PBT of RM38.9 million) mainly due to the disposal of land held for development in Jalan Cochrane as mentioned above.

(ii) Plantation Division

During the quarter, the Plantation Division posted a lower PBT of RM111.7 million (1QFY22: PBT of RM509.5 million) mainly due to the recognition of a one-off gain on disposal of plantation land in 1QFY22. Profit from operation was also lower by 25% as compared to 1QFY22 of RM151.2 million due to higher manuring cost and adverse movement of fair value of biological assets as a result of lower CPO and PK prices at the end of the quarter. The average CPO price stood at RM6,611 per MT in 2QFY22, an increase of RM581 compared to 1QFY22 of RM6,030 per MT. Meanwhile, the FFB production of 196,354 MT was 0.2% higher than the 1QFY22 of 195,882 MT.

(iii) Heavy Industries Division

For 2QFY22, the Heavy Industries Division recorded a LBT of RM27.1 million (1QFY22: LBT of RM24.3 million) mainly due to lower contribution from maintenance, repair and overhaul (MRO) activities.

(iv) Pharmaceutical Division

For the current quarter, the Pharmaceutical Division posted a lower PBT of RM4.1 million (1QFY22: PBT of RM36.9 million) mainly due to lower contribution from Government concession and Indonesia business as a result of festive season in the current quarter.

(v) Trading, Finance & Investment Division

For 2QFY22, the Trading, Finance & Investment Division registered a lower PBT of RM112.1 million (1QFY22: PBT of RM122.1 million) primarily due to lower stockholding gain by BPM as compared to 1QFY22.

Boustead Holdings Berhad 196001000193 (3871-H)

Notes to the interim financial report for the period ended 30 June 2022

19. Prospects

For the 2nd half of the year 2022, it is forecasted that Malaysia's economy will see a firmer growth mainly supported by stronger domestic demand, continued expansion in external demand and further improvement in the labour market. However, the concern on inflation rate remains, arising from the volatility of commodity prices resulting from the prolonged supply chain disruptions and the ongoing military conflict in Ukraine. Nevertheless, the Group remains optimistic that the positive factors coupled with the Reinventing Boustead Strategy will drive better performance throughout the Group's diversified ventures. Under the Reinventing Boustead Strategy, the Group aims to accelerate value creation with performance improvement programs, tap into new revenue streams, streamline non-strategic assets and embark into the technology and digital services sectors.

Plantation Division

The Division's profitability is mainly driven by CPO price and crop production. The implementation of the Plantation Performance Improvement Programs (PPIP) and the Group's Reinventing Boustead strategy is expected to deliver reasonable improvement in crop production.

Prices of palm oil are expected to sustain in the 2nd half of 2022. This is due to higher stock levels resulting from Indonesia lifting their export ban and increasing its export quota. Nevertheless, the global supplies of edible oils will remain tight resulted from the ongoing Ukraine-Russia conflict, poor weather conditions in Europe and both America's continents coupled with cyclical low palm oil production season.

In the 2nd half of 2022, production cost is also expected to rise resulting from minimum wage policy and the increase in the fertilizer and diesel prices.

Despite the challenges, the Division is positive on the outcome from the ongoing effort to manage cost through prudent spending and the crop improvement initiatives.

Pharmaceutical Division

The Division has maintained its agenda to serve and protect the nation by ensuring public and private healthcare facilities have sufficient supply of pharmaceutical drugs and medicines. It is finalising the extension of the logistics and distribution agreement with the Ministry of Health (MOH), slated to be completed in the 4th quarter of 2022.

The recent drug shortage had led to the Government releasing its medical inventory into the private sector. The Division was engaged to manage the release of the medical inventory. As a result, there was a four-fold surge in demand of its generic pharmaceutical products. The Division expects the drug shortage to normalise by 4th quarter of 2022.

The Division is taking the necessary research to study the efficacy of Sinovac vaccine as a second vaccine booster shot as the new highly infectious COVID-19 Omicron variant BA.5 had caused the resurgence of COVID-19 cases in Malaysia coupled with the MOH's move to allow second vaccine booster shots for those aged between 50 to 59 years without any comorbidities. Once completed, it hopes to utilise its Sinovac vaccine inventory to provide the nation with an additional vaccine choice.

In July 2022, the Division signed a Memorandum of Collaborations with Suzhou Ronnsi Pharma Co., Ltd (Ronnsi) to commercialise a Halal ovine-based (sheep and goat) anti-coagulant blood clot thinner in Malaysia. This partnership is timely as the usage of anti-coagulants in Malaysia has surged since last year and is widely used to prevent severe complications of COVID-19 related illnesses.

The Division's successful turnaround of the Indonesia business was achieved by enhancing operational efficiency and the Division aims to maintain the business's profitability in the foreseeable future.

Through the implementation of various strategies and initiatives, the Division is optimistic of maintaining its business growth going forward.

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 June 2022****19. Prospects (Cont'd)****Property & Industrial Division**

The property sector will likely see steady growth in demand this year even in a moderately rising interest rate environment. The transition to the endemic phase with complete reopening of Malaysia-Singapore border, the segment expects better prospects for the Johor property market. The segment will also benefit from the economic recovery and better financing access that will help garner stronger buying interest.

While the property investment segment expects a steady stream of rental income from lettable assets and spaces, the oversupplied market scenario may result in lower rental rates and competition for quality tenants will become more intense. However, the removal of almost all restrictions for the endemic phase has seen an increase in footfall in our shopping mall which will contribute positively to the segment.

The hotel segment is expected to see an improvement in room and F&B revenue as the reopening of international border will spur the arrival of travellers coupled with escalation in economic activities to match the pre-pandemic level.

The industrial segment, under UAC Berhad, will continue to focus on the export market and tap opportunities of IBS Wall Systems through collaboration with property developers in public and private sectors.

Heavy Industries Division

The Division will continue to rely on defence-related shipbuilding and ship repair activities for its earnings. The easing of pandemic-related restrictions augurs well for the Division's business growth, especially in the commercial segment of the marine sector. The Division expects the reopening of the borders to benefit its shipyards in Lumut and Langkawi as more commercial vessels, sailboats and leisure crafts will dock for repair works.

The announcement in April 2022 by the Government to continue with the LCS project should improve the financial situation of BNS and by extension the BHIC Group. The Division will continue to find new business and leverage on the facilities, skilled and experienced human capital in its core business areas. It will also continue to ensure projects at hand are delivered in a timely manner and at cost, while meeting the expectations of its customers.

Trading, Finance & Investment

The earnings of the Division will largely be dependent on the performance of BPM and our associate, Affin Bank Berhad.

The contribution from BPM will be influenced by the movements in fuel price and sales volume. For the 2nd half of 2022, the fuel price is expected to favor around USD100 per barrel, lower than the 1st half of the year. BPM will continue its expansion plan with the construction of new service stations to sustain the business.

Affin Bank's strategic focus remains on sustaining stable profitability through strong asset growth, preservation of asset quality and retaining effective cost structures. The banking group will continue to emphasise on enhancing overall productivity and building its core earnings through the various initiatives implemented as part of the strategic plan.

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 June 2022****20. 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.

21. Taxation

	Current Quarter 2022	Cumulative Period 2022
	RM million	RM million
Malaysian taxation based on profit for the period:		
- Current	91.7	221.1
- Deferred	7.2	8.2
	98.9	229.3
Under provision of prior years	10.2	-
	109.1	229.3

The Group's effective rate for the current quarter is higher than statutory tax rate as certain expenses are non-deductible for tax purposes and non-availability of group relief for certain subsidiaries.

The Group's effective tax rate for the cumulative period was consistent with the statutory tax rate.

The provision for current taxation had taken into account the impact of Cukai Makmur introduced by the Government in Budget 2022.

22. Corporate Proposals - Status**(a) Status of Corporate Proposal****(i) Disposal of Royale Chulan Bukit Bintang**

On 15 March 2019, the Group's wholly owned subsidiary Boustead Hotel & Resorts Sdn Bhd (BHR), entered into a conditional sale and purchase agreement (SPA) with Every Room A Home Sdn Bhd (the Purchaser), for a proposed disposal of Royale Chulan Bukit Bintang Hotel located on 2 parcels of freehold land measuring approximately 3,189 square meter which was held under GRN 70145, Lot 1297 and GRN 70146, Lot 1298, both in Seksyen 67, District of Kuala Lumpur (Property) and its business, including fixtures, fittings and furnishings but excluding goodwill, for a cash consideration of RM197 million (Disposal Consideration) (Disposal).

Due to the delay in fulfilling the conditions precedent and the adverse effect on the hotel industry due to the worldwide pandemic, BHR and the Purchaser agreed to vary the Disposal Consideration to RM177.3 million (Revised Disposal Consideration) and certain conditions precedent were varied to conditions subsequent as pursuant to the Supplemental Agreement (SA) dated 29 December 2020.

The Purchaser had paid a deposit of RM19.7 million being 10% of the Disposal Consideration. Pursuant to the SA, the balance of the Revised Disposal Consideration totalling RM157.6 million shall be paid in the following manner:

- a) RM141.840 million shall be paid within one month from the Unconditional Date (as defined in the SA); and
- b) RM15.760 million shall be paid within one month from the Vacant Possession Date (as defined in the SA) subject to the fulfilment of the conditions subsequent.

The Purchaser had on 22 February 2021 (Vacant Possession Date) settled RM157.6 million. The Disposal was completed on 22 February 2021 upon transfer of final titles to the Purchaser and a gain on disposal of property, plant and equipment of RM77.1 million was recognised in profit or loss. However, for item (b) above, out of this amount, RM12.76 million (after deducting the amount refunded to the Purchaser in consideration of the Purchaser completing the remaining rectification works as provided in the SPA maximum of RM3.0 million) is held by the Solicitors as stakeholders. This will be released upon fulfillment of certain conditions subsequent.

Boustead Holdings Berhad 196001000193 (3871-H)

Notes to the interim financial report for the period ended 30 June 2022

22. Corporate Proposals - Status (Cont'd.)

(a) Status of Corporate Proposal (Cont'd.)

(ii) Disposal of a freehold land by Mutiara Rini Sdn Bhd

On 19 April 2021, the Group's wholly owned subsidiary Mutiara Rini Sdn Bhd (MRSB), entered into a sale and purchase agreement (SPA) with Sunway Rahman Putra Sdn Bhd (SRPSB) for the proposed disposal of a parcel of freehold land measuring 6.59 acres held under HSB 118499 PT 484 Section 90 Kuala Lumpur (Land) for a total cash consideration of RM233.4 million (Disposal Consideration) (Disposal).

The Disposal was completed on 20 April 2022.

(iii) Proposed Disposal of The University of Nottingham in Malaysia Sdn Bhd

On 17 August 2021, Boustead Holdings Berhad (BHB) entered into a conditional share sale agreement (SSA) with UON Holding (Malaysia) Sdn Bhd (Purchaser) for the proposed disposal of 102,910,000 ordinary shares of (or 66.41% stake in) The University of Nottingham in Malaysia Sdn Bhd (UNIM), representing the entire equity interest held by BHB in UNIM, for a cash consideration in Ringgit Malaysia (RM) equivalent to £23,500,000 (based on the exchange rate on the date of payment) (Sale Consideration) subject to the terms and conditions as stipulated in the SSA (Proposed Disposal).

The Sale Consideration shall be payable by the Purchasers to BHB in the following manner:

- a) a sum in RM equivalent to £2,350,000 (based on the exchange rate on the date of payment), being a sum equivalent to 10% of the Sale Consideration upon execution of the SSA, as deposit, of which a sum equivalent to 3% of the Sale Consideration will be held by the solicitors for the purposes of payment towards the real property gains tax; and
- b) the balance amounting to a sum in RM equivalent to £21,150,000 (based on the exchange rate on the date of payment), being a sum equivalent to 90% of the Sale Consideration on completion.

On 15 February 2022, BHB and the Purchaser have mutually agreed to further extend the date by which the Conditions Precedent set out in the SSA are required to be fulfilled or obtained or waived in accordance to the terms and conditions of the SSA (Cut-Off Date) from 16 February 2022 to 16 August 2022. Save and except for the mutual extension of the Cut-Off Date, all other terms and conditions of the SSA remain unchanged.

BHB and the Purchaser had mutually agreed that the SSA has lapsed on 16 August 2022, being a cut-off date, as the Conditions Precedent remain unfulfilled in their respective terms at the end of business on that date.

(iv) Proposed Lease of land by Boustead Plantations Berhad

On 10 September 2021, Boustead Plantations Berhad (BPB) entered into a Conditional Land Lease Agreement (CLLA) with CIMB Islamic Trustee Berhad and Next Generation Oil Sdn Bhd (NGOSB) for NGOSB to lease between 1,040 to 1,286 acres of land in Telok Sengat Estate. BPB had received 15% of the total deposit of RM8.0 million, amounting RM1.2 million upon signing of the agreement. The CLLA is subject to the fulfilment of conditions precedent within a period of eighteen (18) months from the date of agreement.

On 17 August 2022, the management of BPB had received a Notice of Termination of the CLLA from NGOSB, pursuant to Clause 3.5 of the CLLA which provides that in the event that any of the conditions precedent is not fulfilled within the prescribed period, the agreement shall lapse and be terminated. BPB and the parties to the agreement have mutually agreed not to further extend the period to fulfill the condition precedents which have expired six (6) months from the execution of the CLLA. Accordingly, the CLLA is deemed rescinded, terminated, and completely discharged pursuant to the terms of the CLLA.

BPB shall refund the 15% security deposit of RM1.2 million, within ten (10) working days from 17 August 2022, i.e., 30 August 2022 to NGOSB free of interest.

(v) Proposed Land Disposal by Boustead Plantations Berhad

On 22 July 2022, CIMB Islamic Trustee Berhad, acting solely as trustee for Boustead Plantations Berhad (BPB) entered into a sale and purchase agreement with Nur Solar Sdn Bhd (NSSB) for the disposal of land held under Geran Mukim 577, Lot 15 and Geran 39039, Lot 1314 and partial of land under Geran 32397, Lot 277 Mukim Padang China, Daerah Kulim, Kedah measuring 300 acres for a total cash consideration of RM98.0 million. BPB had received 10% deposit amounting to RM9.8 million upon signing of the agreement (Proposed Disposal).

The Proposed Disposal is expected to be completed in the 4th quarter of 2022.

There were no other corporate proposals announced or pending completion as at 26 August 2022.

Boustead Holdings Berhad 196001000193 (3871-H)

Notes to the interim financial report for the period ended 30 June 2022

23. Changes in Material Litigations

- (i) In respect of the litigation referred to in Note 35 (b) of 2021 Annual Report, Re: Deepak Jaikishan a/l Jaikishan Rewachand (Plaintiff) -v- Boustead Holdings Berhad (BHB) and Bakti Wira Development Sdn Bhd (BWSB) (Defendants), the updates are as follows:

1. Main case

On 8 October 2021, the Court of Appeal dismissed the Plaintiff's Appeal (against the striking out Order) and ordered costs of RM7,000.00 to be paid by the Plaintiff to BHB and BWSB.

The Plaintiff had on 3 November 2021, filed for leave to appeal to the Federal Court against the decision of the Court of Appeal on 8 October 2021. On 27 May 2022, the Federal Court heard the Plaintiff's leave application and dismissed the said application with costs of RM30,000.00 to be paid by the Plaintiff to BHB and BWSB.

The Plaintiff had on 3 June 2022, filed a Notice of Motion for an Application for Review & Set Aside the decision of the Federal Court on 27 May 2022 ('Review Application') and the hearing for the Review Application has been fixed on 6 October 2022.

2. Notice of Motion for an interim injunction against BHB and BWSB:

On 30 June 2021, upon the Plaintiff's application, the Court of Appeal made the following orders:

- i. the Plaintiff's application for injunction to restrain BHB and BWSB from dealing with the lands which are part of the subject matter in this litigation is refused;
- ii. BWSB is restrained from dealing with 3,800,000 of its shares held in Astacanggih Sdn Bhd (ASB) (equivalent to 19% of total shareholding in ASB) until the disposal of Plaintiff's appeal on 8 October 2021;
- iii. the Plaintiff is to provide an undertaking as to damages to BHB and BWSB; and
- iv. cost of the application is in the cause of appeal.

On 29 July 2021, the Plaintiff filed for leave to appeal to the Federal Court against the Court of Appeal's decision on 30 June 2021. On 24 November 2021, the Federal Court dismissed this leave application with costs of RM30,000.00 to be paid by the Plaintiff to BHB and BWSB.

- (ii) In respect of the litigation referred to in Note 35 (c) of 2021 Annual Report, Re: Deepak Jaikishan a/l Jaikishan Rewachand (Plaintiff) -v- Boustead Holdings Berhad, Bakti Wira Development Sdn Bhd and Cebur Megah Development Sdn Bhd (Defendants), the updates are as follows:

On 23 August 2021, the Court of Appeal decided as follows:

- i. The Plaintiff's motion for leave to abridge the time for filing the Appeal Record was dismissed with cost of RM5,000.00; and
- ii. The Plaintiff's appeal was dismissed with costs of RM10,000.00.

On 22 September 2021, the Plaintiff filed for leave to appeal to the Federal Court against the decision by the Court of Appeal on 23 August 2021.

On 27 May 2022, the Federal Court heard the Plaintiff's leave application and dismissed the said application with costs of RM30,000.00 to be paid by the Plaintiff to CMSB.

The Plaintiff had on 3 June 2022, filed a Notice of Motion for an Application for Review & Set Aside the decision of the Federal Court on 27 May 2022 ('Review Application') and the hearing for the Review Application has been fixed on 6 October 2022.

- (iii) In respect of the litigation referred to in Note 35 (d) of 2021 Annual Report, Re: MTU Services (Malaysia) Sdn Bhd (MSM) (Plaintiff) -v- Boustead Naval Shipyard Sdn Bhd (BNS) (Defendant), the updates are as follows:-

On 29 March 2021, the Court allowed BNS's application to strike out the Petition. On 21 April 2021, MSM filed their Notice of Appeal, against the High Court's decision and the case management was set for 11 June 2021. In light of the Restraining Order and ad interim Restraining Order obtained by BNS in relation to its application for the Scheme of Arrangement, the case management for the Appeal has been postponed a few times. During the case management on 22 April 2022, MSM's solicitors have informed the Court of Appeal that MSM is in the midst of considering whether to withdraw the appeal and requested for a further Case Management to be fixed. In this regard, the Court of Appeal had fixed the next Case Management on 27 May 2022 which was then further extended to 31 October 2022.

The Court also fixed the hearing date on 14 November 2022.

As at 26 August 2022, there were no other changes in material litigation, including the status of pending material litigation since the date of the last annual statement of financial position as at 31 December 2021.

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 June 2022****24. Earnings/(Loss) Per Share - Basic/diluted**

	Current Period		Cumulative Period	
	2022	2021	2022	2021
Net profit/(loss) for the period (RM million)	74.4	(7.3)	364.7	35.8
Weighted average number of ordinary shares in issue (million)	2,027.0	2,027.0	2,027.0	2,027.0
Basic/diluted earnings/(loss) per share (sen)	3.67	(0.36)	17.99	1.77

25. Group Borrowings and Debt Securities

Total borrowings as at 30 June 2022 are as follows:-

	30.6.2022 RM million	31.12.2021 RM million	30.6.2021 RM million
Non-current:			
Term loans			
- Denominated in RM	709.6	740.9	745.6
- Denominated in Great Britain Pound	37.3	45.9	46.9
	746.9	786.8	792.5
Islamic medium term notes	2,045.4	2,044.4	2,193.3
Revolving credits	386.0	392.3	386.0
	3,178.3	3,223.5	3,371.8
Less: repayable in 1 year	166.7	166.3	328.2
	3,011.6	3,057.2	3,043.6
Current:			
Bank overdrafts	53.8	45.4	45.2
Bankers' acceptances			
- Denominated in RM	611.8	559.2	781.5
- Denominated in Indonesian Rupiah	157.9	146.7	141.1
Islamic medium term notes	-	-	150.0
Revolving credits	2,960.8	3,017.1	3,343.9
Short term loans	166.7	166.3	178.2
	3,951.0	3,934.7	4,639.9
Total borrowings	6,962.6	6,991.9	7,683.5

As at 30 June 2022, the Group's borrowing has marginally decreased as compared with 31 December 2021 mainly due to repayment of revolving credits.

During the financial period, the weighted average interest rate of borrowings is 4.7% (FY2021: 4.7%) per annum. The proportion of debt based on fixed and floating interest rate is 29% (FY2021: 29%) and 71% (FY2021: 71%) respectively.

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 June 2022****25. Group Borrowings and Debt Securities (Cont'd.)**

The Islamic medium term notes (IMTN) comprise:-

- i) 2 tranches of RM500 million Sukuk Murabahah, which were issued in 2017, with maturity 7 years from the date of issue and carry profit rate of 5.9% per annum
- ii) 1 tranche of RM200 million Sukuk Murabahah, which was issued in 2018, with maturity 7 years from the date of issue and carries profit rate of 6.2% per annum
- iii) 1 tranche of RM200 million Sukuk Murabahah, which was issued in 2019, with maturity 7 years from the date of issue and carries profit rate of 6.2% per annum
- iv) 1 tranche of RM650 million Sukuk Murabahah, which was issued in 2019, with maturity 5 years from the date of issue and carries profit rate of 6.5% per annum

A subsidiary has a term loan of RM23.9 million (FY2021: RM23.9 million) and revolving credits of RM675.4 million (2021: RM675.4 million) which are secured by way of an assignment on contract proceeds.

A subsidiary has a term loan of RM1.9 million (FY2021: RM2.4 million) which is secured against an investment property owned by the subsidiary.

A subsidiary has a term loan of RM6.5 million (FY2021: RM8.9 million) which is secured against the subsidiary's hire purchase contracts.

A subsidiary has a term loan denominated in Great Britain Pound equivalent to RM37.3 million (FY2021: RM45.9 million) which is secured against a property owned by the subsidiary.

All the other borrowings are unsecured.

The amount of borrowings denominated in foreign currencies:

(All figures are stated in million)

	30.6.2022	31.12.2021	30.6.2021
Denominated in Great Britain Pound	7.0	8.2	8.2
Denominated in Indonesian Rupiah	533,446	502,397	493,357

Exchange rate:

- Great Britain Pound	5.35	5.63	5.74
- Indonesian Rupiah	0.0296	0.0292	0.0286

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 June 2022****26. Additional Disclosures**

The Group's (profit)/loss before taxation and zakat is stated after (crediting)/deducting the following:

	Current Quarter		Cumulative Quarter	
	2022 RM million	2021 RM million	2022 RM million	2021 RM million
Depreciation and amortisation	66.6	72.7	133.0	148.4
Provision for expected credit losses	3.8	6.7	4.6	9.0
Provision for and write off of inventories	6.1	3.8	8.3	6.7
Write off of intangible assets	0.1	1.4	0.5	1.4
Gain on disposal of properties	(3.6)	(13.1)	(367.7)	(93.5)
Gain on disposal of other property, plant and equipment	(0.5)	(0.2)	(0.4)	(0.1)
Foreign exchange (gain)/loss	(9.8)	8.1	(11.2)	3.4
Net fair value gain on derivatives	-	2.3	(0.2)	(1.1)

27. Other Disclosures**a) 'Second Generation Patrol Vessels Littoral Combat Ship (Frigate Class)' (LCS) Project**

On 16 December 2011, Boustead Naval Shipyard Sdn Bhd (BNS), a subsidiary of BHB received a letter of award from the Government of Malaysia (GOM) to design, construct, equip, install, commission, integrate, test and trials and deliver 6 units of Littoral Combat Ship (LCS) with combatant capabilities for Royal Malaysian Navy (RMN) at a ceiling price of RM9.0 billion. The formal contract (Contract) with GOM was signed on 17 July 2014.

In 2019, the Ministry of Defence at that time made a statement in the Parliament on the delay in delivering the LCS. It was announced that BNS has requested for a variation order to complete the project. A series of discussions and negotiations were held between GOM and BNS.

On 3 March 2021, the Group had submitted a formal proposal on the way forward in relation to the building and maintenance of the LCS. On 5 May 2021, the LCS project was discussed and deliberated in the Cabinet meeting. A series of discussion and workshop with Ministry of Defence (MINDEF) and various other GOM agencies had been held to deliberate on mechanism to resume the LCS project.

Based on the media conference by Ministry of Defence on 30 March 2022, the Cabinet has agreed to carry on with the LCS project where it is part of the RMN's 15-5 development plan which aimed to strengthen the country's naval assets. It was mentioned that the decision has taken into consideration the interest of employees, vendors, suppliers, LTAT's beneficiaries and bankers.

Subsequently, the Ministry of Defence announced that the Cabinet had on 20 April 2022 unanimously approved the continuance of the LCS project.

On 31 May 2022, BNS and Ministry of Defence have entered into a supplementary contract (Supplementary Contract) to remobilise the project, amongst others, to resume payment to creditors (Original Equipment Manufacturers, vendors and financial institutions). Apart from the activities to be undertaken by BNS towards remobilising the project, there are no significant differences between the substance of the Contract and the Supplementary Contract.

The Group is currently actively engaging with MINDEF and various Government agencies to formalise the detailed implementation of the project.

Based on the progress of these deliberations, the Group is of the view that a satisfactory resolution will be reached with MINDEF and GOM. Accordingly, no further provisions were made for contract and/or liquidated ascertained damages on the LCS project.

Boustead Holdings Berhad 196001000193 (3871-H)

Notes to the interim financial report for the period ended 30 June 2022

27. Other Disclosures (Cont'd.)

b) Plantation Statistics

		Cumulative Period	
		2022	2021
(i) Crop production and yield			
	FFB (MT)	392,237	411,867
	FFB (MT/ha)	5.8	5.9
	Crude palm oil (CPO) production (MT)	95,297	96,075
	Palm kernel (PK) production (MT)	18,928	18,781
(ii) Average selling prices (RM per MT)			
	FFB	1,454	863
	CPO	6,327	3,902
	PK	4,196	2,593
(iii) Oil extraction rate (%)			
	CPO	20.6	20.8
	PK	4.1	4.1
(iv) Planted areas (hectares)			
		As at	As at
		30.6.2022	31.12.2021
Oil palm	- immature	4,510	5,484
	- young mature	12,626	12,824
	- prime mature	20,109	20,173
	- past prime	35,186	34,972
		72,431	73,453